FORM B

Covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	Hindustan Oil Exploration Company Limited
2.	Annual financial statements for the year ended	31 March 2015
3.	Type of Audit qualification	**Basis for Qualified Opinion** The attached financial statements include Company's share of current assets / (liabilities), non-current assets / (liabilities), expenses and cash flows aggregating to INR 829,974 / INR (79,685,217), INR 310,586,199 / INR (331,065,000), INR Nil and INR (1,924) respectively as at or for the year ended March 31, 2015 in respect of two of its unincorporated joint ventures (UJV's') not operated by the Company, the audited accounts of which are not available with the Company. The financial statements haven incorporated based on un-audited financial information detailed in note 28(b) of attached financial statements. In the absence of audited accounts of the UJVs, we are unable to comment on the adjustments that may be required to be made in these financial statements. **Qualified opinion** In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the 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, 2015, of its loss and its cash flows for the year ended on that date. **Emphasis of Matter** Attention is invited to Note 38 of the accompanying standalone financial statements which describes the factors and conditions that indicate the existence of material uncertainties that cast a substantial doubt on that Company's ability to continue as a going concern. Our report is not qualified for this matter.
4.	Frequency of qualification	Some are repeated from earlier years
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	In this regards the Directors have to state that: 1. In case of un-incorporated joint ventures the due date for submission of the accounts do not coincide with the accounts of the company. The due date for submission of accounts for the block CB-OS/1 is 30 June and for CY-OS-90/1 is 30 September of the respective year whereas the due date of Company's audited accounts is 30 May of the respective year. It is therefore imperative to carry out the verification of material adjustments by following alternate procedures and it may not always be possible to obtain the audited accounts of the un-incorporated joint venture before 30 May of the respective year. 2. Current Assets INR 829,974 relate to the CB-OS/1 based on the billing statement for the current year received from the Operator of the block. Out of the total liability as stated INR 79,685,217, an amount of INR 43,661,684 relates to CB-OS/1 and INR 36,023,533 relates to CY-OS-90/1. In case of CB-OS/1, an amount of INR 34,560,505 relates to the period up to 31 March 2014 which has been audited and the balance INR 9,101,179 was based on billing statement received for the current year. In case CY-OS-90/1, no expenditure was authorized beyond 31 July 2011 and the provision for liability accounted INR 36,023,533 is based on the last relevant audited accounts for the financial year 2011-2012.

		3. In case of Non-current asset, INR 310,586,199 relates to the Site Restoration Deposit made with the State Bank of India for the block CY-OS-90/1 (PY-3) and the bank confirms the balance. Non-current liability of INR 331,065,000 relates to the provision for site restoration liability estimated by the Operator for PY-3 block. This block has been shut-down since 31 July 2011 and the last relevant audited accounts for the block are of 2011-2012. In this case the Non-Current Deposit is certified by the SBI, Chennai and considering the current downtrend of the costs, the non-current liability estimated for the site restoration does not require any upward revision. 4. It is stated in that the cash flow movement of INR 1,924 relates to the difference in bank balances of audited accounts of 2013-2014 and the unaudited accounts of 2014-2015 and it relates to the block CB-OS/1. Auditors in the emphasis of matters invited to note 38 of the financial statement which describe the factors and conditions that indicate the existence of material uncertainties that cast a substantial doubt on the Company's ability to continue as a going concern. The audit report is not qualified for this matter. Director explanation for the above emphasis of matter is that as seen from the note 38 of the consolidated financial statement, the company's net current assets is INR 1,275 million (excluding ENI payables of INR 263 million). Considering the available working capital and with the internal accruals, the company can meet the ongoing development capital expenditure of the block AAP-ON-94/1. Further this capital expenditure for this block will be spent over a period of 18 months. The Company has a BBB+ stable rating for the borrowing to the tune of INR 1,000 million which can meet any of the discretionary capital spending for the value creation. This emphasis of matter by auditor about the "going concern" was continuing from the financial year 2013-2014 and this emphasis is continuing even after 2 years. In Directors opinion there is no doubt the about the ability of the company as a going concern and the company can meet all its financial obligations including the growth capital and will continue to grow as a going concern.
	Additional comments from the board/audit committee chair:	The Company will continue as a going concern without any doubt, as it has adequate resources to meet its ongoing obligations.
5	To be signed by-	
	1. Managing Director	
	2. CFO	
	3. Auditor of the company	
	4. Audit Committee Chairman	

31st Annual Report 2014-2015

INDIA'S FIRST
PRIVATE OIL AND GAS COMPANY

Transforming Through Talent And Technology

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

CONTENTS

STRATEGIC REPORTS

STATUTORY REPORTS & FINANCIALS

COMPANY INFORMATION

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

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

CIN
L11100GJ1996PLC029880

ISIN
INE345A01011

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

Auditors
S.R. Batliboi & Associates LLP
Chartered Accountants
Audit Partner
Mr. Subramanian Suresh

Internal Auditors
Guru & Ram
Chartered Accountants

Cost Auditor
Mr. K. Suryanarayanan

31st Annual General Meeting

Day : Friday
Date : September 25, 2015
Time : 10:30 A.M.

Place: 'Tropicana Hall', The Gateway Hotel Vadodara
Akota Gardens, Akota
Vadodara – 390 020, Gujarat (India)

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 2014-2015

Average Production
696 boepd

Revenue
INR 479 million

Operating Cash Flow*
INR 139 million

PRODUCTION WORKING INTEREST (boe)
254,183

NET WORTH (in INR million)
2,719

EXPLORATION EXPENDITURE (in INR million)
96

DEVELOPMENT EXPENDITURE (in INR million)
18

CUMULATIVE CAPITAL INVESTMENT (in **USD** million)
500+

HSE - LOST TIME INJURY
0

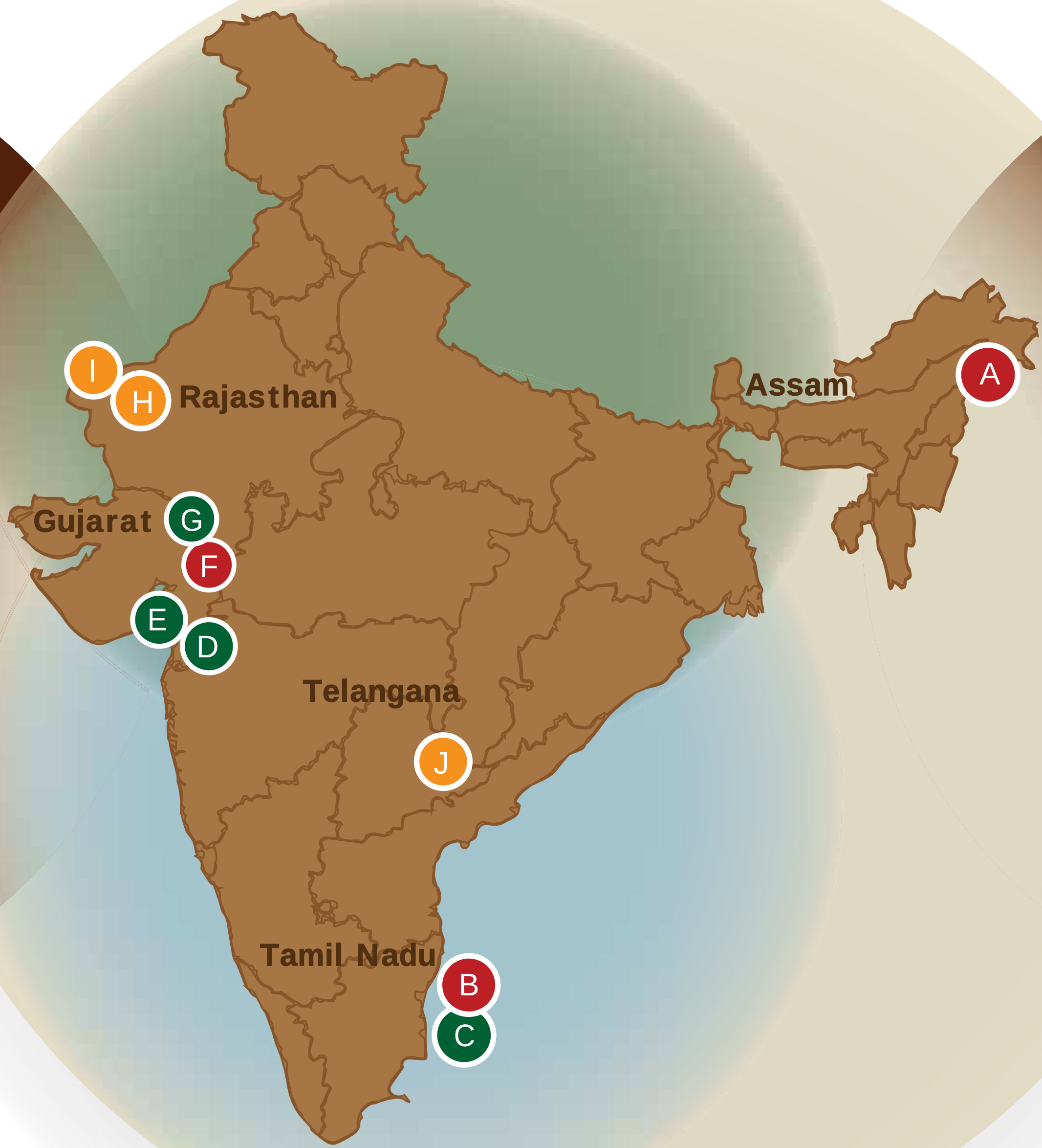
→ **Plan of Development for AAP-ON-94/1 (Assam-Dirok) Approved**

→ **Public Hearing successfully conducted for Environmental Clearance in Assam block**

*Before working capital changes

Our Asset Portfolio

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



LEGEND

- OIL
- GAS
- Appraisal / Exploration

(O) HOEC as Operator

(PI) Participating Interest

Notes: Production figures are gross for respective fields for Financial Year 2014-2015.
Location of Contract Area is indicative and not to scale.

A **AAP-ON-94/1, HOEC PI: 26.882 % (O)**
Dirok Gas Discovery
- Plan of Development has been approved
- Public Hearing for Environmental Clearance successfully conducted
- 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) – 3 mmscfd
- Cumulative Production – 29.57 BCF
- Revenue – INR 314 Mn
- Field opex – INR 216 Mn
- Work-over is planned to improve production
- Processing plant on onland area of 200+ acres

C **PY-3, HOEC PI: 21 %**
- Field under shutdown since July 2011
- Last production (100%) - 3,300 bopd
- Field development opportunity exists at optimized cost and appropriate prices

D **CB-ON-7, HOEC PI: 35 % (O)**
- Average Gross (100%) Production (FY 2015) – 128 boepd
- Net Revenue – INR 59 Mn
- Field Opex – INR 8 Mn

E **CB-OS/1, HOEC PI: 38.07 %**
- Plan of Development was approved in FY 2015
- ONGC (Operator) is optimising the offshore development concept

F **North Balol, HOEC PI: 25 % (O)**
- Average Gross (100%) Production (FY 2015) – 0.81 mmscfd
- Net Revenue – INR 17 Mn
- Field Opex – INR 3 Mn

G **Asjol, HOEC PI: 50 % (O)**
- Average Gross (100%) Production (FY 2015) – 16 bopd
- Net Revenue – INR 13 Mn
- Field Opex – INR 7 Mn

H **RJ-ONN-2005/1, HOEC PI: 25 % (O)**
- Application has been filed for surrender as per MoP&NG Guidelines dated 10 November 2014

I **RJ-ONN-2005/2, HOEC PI: 20 %**
- Application for extension of time pending
- Exploration by Operator is in progress

J **GN-ON-90/3, HOEC PI: 100 % (O)**
- PSC yet to be signed

Board of Directors

Mr. Sunil Behari Mathur, Non-Executive Independent Director/Chairman

Mr. Sunil Behari Mathur, 71 years, is a Chartered Accountant. He has more than 47 years of experience in the fields of insurance and housing finance. He was the Chairman of Life Insurance Corporation of India. He has been 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. He also holds membership, advisory / administrative roles on various Government bodies, authorities and corporations.

Mr. Guido Papetti, Non-Executive Director

Mr. Guido Papetti, 54 years, holds doctorate in Geological Sciences from University of Milan. He has more than 27 years of technical, operational and managerial experience in E&P industry. He has held various positions while working with Eni in Europe, UK, Kazakhstan, Africa and Middle East countries. Currently he is the Managing Director of Eni India Limited.

Mr. Paolo Ceddia, Non-Executive Director

Mr. Paolo Ceddia, 54 years, graduated in Business Administration from Bocconi University in Milan, has 29 years of planning and control experience in tele-communication 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.

Ms. Sharmila Amin, Non-Executive Independent Director

Ms. Sharmila, 52 years, is a Graduate in Commerce with additional qualifications on Shipping Management from the Indian Institute of Management, Ahmedabad. 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. Prior to that she 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. In her 25+ year's career, she has handled and led teams in multiple disciplines. Her industry experience and expertise spans most core industry sectors including Oil & Gas, Petrochemicals, Fertilizers, Automobiles, and Power Generation.

Mr. 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 Masters degree in Business Administarion and began his career with ONGC in 1985. Elango was one of the five finalists for Platts' first-ever Asia CEO of the Year Award 2013.

Mr. 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.

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 operating 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.

Key Performance Indicators (KPIs) : 2014 - 2015

	HOEC	OGP*
Fatal Accident Rate (FAR)	0	2.12
LTI Frequency (LTIF)	0	0.45
LTI Severity Rating (LTI SR)	0	42.98
First Aid Cases	0	NR
Total Recordable Injury	0	1.60

*International Association of Oil & Gas Producers (OGP) Safety Performance Indicators Report No. 2013s (July 2014)

National Safety day celebration

Yoga day celebration

Training on oil spill response equipment

Mock Drill at Site

Assam Gas Development

Dirok Gas Discovery - A special feature

KEY FACTS

Basin
Assam-Arakan Basin

Reserves Being Developed
Gas Initially in Place – 244 BCF
Recoverable Reserves – 134 BCF

Wells
3 Existing wells
2 New wells, 3 additional wells for Economic Life

Investment
INR 500+ Crores ($85 million)

Production
20 mmscfd

Plateau Period/Economic Life
15 Years/20 Years

First Gas
Q4 FY 2016-17

Revenues to State Government
INR 20+ crores per annum
INR 250+ crores for economic life

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 Assam Arakan Basin.
- Block was awarded in June 1998 and the present parties to JV Consortium are Oil India Limited (OIL), Indian Oil Corporation Limited (IOC) and Hindustan Oil Exploration Company (HOEC).
- After successful Exploration and Appraisal, the Declaration of Commerciality (DoC) was approved by Management Committee (MC) in September 2013.
- The Plan of Development (PoD), submitted in August 2014, was approved by MC in May 2015 with recoverable reserves of 134 BCF.
- The PoD envisages production of 20 million standard cubic feet of gas (mmscfd) for a plateau period of 15 years with a total economic life of 20 years.

At Dirok Gas site

Images from the Public Hearing Meeting held on 03 July 2015

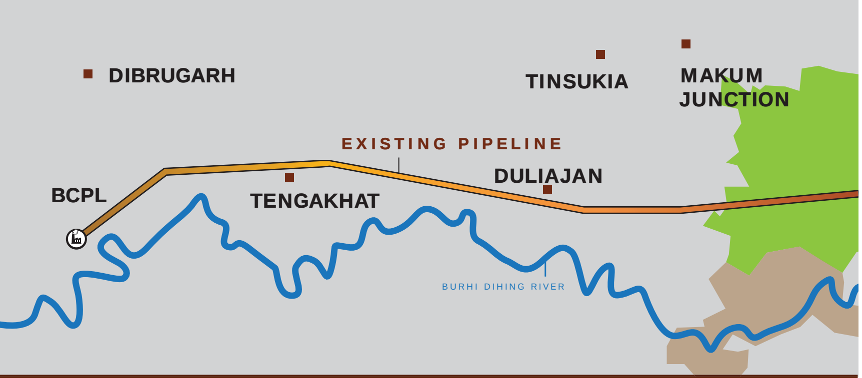


FIG A. DELIVERY TO BCPL THROUGH EXISTING PIPELINE

- Existing infrastructure provides ready access to the gas market
- New pricing policy allows Subsidy to Private sector too

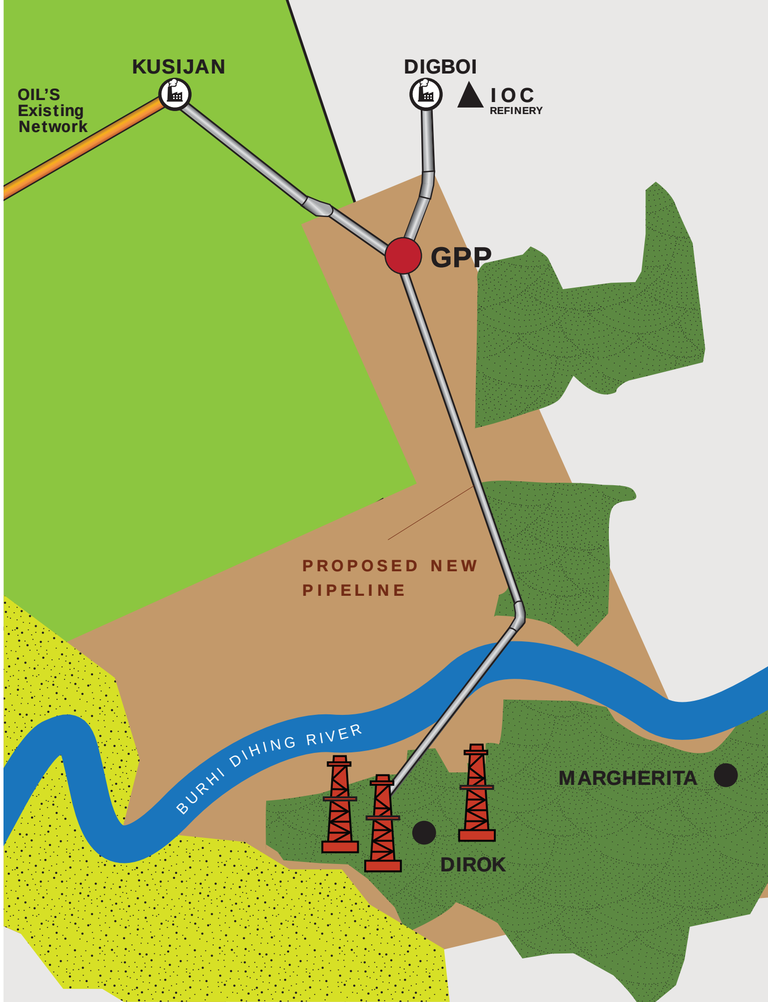


FIG B. DELIVERY TO KUSIJAN THROUGH NEW PIPELINE

Existing Old Pipeline

Proposed New Pipeline

- First Gas is targeted in Q4 FY 2016 - 17.
- The planned investment for the Project is around $85 million (INR 500 + Crores).
- The project cost includes Re-entry & Completion of 3 wells, Drilling of development well, Gas Gathering Station (GGS), Gas Processing Plant (GPP) and pipelines connecting GGS to GPP and GPP to OIL's Kusijan facilities. Gas will be sold to flagship Brahmaputra Cracker & Polymer Limited (BCPL).
  Refer figures A and B.
- The Gas bearing sands are in prolific Girujan formation. The Upside prospective resources are Tipam & Barail formation and North Dirok analogous structures.

PROJECT TIME LINE

Exploration Capex (100%) ~ $100mn

3 Gas Discovery wells

Public Hearing completed on 03 July 2015

within **4 months**
- Environmental clearance and Land Acquisition

within **8 months**
- Procurement of Tangibles
- Forest & Wildlife Clearance
- Re-entry and Completion of 3 existing wells
- Begin Construction of GGS, Pipelines and GPP

within **12 months**
- Drilling & Completion of development well

within **18 months**
- Commercial production – Plateau production of 20 mmscfd for 15 years, economic life of 20 years

First Gas Q4 FY 2016-17

Progress & Plan

Developmental activities have been fast-tracked since the approval of PoD. The following activities were carried out till date:

- Public Hearing for Environmental Clearance (EC) was conducted in July 2015, which concluded on positive note.
- Applications for Wildlife Clearance & Forest Clearance have been submitted to Government in July 2015.
- Process for Land acquisition, tendering for Re-entry & completion of 3 wells, drilling, GGS, Pipeline, GPP has been initiated.
- Discussions for Gas Sales Agreement are on fast-track.

STATUTORY APPROVAL PROGRESS	
Public Hearing	☑
Approval of Public Hearing Minutes	☑
Initiate Pipeline Route Approval Process	☑
Requisition for Compliance Certificate	☑
PLAN	
Compliance Certificate for Existing Wells	●
EIA Report Finalization	●
Recommendation by Wildlife and Forest Authorities	●
Consent to Establish & Operate	●

☑ Completed ● In Process

Financial Impact

- The Early completion of Project would substantially create wealth for all stake holders.
- At 20 mmscfd production, the project would generate gross revenues to the tune of INR 200+ crores per annum to JV partners.
- The Government of Assam would receive a Royalty of INR 20+ crores per annum with a total benefit of approximately INR 250+ crores over project life.
- Company will be entitled for higher revenues in the beginning on account of higher share in exploration phase (40.323%).

Socio-Economic Impact

- The project involves an investment of INR 500+ crores in Assam region.
- Company believes in benefitting 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.

Transforming through Talent and Technology

Subsurface Team
From Left: Mr. Arunava Mondal, Mr. Ronak Kavle, Mr. B C Gariya, Mr. K B Chetri and Mr. Rajendranath Bhunia

Jeeva, your CFO and I consider it a great honour to be part of HOEC, founded as the very First Oil and Gas Company in private sector by the legendary late Shri. H. T. Parekh. Your company completes 25 years of listing in BSE this year, achieving a distinction that all of us can be proud of.

Over the years, HOEC has built a strong portfolio of onshore and offshore fields in India with a judicious mix of exploration, development and production assets. Steep decline in gas production from flagship PY-1 offshore field caused challenges and led to erosion in value and management uncertainty during FY 2015.

1. Focus Onshore

After a detailed portfolio review in February 2015, we decided, in consultation with the Board, on a turnaround strategy that gets the organisation to sharply focus first on our onshore assets in Assam & Gujarat and build a strong geo-technical team that could access and deploy technology to unlock the potential value in our portfolio.

2. Revive Offshore

The three offshore assets in which HOEC has participating interests, have proven reserves and contingent resources that can be developed profitably when oil prices turn better and/or we find cost effective development options. We will, therefore, continue to evaluate all the options to revive the offshore assets in the medium term. Our aspiration is to leverage synergies in PY-1 with adjoining assets and emerge as a leading player in Cauvery Offshore enabled by world class offshore platform and on-shore gas processing plant with an area of over 200 acres.

New Drilling and Completion Team

From Right

Mr. Debabrata Panda, Mr. Abhishek Singh, Mr. Gaurav Sharma and Mr. Arun Thakur

> **"Our Vision is to rebuild HOEC as the finest Independent Oil and Gas Company that beneficially transforms the interests of every stakeholder through Talent and Technology."**

3. First Gas by Q4 FY 2016-17

Our relentless focus on Assam Asset helped us to cross the first milestone of securing Management Committee approval of FDP in May 2015. The field is estimated to hold 134 Billion Cubic Feet (BCF) of recoverable gas reserves and can sustain a daily gas production rate of 20 mmscfd for 15 years. Fortunately, the field is located close to the well-known Digboi oil and gas field that provides us ready access to market that has substantial unmet gas demand.

4. Funding options

The INR 500+ crores investment in this Dirok Gas Development Project will be shared proportionately by the respective JV partners according to their Participating Interest. This is a highly profitable project and our strategy is to make further progress and de-risk the project and choose the right instrument of debt. This project could be funded by existing working capital and internal accruals over a period of 18 months.

As a first step, we completed a rating exercise by ICRA who assigned a BBB+ (Stable) rating for INR 100 Crores long term debt fund (this rating stands at level 8 on a scale of 1 to 24).

We are evaluating the most cost effective debt option for funding of growth opportunities.

5. Transforming Through Talent and Technology

We have strengthened our geo-technical, drilling & operations team and are determined to complete the project on fast-track basis within 12 to 18 months from the date of receipt of Environment and other statutory clearances. So, everyone in HOEC is working as one team to achieve one of our goal of delivering First Gas by Q4 2016 -17.

We are passionate about promoting "Local Content" which will have a long term impact on the local economy. Overall it's a Win - Win Project for all stakeholders.

6. New Business Plan

Our New Business Plan for HOEC assigns priority focus on its onshore assets in Assam and Gujarat (Cambay). Now that we have ensured that the Assam Project has a good start, we will turn our attention to Gujarat, where company operates three marginal fields viz. Asjol, North Balol and CB-ON-7(Palej). Together, these marginal fields are contributing about 100 boepd. Even at such small volumes and low prices, their operating margins are high due to super-efficient and very low cost operations. We will study various technology options to improve recovery factors, by looking at each well as a factory. We will be initiating environment approval process to acquire

From Left: Mr. Guido Papetti (Director) and Mr. Paolo Ceddia (Director)

From Left: Mr. Minesh Bhatt (ACS), Mr. R. Jeevanandam (Director & CFO), Mr. S. B. Mathur (Chairman), Ms. Sharmila Amin (Director), Mr. P. Elango (Managing Director) and Mr. K. Premnatha (CS)

new 3D seismic data over these matured fields and if required, we will be prepared to drill new replacement wells next year to improve recovery rates.

Our vision for Gujarat (Cambay) will be to collaborate with fellow Operators and replicate, in a small scale, the North American Operating model. In North America, oil and gas is a cottage industry which embraces technology, shares common infrastructure and builds ready access to "on-call oil services" delivered efficiently through modular units.

Last year we had average daily production rate of 696 boepd. The next big jump in production will occur once we deliver the first gas from Assam, which has the potential to double the operating revenue of HOEC. Since our current production base is low with yet to be recovered reserves in all our seven producing and development blocks, significant potential can be unlocked.

To accelerate growth, we would evaluate opportunities to participate in upcoming marginal field bid rounds and invest in natural value chain extension opportunities.

FY 2015 was indeed a challenging year for the company with decline in both prices and volumes which was complicated further by the burden of External Commercial Borrowings (ECB) and management uncertainty. Now, all this is history. The promoter ENI very graciously wrote off close to INR 1,000 crores of debt and we further impaired around INR 200 crores from carried offshore asset value while retaining title to the assets. This exceptional one time write-off and consequent treatment of accounts reflected in company posting a book loss of approx. INR 1,200 crores.

7. Vision

Your company is now debt free and is in a position to meet its operating expenses with operating revenue and is capable of generating operating cash surplus which will increase cash in hand. We have now began our journey to turnaround the company on the strength of a debt free Balance Sheet. This is reflected in first quarter of FY 2015-16 in which your Company has posted positive results after 10 quarters of negative results (PBT). 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

Business Plan for HOEC BARDAHL

(wholly owned subsidiary of HOEC)

HOEC Bardahl (HBIL) is an exclusive reseller of automobile additive products of Bardahl, USA
Bardahl USA is a 79 years old lubricants and additives company with sales in 90 countries

BUSINESS MODEL

HOEC BARDAHL
CORPORATE OFFICE : MUMBAI

↓

01
HBIL *BUYS* PRODUCTS IN BULK (IN USD)
FROM BARDAHL USA

→

02
HBIL *PACKAGES* PRODUCTS FOR INDIAN MARKETS
FROM GUJARAT

→

03
HBIL *GETS* APPROVAL FROM OEMs

→

04
HBIL *SELLS* TO DISTRIBUTORS

→

05
HBIL SALES REPRESENTATIVES *SUPPORT* DISTRIBUTORS
IN SELLING TO OEM DEALERS

↓

END CONSUMER

Growth Strategy

Current Business Initiatives	New Segments in Automotive additives	New Segments in Industrial lubricants
• Launch new labels in direct retail sales • Infuse marketing power • Explore Srilankan market	• Open up commercial vehicles & fleet owner segment • Explore OEM opportunities with truck and bus manufacturers	• Assess the best industrial segment for entry through market research

BUILD THE BRAND

Directors' Report

To,

The Members of Hindustan Oil Exploration Company Limited,

Your Directors have pleasure in placing before you the 31st Annual Report on the business and operations of the Company and the audited accounts for the Financial Year ended 31 March 2015.

1. FINANCIAL HIGHLIGHTS

(INR Million)

Particulars	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Turnover	**404**	569	**595**	756
Other Income	**75**	58	**74**	56
Revenue	**479**	627	**669**	812
Earnings / (Loss) before Depreciation / Depletion / Amortization / Taxation / and Exceptional items	**(117)**	100	**(95)**	116
Less: Depreciation / Depletion / Amortization / Exploration write-off	**459**	1,477	**460**	1,477
Exceptional Items – Impairment and additional depletion	**11,634**	—	**11,634**	—
Profit / (Loss) Before Tax	**(12,210)**	(1,377)	**(12,190)**	(1,361)
Less: Provision for Tax	**–**	(129)	**6**	(124)
Profit / (Loss) After Tax	**(12,210)**	(1,248)	**(12,196)**	(1,237)
Profit / (Loss) brought forward	**(3,825)**	(2,577)	**(3,755)**	(2,518)
Profit / (Loss) available for Appropriation	**(16,305)**	(3,825)	**(15,951)**	(3,755)
Balance carried to the Balance Sheet	**(16,305)**	(3,825)	**(15,951)**	(3,755)

figures have been rounded off.

During the year, your Company produced 0.25 million barrel of oil equivalent (mmboe) of crude oil and gas (previous year 0.37 mmboe), the main reason for the decrease is decline in production and inability of downstream consumer to off-take PY-1 Gas for 41 days due their shut-down / limitation.

The lower production has resulted in a Turnover of INR 404 million for the year (previous year INR 569 million), a decrease of 29% over the previous year. The total revenue for the year was INR 478 million (previous year INR 627 million) and the decrease is mainly due to the reason as stated above.

On a standalone basis, the Loss-Before-Tax was INR 12,210 million (previous year INR 1,377 million). This is mainly due to the impairment of producing assets PY-1 and other offshore assets CY-OS-90/1 (PY-3) and CB-OS/1. This impairment is necessitated consequent to the re-estimation of recoverable reserves in PY-1 due to poor reservoir performance. The other offshore assets PY-3 and CB-OS/1 are not economically viable to develop at the current oil prices and need to be impaired. In addition, the exceptional items include the write-off of exploration costs and additional depletion due to the reduction of PY-1 Reserves.

During the year under review, the deferred tax asset of INR 4,478 million has not been considered as uncertainty exists over its recoverability. Accordingly, the carried forward business losses and unabsorbed depreciation to the extent of deferred tax liability as at 31 March 2015 stands adjusted.

During the year under review, your Company had a Loss-After-Tax of INR 12,210 million (previous year INR 1,248 million) mainly due to exceptional write-off as stated above. Your Company had borrowed from ENI Lasmo Plc for the development of PY-1 and as the PY-1 assets were impaired, ENI Lasmo Plc has waived off the entire outstanding loan of INR 9,608 million with no further obligations. This waiver of the loan of INR 9,608 million is transferred to Capital Reserves.

On consolidated basis, the total revenue has reduced from INR 818 million to INR 669 million a reduction of 18%, loss after tax has increased from INR 1,237 million to INR 12,196 million for reasons as stated in the Standalone accounts.

2. DIVIDEND

In view of the Loss-After Tax during the year, the Directors have not recommended any dividend for the Financial Year 2014-2015.

3. CAPITAL EXPENDITURE

During the year under review, the company incurred capital expenditure aggregating to INR 114.59 million towards exploration and development program in its existing portfolio of assets.

4. BRIEF DESCRIPTION OF THE COMPANY'S OPERATIONS DURING THE YEAR

Operations review has been provided in the Management Discussion and Analysis Report, which forms part of this Annual Report.

5. 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. In order to monetize the existing discoveries the Company has focused on achieving the approval development plan for the Dirok discovery which was obtained in May 2015. To put the field on fast track development, various environmental, forest and wildlife clearances are required which are being processed.

6. NO CHANGE IN THE NATURE OF BUSINESS

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

7. OUTLOOK

The Company has capital requirements to implement its business plans and the development of Dirok discovery in Assam in the immediate future, which can be met through the internal accruals and the existing working capital. The Board recognizes that the Company has a successful track record of raising capital in the past and the Company shall raise financial resources as and when needed to meet its discretionary spending for any potential growth opportunities. Accordingly, the Financial Statements have been prepared on the basis that the Company is a going concern.

8. CREDIT RATING

ICRA has accorded a long term stable rating of (ICRA) BBB+ for the line of credit of INR 100 crores on 15 May 2015.

9. WAIVER OF LOAN BY ENI LASMO PLC

During the year, consequent to the impairment of carrying value of PY-1 asset due to the reduction of recoverable reserves, Eni Lasmo Plc has waived the outstanding loan obligation of INR 9,608 million vide the deed of termination dated 3 December 2014 with no further future obligation towards this loan.

The Company had adjusted the waiver of the loan to Capital Reserves as it is a capital receipt akin to promoter's contribution.

10. SHARE CAPITAL

The Company has not issued any shares with differential rights as to voting, dividend or otherwise. During the year, based on the approval of the Members at their 30th Annual General Meeting held on 26 September 2014, the authorized capital of the Company has been increased from INR 200 Crores to INR 500 Crores.

11. PROMOTERS

Eni UK Holding Plc, Burren Shakti Limited and Burren Energy India Limited (referred to as "Eni Group") collectively hold 47.18% of the paid-up capital of the Company. Eni Group, the promoters have declared that they have not pledged any of their shareholding in the Company.

During the year, the Company has received a request for excluding their names as promoters as they have only two nominee non-executive directors in the reconstituted board of directors which has six directors and their holding is only 47.18% of the diluted share capital of the Company. It is further stated that they do not control the management / policy of HOEC and neither do they have the ability to appoint majority of the directors to the Board. This request was considered by the Board for declassifying them as promoter to public shareholder. However, the stock exchanges stated that the current regulatory framework does not allow such declassification and therefore the status quo is maintained.

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

At the Board meeting held on 14 February 2015, the Board of Directors nominated Mr. P. Elango and Mr. R. Jeevanandam to the Board of the subsidiary and noted the resignation of Mr. Manish Maheshwari, Non-Executive Director / Chairman of HOEC Bardahl India Limited.

The Consolidated Financial Statements presented by the Company include financial information of the subsidiary HBIL prepared in accordance with the Companies Act, 2013, and the relevant accounting standards.

Pursuant to sub-section (3) of Section 129 of the Act, the statement containing the salient feature of the financial statement of a Company's subsidiary i.e. HOEC Bardahl India Limited is given as Annexure-IV and this forms part of this report.

Further, the Annual Accounts and related documents of the subsidiary company is kept open for inspection at the Registered Office of the Company during normal working hours. Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include the financial information of its subsidiary.

13. CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Accounting Standard (AS) 21 and the Listing Agreement entered into with the Stock Exchanges, Consolidated Financial Statements for the Financial Year 2014-2015 are appended to and form part of this Annual Report.

14. COST ACCOUNTING RECORDS

The Company is required to maintain cost records and get them audited in terms of Section 148 of the Companies Act, 2013 read with 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 2015-2016 at a fee of INR 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.

15. AUDITORS' REPORT & DIRECTORS EXPLANATION

In response to the specific observation in the Auditors Report, the Directors explanation is as hereunder:

Auditors have made an observation under heading "Basis for qualified opinion" in their report that "The attached financial statements include Company's share of current assets / (liabilities), non-current assets / (liabilities), expenses and cash flows aggregating to INR 829, 974 / INR (79,685,217), INR 310,586,199 / INR (331,065,000) INR Nil and INR (1,924) respectively as at or for the year ended 31 March 2015 in respect of two of its unincorporated joint ventures ('UJV's) not operated by the Company, the audited accounts which are not available with the Company. The financial statements have been incorporated based on the un-audited financial information detailed in note 28 (b) of attached financial statements. In the absence of audited UJVs, we are unable to comment on the adjustments that may be required to be made in these financial statements."

In this regards the Directors have to state that:

1. In case of unincorporated joint ventures the due date for submission of the accounts do not coincide with the accounts of the Company. The due date for submission of accounts for the block CB-OS/1 is 30 June and for CY-OS-90/1 is 30 September of the respective year whereas the due date of Company's audited accounts is 30 May of the respective year. It is therefore imperative to carry out the verification of material adjustments by following alternate procedures and it may not always be possible to obtain the audited accounts of the unincorporated joint venture before 30 May of the respective year.

2. Current Assets INR 829,974 relate to the CB-OS/1 based on the billing statement for the current year received from the Operator of the block. Out of the total liability as stated INR 79,685,217, an amount of INR 43,661,684 relates to CB-OS/1 and INR 36,023,533 relates to CY-OS-90/1. In case of CB-OS/1, an amount of INR 34,560,505 relates to the period up to 31 March 2014 which has been audited and the balance INR 9,101,179 was based on billing statement received for the current year. In case CY-OS-90/1, no expenditure was authorized beyond 31 July 2011 and the provision for liability accounted INR 36,023,533 is based on the last relevant audited accounts for the financial year 2011-2012.

3. In case of Non-current asset, INR 310,586,199 relates to the Site Restoration Deposit made with the State Bank of India (SBI) for the block CY-OS-90/1 (PY-3) and the bank confirms the balance. Non-current liability of INR 331,065,000 relates to the provision for site restoration liability estimated by the Operator for PY-3 block. This block has been shut-down since 31 July 2011 and the last relevant audited accounts for the block are of 2011-2012. In this case the Non-Current Deposit is certified by the SBI, Chennai and considering the current downtrend of the costs, the non-current liability estimated for the site restoration does not require any upward revision.

4. It is stated in that the cash flow movement of INR 1,924 relates to the difference in bank balances of audited accounts of 2013-2014 and the unaudited accounts of 2014-2015 and it relates to the block CB-OS/1.

Auditors in the emphasis of matters invited to note 38 of the financial statement which describe the factors and conditions that indicate the existence of material uncertainties that cast a substantial doubt on the Company's ability to continue as a going concern. The audit report is not qualified for this matter.

Director explanation for the above emphasis of matter is that as seen from the note 38 of the consolidated financial statement, the Company's net current assets is INR 1,275 million (excluding ENI payables of INR 263 million). Considering the available working capital and with the internal accruals, the company can meet the ongoing development capital expenditure of the block AAP-ON-94/1. Further this capital expenditure for this block will be spent over a period of 18 months. The Company has a BBB+ stable rating for the borrowing to the tune of INR 1,000 million which can meet any of the discretionary capital spending for the value creation. This emphasis of matter by auditor about the "going concern" was continuing from the financial year 2013-2014 and this emphasis is continuing even after 2 years. In Directors opinion there is no doubt about the ability of the Company as a going concern and the company can meet all its financial obligations including the growth capital and will continue to grow as a going concern.

16. ACCOUNTING FOR SURVEY COST

In compliance with SEBI directions relating to treatment of survey cost under the Guidance Note (Accounting for Oil and Gas Producing Activities, issued by Institute of Chartered Accountants of India), the Company has expensed off survey costs amounting to INR 70 million (INR 446 million pertaining to previous years) in the Statement of Profit and Loss.

17. 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 of the Unincorporated Joint Ventures.

18. FIXED DEPOSITS

Your Company has not accepted any fixed deposits and as such, no principal or interest are outstanding as at the balance sheet date.

19. CORPORATE GOVERNANCE CERTIFICATE

The report on Corporate Governance as stipulated under the Listing Agreement forms an integral part of this Report. The requisite certificate from the Company Secretary in Practice, confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

20. EXTRACT OF ANNUAL RETURN

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

21. DIRECTORS

During the year, Mr. Manish Maheshwari, Managing Director resigned from the Board on 08 October 2014, Mr. R. Vasudevan, Non-Executive Independent Director (Chairman) and Mr. V. S. Rangan, Non-Executive/ Non-Independent Director also resigned from the Board on 08 October 2014. Mr. Dhruv S. Kaji, Non-Executive and Independent Director who joined the board on 14 February 2014 resigned on 25 September 2014. However, Mr. Sunil Behari Mathur resigned from the Board on 08 October 2014 has re-joined the Board on 17 November 2014 as an Independent Director and Non-Executive Chairman. The Board places on record its appreciation for the services rendered by the above resigned directors.

During the year Ms. Sharmila Amin has been appointed as Non-Executive, Independent woman director on 17 December 2014. Mr. P. Elango, has been appointed as Additional Director and designated as Managing Director for a period of 3 years effective from 02 February 2015 subject to approval of the members in the General Meeting. Mr. R. Jeevanandam, has been appointed as Additional Director and designated as Chief Financial Officer for 3 years effective from 02 February 2015 subject to approval of the members in the General Meeting.

Mr. Guido Papetti and Mr. Paolo Ceddia, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Pursuant to Section 149 of the Companies Act, 2013 and the rules made thereunder and other applicable provisions, if any, your Directors are seeking appointment.

Ms. Sharmila Amin joined the Board as an Additional Director (Non-Executive Independent Director (Woman)) of the Company effective from 17 December 2014 and she shall hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member along with requisite deposit proposing the appointment of Ms. Sharmila Amin as a Non-Executive Independent Director for a period of 5 (five) consecutive years from the date of appointment. The Board recommends her appointment by way of Ordinary Resolution by the members in the ensuing Annual General Meeting.

Mr. Sunil Behari Mathur re-joined the Board as Chairman and Non-Executive Independent Director effective 17 November 2014 and he shall hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member proposing the appointment of Mr. Sunil Behari Mathur as a Non-Executive Independent Director for a period of 5 (five) consecutive years from the date of appointment. The Board recommends his appointment by way of a Special Resolution by the members in the ensuing Annual General Meeting.

The Board of Directors at its meeting held on 02 February 2015, has appointed Mr. P. Elango as Additional Director effective from 02 February 2015 in accordance with Section 161 of the Companies Act, 2013. Mr. P. Elango holds office up to date of the ensuing Annual General Meeting. Company has received notice in writing from a member along with requisite deposit proposing his appointment as a Director. The Board also designated him as the Managing Director for a period of 3 years effective from 02 February 2015 to

01 February 2018. The Board recommends the appointment and the remuneration payable to him for the approval of the members at the ensuing Annual General Meeting of the Company by way of a Special Resolution.

The Board of Directors at its meeting held on 02 February 2015, has appointed Mr. R. Jeevanandam as Additional Director effective from 02 February 2015 in accordance with Section 161 of the Companies Act, 2013. Mr. R. Jeevanandam holds office up to date of forthcoming Annual General Meeting. Company has received notice in writing from a member along with requisite deposit proposing his appointment as a Director. The Board also designated him as the Whole-time Director and Chief Financial Officer for a period of 3 years effective from 02 February 2015 to 01 February 2018. The Board recommends the appointment and the remuneration payable to him for the approval of the members at the ensuing Annual General Meeting of the Company by way of a Special Resolution.

The Company has received necessary consents / declarations from the concerned directors. The brief resume of the Directors seeking appointment / reappointment and other information have been detailed in the Notice. Your Board recommends the above appointments / reappointment of Directors in the best interest of the Company.

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 Clause 49 of the Listing Agreement.

22. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report.

23. NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE

During the year, 10 Board Meetings and 6 Audit Committee 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.

24. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

Details of loans, investments, guarantees and securities provided along with the purpose covered under the provisions of section 186 of the Companies Act, 2013 are given in the Notes 10 and 12 to the Standalone Financial Statements.

25. 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 is 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.

26. MANAGERIAL REMUNERATION

Due to the loss during the year, the managerial remuneration paid to Mr. Manish Maheshwari, the then Managing Director, has been in excess of the limits prescribed under the Companies Act, 2013. In terms of the provisions of Schedule V Part II of the Companies Act, 2013, such managerial remuneration requires the approval of the Shareholders. Accordingly, the Board recommends the same by way of a Special Resolution and to make an application to the Central Government in terms of the Companies Act, 2013.

27. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report as Annexure III which is an integral part of this report.

28. EMPLOYEES STOCK OPTION SCHEME

In supersession of the existing stock option scheme with no outstanding stock option, a new stock option scheme "Associate Stock Option Plan-2015" is recommended by the Board for the approval of the members in the ensuing Annual General Meeting by way of a special Resolution. The ASOP scheme is necessitated to retain and get the new talent pool for the growth of the Company. The ASOP scheme is detailed in the Notice to the Annual General Meeting.

29. RELATED PARTY TRANSACTIONS

All transactions entered with related parties for the year under review were on arm's length in the ordinary course of business. The particulars of every contract or arrangement entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions are disclosed in the Form AOC-2 as Annexure II. Your Directors also draw attention of the members to Note 30 to the standalone financial statements which set out related party disclosures.

30. 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.

31. 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 company's operations in future.

32. DIRECTORS' RESPONSIBILITY STATEMENT

Your directors state that to the best of knowledge and belief and according to the information and explanation obtained by them, they make the following statements in term of Section 134 (3) (C) of the Companies Act, 2013:

(i) that in the preparation of Annual Accounts for the year ended 31 March 2015, 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 as at 31 March 2015 and of the loss of the company for the year ended on that date.

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

(iv) the annual accounts have been prepared on a going concern basis.

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

(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.

33. STATUTORY AUDITOR

M/s. S.R. Batliboi & Associates LLP (FRN: 101049W) has been the auditor of the Company for the last five years and the five year terms comes to an end at this Annual General Meeting. Board of Directors recommend as a matter of policy and good governance, the statutory auditors are to be rotated once in five years. Accordingly, based on the recommendation of the Audit Committee and as a matter of good governance, the Board has at its meeting held on 28 May 2015 recommended to appoint M/s. Deloitte Haskins & Sells LLP (FRN: 117366 W/W 100018), a leading Chartered Accountants for a period of 5 (five) years from this Annual General Meeting. This appointment is subject to ratification at every Annual General Meeting of the Company.

M/s. Deloitte Haskins & Sells LLP have confirmed that they are eligible for appointment and within the limits prescribed under Section 139 of the Companies Act, 2013. Accordingly, the recommendation of appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors from the year 2015-2016 is proposed for the approval of the members by way of an Ordinary Resolution.

34. COMPANY SECRETARY

Upon resignation of the erstwhile Company Secretary in 2011, Assistant Company Secretary was authorized to discharge the functions of the Company Secretary and Compliance officer for the years 2012-13, 2013-14 and 2014-15. However, the company has appointed Mr. K. Premnatha as Dy. Manager, being a qualified Company Secretary will discharge the function of the Company Secretary and Compliance Officer with effect from 10 August 2015.

35. SECRETARIAL AUDIT

In terms of Section 204 of the Companies Act, 2013 and rules made there under the company has appointed M/s. S. Sandeep & Associates, Company Secretary in Practice to undertake the secretarial audit of the Company. The Secretarial Audit report is included as Annexure V to this report.

It is observed in the Secretarial Audit Report, the remuneration paid to the then Managing Director, Mr. Manish Maheshwari for the period from 01 April 2014 to 08 October 2014 is in excess of the limits specified in Schedule V to the Companies Act, 2013, which needs to be ratified. It is also observed, the Company needs to appoint a qualified Company Secretary and certain delay in filing the returns required under the Companies Act and in terms of the Listing Agreement which was due to the reconstitution of the Board and the appointment of Directors. In this regard the Directors to state that a Special Resolution is proposed for the ratification of the remuneration paid to the then Managing Director and necessary application will be filed. In case of other observation, a qualified Company Secretary is appointed and will function as a Company Secretary and the Company will ensure the returns will be filed in time.

36. INTERNAL AUDIT

During the year, the Company has engaged M/s. Guru & Ram, Chartered Accountants, as its Internal Auditor. The Company continues to implement their suggestions and recommendations to improve the control environment. 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 Audit Committee on an ongoing basis to improve efficiency in operations.

37. INTERNAL FINANCIAL CONTROLS

The company has a proper and adequate system of internal control commensurate with the size and nature of business. The 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 the compliance with corporate policies. The system monitors and manages the risks associated with each asset's operations and performance. Periodic evaluations are done mainly through its Internal Audit, in order to determine the adequacy of its internal control systems. Further the adequacy of internal controls system is monitored on a systematic basis by the Audit Committee. Reports by the Management and the Internal Auditors include assessments of the major risks and the effectiveness of the Internal Control System in addressing them.

38. MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

39. PROTECTION TO WOMEN EMPLOYEES

The Company has a policy to prevent the sexual harassment of women at work place in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. In order to implement the policy, a committee has been set up and no complaint was received during the year under review.

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

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

A) Conservation of Energy:

a) The Steps taken or impact on conservation of energy are

1. Due consideration has been given to energy consumption while procuring equipment's with preference for BEE Star rated equipment's, wherever feasible.
2. As a responsible Corporate Citizen and in adherence to climate change policy, 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. Company continues 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 monitored air emission sources and ambient air quality and ensured 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

During the year the Company is in the process of formulating a policy for use of solar energy in its process installation.

c) The 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 used and earned:

(INR Million)

Particulars		2014-15	2013-14
A.	Foreign Exchange Earnings	–	—
B.	Foreign Exchange Used		
	• Cash Call Payment to Joint Ventures	–	23.71
	• Expenditure in Foreign Currency*	161.22	318.43
	• Repayment of Foreign Currency loan	94.66	242.02
Total Foreign Exchange Used (B)		**255.88**	**584.16**
Net Foreign Exchange Used (B-A)		**255.88**	**584.16**

** The amount includes Interest on ECB loans paid in foreign currency*

41. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company is in continuous loss and no amount has been spent on CSR. However, the Company is in the process of formulating a CSR policy.

The Board of Directors at their meeting held on 28 May 2015 constituted a committee called as Corporate Social Responsibility Committee with Mr. Sunil Behari Mathur as Chairman, Mr. P. Elango and Ms. Sharmila Amin as members with a mandate to formulate a CSR policy and the subsequent implementation of the policy effective from the financial year 2015-16.

42. HUMAN CAPITAL & MANAGEMENT

The Company continues to pursue 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.

43. 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 already filed the necessary form and submitted the details of unpaid and unclaimed amounts lying with the Company with the Ministry of Corporate Affairs.

44. LISTING WITH STOCK EXCHANGES

The Company confirms that it has paid the Annual Listing Fees for the year 2015-2016 to NSE and BSE where the Company's Shares are listed.

45. 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

S. B. Mathur
DIN: 00013239
Chairman

Date : 10 August, 2015
Place : Chennai

Annexures to the Directors' Report:

Annexure I
FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN: As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (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 Email: contact@hoec.com Website: www.hoec.com Chennai office: 'Lakshmi Chambers', No. 192, St. Mary's Road Alwarpet, Chennai – 600018 (Tamil Nadu) India Tel: 044-66229000 Fax: 044-66229011/12 Email: hoecshare@hoec.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. (Unit: Hindustan Oil Exploration Company Limited) B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank Near Radhakrishna Char Rasta, Akota, Vadodara – 390020 (Gujarat) India Tel: 0265-2356573,2356794 Fax: 0265-2356791 Email: vadodara@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	Percentage of total turnover of the company
1.	Crude oil	0610	36%
2.	Natural Gas	0620	64%

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' Tandalja Road Vadodara - 390020 (Gujarat) India	U11100GJ1988PLC011536	Subsidiary	100%	2(87)(ii)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(1)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
(2) Foreign									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	6,15,69,134	0	6,15,69,134	47.18	6,15,69,134	0	6,15,69,134	47.18	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (B)(1)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	**6,15,69,134**	**0**	**6,15,69,134**	**47.18**	**6,15,69,134**	**0**	**6,15,69,134**	**47.18**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	28,00,000	3,100	28,03,100	2.15	0	3,100	3,100	0.00	-2.15
b) Banks / FI	793	2,260	3,053	0.00	3,16,056	2,260	3,18,316	0.24	0.24
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) FIIs	81,73,308	1,000	81,74,308	6.26	14,09,300	1,000	14,10,300	1.08	-5.18
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others Foreign Portfolio Investor	0	0	0	0	1,371	0	1,371	0.00	0.00
Sub-total (B)(1):-	**1,27,24,638**	**6,360**	**1,27,30,998**	**9.76**	**34,77,264**	**6,360**	**34,83,624**	**2.67**	**-7.09**
2. Non-Institutions									
a) Bodies Corp.	2,10,73,069	44,217	2,11,17,286	16.18	2,35,05,071	44,217	2,35,49,288	18.05	1.87
b) Individuals									
i) Individual shareholders holding nominal share capital up to INR 1 lakh	2,17,02,026	16,82,760	2,33,84,786	17.92	2,91,00,720	16,31,490	3,07,32,210	23.55	5.63
ii) Individual shareholders holding nominal share capital in excess of INR 1 lakh	86,07,137	0	86,07,137	6.60	74,41,183	0	74,41,183	5.70	-0.90

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
Non-Resident Indians	10,52,040	2,74,912	13,26,952	1.02	21,55,056	2,63,702	24,18,758	1.85	0.83
Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Members	9,90,165	0	9,90,165	0.76	11,44,578	0	11,44,578	0.88	0.12
Trusts	6,15,305	0	6,15,305	0.47	18,731	0	18,731	0.01	-0.46
Market Maker	1,51,526	0	1,51,526	0.12	1,35,783	0	1,35,783	0.10	-0.02
Sub-total (B)(2):-	**5,41,91,268**	**20,01,889**	**5,61,93,157**	**43.06**	**6,35,01,122**	**19,39,409**	**6,54,40,531**	**50.15**	**7.09**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**6,69,15,906**	**20,08,249**	**6,89,24,155**	**52.82**	**6,69,78,386**	**19,45,769**	**6,89,24,155**	**52.82**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**12,84,85,040**	**20,08,249**	**13,04,93,289**	**100**	**12,85,47,520**	**19,45,769**	**13,04,93,289**	**100**	**0.00**

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Burren Shakti Ltd	3,54,40,913	27.16	0.00	3,54,40,913	27.16	0.00	0.00
2	Eni UK Holding Plc	2,61,15,455	20.01	0.00	2,61,15,455	20.01	0.00	0.00
3	Burren Energy India Ltd	12,766	0.01	0.00	12,766	0.01	0.00	0.00
	Total	**6,15,69,134**	**47.18**	**0.00**	**6,15,69,134**	**47.18**	**0.00**	**0.00**

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	0	0.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	0	0.00	0	0.00
	At the end of the year	6,15,69,134	47.18	0	0.00

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	RELIANCE CAP TRUSTEE CO LTD A/C REL REGULAR SAVINGS FUND	28,00,000	2.15	0	0
3	GHI LTP LTD.	23,22,033	1.78	0	0
4	JHUNJHUNWALA RAKESH RADHESHYAM	19,61,251	1.50	0	0
5	GENERAL INSURANCE CORP OF INDIA	17,50,537	1.34	17,50,537	1.34
6	NOMURA SINGAPORE LIMITED	17,05,560	1.31	17,05,560	1.31
7	GOVERNMENT PENSION FUND GLOBAL	10,39,000	0.80	0	0
8	GHI JBD LTD	9,84,198	0.75	0	0
9	HDFC STANDARD LIFE INSURANCE CO LTD	7,39,984	0.57	0	0
10	GHI HSP LTD	6,63,941	0.51	0	0
	TOTAL	**2,87,92,807**	**22.07**	**1,82,82,400**	**14.01**

v) Shareholding of Directors and Key Managerial Personnel:

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
1	**Mr. R. Vasudevan** (Independent Director & Non-Executive Chairman resigned w.e.f. 08.10.2014)				
	At the beginning of the year	22,874*	Negligible	22,874*	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	22,874*	Negligible	22,874*	Negligible
2	**Mr. Sunil Behari Mathur,** (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
3	**Mr. Manish Maheshwari** (Managing Director resigned w.e.f. 08.10.2014)				
	At the beginning of the year	18,983*	Negligible	18,983*	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	18,983*	Negligible	18,983*	Negligible

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
4	**Mr. Guido Papetti**				
	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
5	**Mr. Paolo Ceddia**				
	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
6	**Mr. V. S. Rangan** (Resigned w.e.f. 08.10.2014)				
	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
7	**Mr. Dhruv S. Kaji** (resigned w.e.f 25.09.2014)				
	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
8	**Mr. Paolo Carmosino** (resigned w.e.f. 06.06.2014)				
	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
9	**Ms. Sharmila Amin** (appointed w.e.f. 17.12.2014)				
	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
10	**Mr. R. Jeevanandam** (appointed w.e.f. 02.02.2015)				
	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

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
11	**Mr. P. Elango** (appointed w.e.f. 02.02.2015)				
	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

* *Number of shares mentioned above represents the stock options exercised as per the terms of Employees Stock Option Scheme of the Company from time to time.*

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

(In INR)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	92,175,630	9,375,950,000	—	9,468,125,630
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**92,175,630**	**9,375,950,000**		**9,468,125,630**
Change in Indebtedness during the financial year				
* Addition	—	—	—	—
* Reduction	(92,175,630)	(9,375,950,000)	—	(9,468,125,630)
Net Change	—	—	—	—
Indebtedness at the end of the financial year	—	—	—	—
i) Principal Amount	—	—	—	—
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	—	—	—	—

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Director:

(In INR)

Sr. No.	Particulars of Remuneration	Name of MD / WTD			Total Amount
		Mr. Manish Maheshwari	Mr. P. Elango	Mr. R. Jeevanandam	
1	**Gross salary**				
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	10,627,624	1,674,047	1,589,130	13,890,801
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	68,743	21,332	14,732	104,807
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	—	—	—	—
2	**Stock Option**	—	—	—	—
3	**Sweat Equity**	—	—	—	—
4	**Commission** – as % of profit – others, specify	—	—	—	—
5	**Others, please specify**	—	—	—	—
	Total (A)	**10,696,366**	**1,695,379**	**1,603,862**	**13,995,607**

B. Remuneration to other directors

(In INR)

Sr. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr. R. Vasudevan	Mr. S. B. Mathur	Mr. V. S. Rangan	Mr. Dhruv S. Kaji	Ms. Sharmila Amin	
1	Independent Directors						
	Fee for attending board & committee meetings	220,000	320,000	120,000	100,000	160,000	920,000
	Commission	—	—	—	—	—	—
	Others, please specify	—	—	—	—	—	—
	Total (1)	220,000	320,000	120,000	100,000	160,000	920,000
2	Other Non-Executive Directors	—	—	—	—	—	—
	Fee for attending board committee meetings	—	—	—	—	—	—
	Commission	—	—	—	—	—	—
	Others, please specify	—	—	—	—	—	—
	Total (2)	—	—	—	—	—	—
	Total=(1+2)	220,000	320,000	120,000	100,000	160,000	920,000
	Total Managerial Remuneration	220,000	320,000	120,000	100,000	160,000	920,000

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

The remuneration to Managing Director and CFO is disclosed elsewhere and forms part of this Annual Report. Further, there are no other Key Managerial Personnel.

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 / Additional Fees paid	Forms DIR-12, ADT-1, SH-7, 20B, 23AC&ACA, CH-4, MGT-14	Additional Fees paid for FY 2014-15 while filing various Forms to MCA	Total Additional Fees paid 10,57,136	MCA	—
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Section 87 of the Companies Act, 2013 read with Rule 12 of the Companies (Registration of Charges) Rules, 2014	Delay in filing of Satisfaction of Charge.	INR 50,000	Regional Director, MCA, North-West, Ahmedabad	Application in e-from No CHG-8 was filed by the Company with e-form RD2 for condonation of delay.
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

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, 2015 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. Banque ENI, Belgium
5. Saipem (Portugal) Comercio Maritimo Su Lda

(D) Unincorporated Joint Ventures:

As per details given in Note 28 of the standalone financial statements

(E) Key Management Personnel:

Mr. Manish Maheshwari – Managing Director (resigned on 8 October 2014)

Mr. P. Elango – Managing Director (From 2 February 2015)

Mr. R. Jeevanandam – Director & CFO (From 2 February 2015).

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

a) Warehousing Services & Rental of Immovable Property to HBIL, a wholly owned subsidiary is INR 6,541,500

b) Remuneration paid to Managing Directors and CFO is INR 13,995,607

c) Recovery of expenses from unincorporated joint ventures is INR 31,915,814.

d) Interest payment to ENI Finance International SA., Belguim & ENI Lasmo Plc are INR 51,777,856 and INR 90,898,640 respectively. The unsecured loan waived is INR 9,608,450,000

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 [INR]	Qualification	Experience in years	Age years	Date of commencement of employment	Last employment held
1	2	3	4	5	6	7	8	9
1	Mr. Manish Maheshwari	Managing Director (resigned on 08.10.2014)	10,696,366	B.E. (Hons), MBA (UK)	27	47	01.10.2003	Sr. Investment Manager – Danish International Investment Fund
2	Mr. P. Elango	Managing Director	1,695,379	MBA	28	54	02.02.2015	CEO & Whole Time Director – Cairn India Limited
3	Mr. R. Jeevanandam	Chief Financial Officer	1,603,862	CPA (USA), CGMA (USA) CMA, CS, CFA & BL	33	57	02.02.2015	Vice President, Aban Offshore Limited.

Notes;

All appointments are / were non-contractual.

Remuneration as shown above comprises of Salary, Leave Salary, Bonus, Gratuity where paid, Leave Travel Assistance, Medical Benefit, House Rent Allowance, Perquisites and Company's Contribution to Provident Fund and Superannuation Fund. Remuneration on Cash basis.

None of the above employees are related to any Director of the Company.

Annexure - IV

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY AS PER COMPANIES ACT, 2013

(In INR)

Name of Subsidiary Company	HOEC Bardahl India Limited
Issued & Subscribed Capital	5,000,200
Reserves	87,949,905
Total Assets	86,533,452
Total Liabilities	45,519,540
Investments	51,936,193
Turnover	196,633,189
Profit / (Loss) before Tax	20,468,799
Provision for Tax	(6,363,714)
Profit / (Loss) After Tax	14,105,085
Proposed Dividend	—
% of Share holding	100%

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

FOR THE FINANCIAL YEAR ENDED 31st March 2015

[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
'HOEC House', Tandalja Road
Vadodara – 390020
Gujarat

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of 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 31st March 2015, has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 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 (Not Applicable to the Company during the Audit Period);

  (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); and

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

(vi) All other laws which are applicable specifically to the Company in the oil and gas exploration sector.

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

(a) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not Applicable to the Company during the Audit Period).

(b) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited (Bombay Stock Exchange Limited).

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

1. The remuneration paid to Mr. Manish Maheshwari for the period from 1 April 2014 to 8 October 2014, in his capacity as Managing Director is in excess of the limits specified in Schedule V to the Companies Act, 2013. Based on the information and explanations provided to us by the Company, we understand that the Company is in the process of seeking the approval of the shareholders and the Central Government in this regard.
2. As on 31 March 2015, the Company has not appointed a Whole time Company Secretary as required under Section 203 of the Companies Act, 2013. However, the company has appointed an Assistant Company Secretary who is not a member of the Institute of Company Secretaries of India.
3. There have been some instances of delay in filing certain forms with the Ministry of Corporate Affairs after the due dates. However, the compliance requirements as required under the Act have been met by payment of additional fees.
4. There was a delay in furnishing to the Stock Exchanges the Unaudited financial results for the quarter and half year ended 30 September 2014 as required to be submitted under Clause 41 of the Listing Agreement and the said delay had resulted in levy of fine by the Stock Exchanges which the Company had paid under protest. Based on the information and explanations provided to us by the Company, the aforesaid delays was due to the reconstitution of the Board.

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 during the audit period ENI Group has waived off all the obligation of the company towards loan repayments of principal and other amounts due on the loan.

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 : 10 August, 2015

FCS No.: 5853
C P No.: 5987

Management Discussion and Analysis Report

INDUSTRY OUTLOOK AND OPPORTUNITIES

The Financial Year 2014-2015 witnessed a substantial reduction in the oil & gas prices. However, the energy consumption in India increased in line with its economic growth. Significant growth in unconventional oil & gas production in USA brought a sea change in global oil & gas prices, highlighting the importance of technology in oil & gas sector.

FY 2014-2015 underlined the need to optimise costs in oil & gas industry as the global oil prices fell close to 50% from April 2014 to March 2015. The year witnessed major announcements on deferring many high cost offshore development projects and exploration projects by Global E&P players.

Global liquid fuel production in the first quarter of 2015 was around 94.50 million barrels per day whereas the consumption was in the order of 92.77 million barrels per day. Though the global consumption may not witness substantial increase, Indian consumption is expected to increase. Global liquid supply is expected to exceed the demand and would result in inventory build-up. Removal of Iranian sanction is expected to put further downward pressure on the oil prices.

Such downward cycle times present rare opportunities to small and medium sized oil independents due to their cost advantages. HOEC is one such player.

Global Oil Pricing

Crude Oil Prices (Brent) weakened substantially from US$ 105 per barrel in April 2014 to US$ 55 per barrel in March 2015. Post these wide fluctuations, Industry is witnessing price stability in the range of US$ 60 to US$ 65 per barrel.

Gas Pricing

Natural Gas prices decreased in USA (Henry Hub) from US$ 4.66 in April 2014 to US$ 2.83 in March 2015 per mmbtu. In case of NBP (National Balancing Point) it has come down from US$ 8.40 to around US$ 6.40 and similar trend was reflected in the Alberta Hub and other bench mark prices relevant to Indian gas pricing.

Gas prices in India were to be revised from 01 April 2014 based on the formula recommended by Dr. Rangarajan Committee. 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.

This pricing policy is applicable to all sectors uniformly and in case of north eastern region, the 40% special subsidy that was earlier applicable to only gas supplied by ONGC and OIL India has now been extended to all private operators. This welcome step from the Government would facilitate to unlock gas potential and create value to all stake holders in the north eastern region. HOEC is developing gas discovery in Assam.

Outlook for India

Indian energy sector is poised for rapid growth in line with projected economic growth. India imported close to 84% of total domestic crude oil requirement. Though the Oil Import Bill of India was reduced to US$ 88 billion in 2014-2015 from US$ 113 billion in 2013-14, the Government rightly sees this as an opportune time to give policy push for domestic growth of oil & gas sector. Share of gas in primary energy mix in India still lags behind at 9%, while it is more than 50% in Russia and about 25% in USA. This highlights the potential for gas, which is a greener fuel, to emerge as a leading fuel in India.

In this context, domestic oil & gas companies have a critical role to play in assuring energy security to the country which is essential to sustain the economic growth. The need of the hour is to explore the vastly unexplored territory of 75% of the sedimentary basins in India and to monetise the discoveries already made including the marginal discoveries in India. HOEC is committed to contribute in this National Endeavour.

BUSINESS MODEL

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.

The Company's core business is to:

- **Explore** for Oil & Gas;
- **Execute** to Transform Resources to Reserves; and
- **Enhance Value** for all Stakeholders by converting Reserves to Revenues.

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 and then develop and deliver oil & gas that everybody in our country needs, and 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' and thus generate shareholder value.

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 create value in all our business operations
- To collaborate with all stake holders 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 to pursue the objectives set for the FY 2014-2015 are summarized below:

- PY-1 Field's decline in production is being reassessed and a low cost rig less intervention is planned during this Financial Year. This may increase the well productivity and will provide an opportunity to re-assess the reserves, though the reserves were downgraded in 2013-14.
- HOEC re-evaluated its offshore strategy for the development of CB-OS/1 and PY-3. At current oil prices and cost estimates, these developments are uneconomical and the respective Operators are evaluating multiple options. Our current view is to defer these development activities till a reasonable price and cost regime emerges.
- As Operator, HOEC secured the approval for Dirok Gas development plan by Directorate General of Hydrocarbons (DGH) and Ministry of Petroleum & Natural Gas (MOP&NG) in May 2015. 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.
- HOEC has applied to surrender the existing exploration block RJ-ONN-2005/1 in terms of the policy No: 22013/27/2012–ONG-D-V Dated 10 November 2014 issued by Government of India, as there has been substantial delay in getting various regulatory approvals and denial of approval for part of the block due to National security reasons.
- In case of RJ-ONN-2005/2, the Operator made a request for extension of 17 months and the reply is awaited from the Government of India. Meanwhile, the Operator made a proposal to extend the block by paying the liquidated damages under the normal extension policy and HOEC has not agreed to this. We have requested the Operator to pursue the 17 months extension to progress further on this block.

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.

OPERATIONAL IMPERATIVES: TOP FIVE DIMENSIONS FY 2014-2015

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

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

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

As an optimum cost operator in the industry, we scrutinize every value proposition to derive excellence in execution. Cost is considered an element to control when it does not result in value sacrifice in the E&P business. Our objective is to provide a 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 India with a balanced portfolio of exploration, development and production projects.

Product-wise Performance

The Company's aggregate production during the FY 2014-2015 was 0.25 million barrels of oil equivalent (boe) (crude oil: 36,410 bbls; gas: 33.87 million scm) as against 0.37 million barrels of oil equivalent (boe) (crude oil: 34,470 bbls; gas: 52.25 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 2015, the estimates of Proved and Probable (P+P) reserves on working interest basis for the Company were 13.816 mmboe excluding the reserves of PY-3 and CB-OS/1. The estimates include reserves in Dirok Gas Discovery based on the development plan approved by DGH and MOP&NG in May 2015.

CAUVERY BASIN

PY-1 Gas Field

The field was put on production in 2009 and has produced 29.57 bcf of gas as on 31 March 2015. This complex mineralogical rock composition and heterogeneity of fracture system at different scales need to be understood fully to estimate the reserves. As on date reservoir response has been at variance to the initial simulation results which needs to be restudied. During the year under review, HOEC has re-evaluated the reserves and impaired substantially based on the revised reserve estimates.

Forward Plan

The field geology and geophysics are re-looked at and it is planned to make a rig less intervention through coil tubing to understand the reason for the decline in production and potential water shut-off. 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 has been producing high quality light crude oil (49° API) at a rate of 3,300 bopd prior to its shutdown in July 2011.

Restarting production from PY-3 Field has become a challenge at the current oil prices. At the current oil prices with no resolution on the cost towards royalty and cess, there is no approved field development plan in place to put the field on production.

Forward Plan

Considering the present oil prices HOEC does not find it economical and prudent to make investment in the block and the viability will be reviewed if and when prices improve and/or costs are substantially reduced.

CAMBAY BASIN

Block CB-ON-7 (Palej)

The gross production from CB-ON-7 Block averaged 128 boepd as compared to 142 boepd in the previous year. Production on working interest basis to HOEC averaged 45 boepd during the year, the decrease being primarily attributable to natural decline.

North Balol Gas Field

North Balol Gas Field produced 83,79,072 scm of natural gas during the year, with an average production rate of 22,956 scmd, a decrease of 5% over the previous year attributable to natural decline.

Asjol Field

Asjol Field produced at an average rate of 16 boepd, with an aggregate production of 5,779 barrels, a decrease of 9% attributed to natural decline of Field.

Block CB-OS / 1

ONGC, the Operator, had submitted a development plan which has got the approval from the DGH and MOP&NG. Considering the present oil prices, ONGC is revising the development concept to make it cost effective. There is no plan to incur further capital in the block unless some changes in the scenario of oil price or some cost effective solutions are identified in the near future.

ASSAM-ARAKAN BASIN

Block AAP-ON-94 / 1

HOEC, as the Operator, had secured the approval of the development plan for an investment of US$ 85 million (100%) 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. HOEC has commenced the due process for obtaining environmental, wild life and forest clearances to put the field on production at the earliest. The initial gas in place is 244 bcf for the 'Dirok Gas Discovery' which is in the conventional and prolific 'Gurujan' reservoir in Upper Assam.

Forward Plan

HOEC targets to produce the 'First Gas' from Dirok Field within 18 months subject to timely approvals from the regulatory authorities. The estimated gross (100%) capital expenditure of the Project is US$ 85 million and initial gas production is expected to be around 20 mmscfd.

RAJASTHAN BASIN

Block RJ-ONN-2005 / 1

HOEC has made an application to surrender the block in terms of the policy guidelines issued by the Ministry of Petroleum and Natural Gas, Government of India vide the policy No 22013/27/2012–ONG-D-V dated 10 November 2014 as certain Government clearance has not been granted even after two years of the application. The expenditure incurred in the block has been fully charged in the year of expenditure.

Block RJ-ONN-2005 / 2

OIL, the Operator, has interpreted 3D and High Resolution Seismic Data and commenced the well drilling on 12 June 2015. The first phase of exploration of the block came to an end on 24 June 2015 and the Government of India has not conveyed its decision on the extension application submitted by the Operator for 17 months due to various delays attributable regulatory authorities and market conditions.

In the absence of no resolution on the application for extension, HOEC decided not to seek extension under the extension policy by incurring the additional cost for liquidated damages. However, operator has decided to seek the extension under the extension policy by paying the liquidated damages. HOEC will participate in the completion of work program only on receipt of the extension for excusable delays submitted by the Operator for 17 months.

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

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.

OPERATIONAL RISK

DESCRIPTION OF RISK	MITIGATION
Health, Safety and Environment	Oil and gas operations by its very nature carry a potentially high level of attendant safety and environmental risks and the impact of an accident can be significant in terms of human, environmental and financial cost. HOEC carries out HAZOP, HAZID, SIMOPS and maintains risk register and Emergency Response Plan covering risks specific to various operations. The Company has devised a comprehensive policy framework as well as health and safety management and reporting systems. These are regularly monitored and reviewed by the Board and the management. The Company also works closely with the various regulatory authorities of Central and State Government and compliance audits are conducted. The Company undertakes operations as per international environmental standards of the oil industry. Environmental Impact Assessments are prepared and approvals from authorities are secured before any project is executed.
Exploration, Geological and Reservoir Risk	Exploration is inherently a risky business, with statistically only a relatively small proportion of exploration wells resulting in commercial discovery. It is not possible to insure against the risk of exploration failure. HOEC's policy is to contain this exposure within prudent limits. The Company has experienced management and technical team with a track record of finding hydrocarbon discoveries, which has resulted in a diversified portfolio of exploration, development and production assets. 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.
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 key executives and senior management 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. Under the terms of the PSCs, operating expenditure and capital costs are recoverable through cost recovery mechanism, and so the effect of cost increase is cushioned to certain degree, subject to approval of expenditure by the Management Committees under the PSCs.
Community Relationship	Continuous dialogue and engagement exists between the Company and its stakeholders which is central to harmonious operations. Local personnel are employed wherever possible and Company help in developing skill sets of such personnel.

FINANCIAL RISK

DESCRIPTION OF RISK	MITIGATION
Commodity Price Volatility	HOEC is exposed to volatility in the oil price 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 (refer Note No. 31 of Financial Statements), 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.
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 2014-2015 was INR 404 million as compared to INR 569 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 254,183 boe (696 boepd), 31% lower than the previous year. The Production on net entitlement basis to the Company was 682 boepd for the FY 2014-2015.

Other Income for the FY 2014-2015 was INR 75 million as compared to INR 58 million in the previous year; the increase is due to increase in interest/dividend income from current and long term investments.

The average sale price of crude oil was US$ 87/bbl (FY 2013-2014: US$ 101/bbl) and gas price realisation for PY-1 was US$ 3.66 per mmbtu.

Operating Loss

Cost of sales decreased from INR 1,306 million to INR 618 million in FY 2014-2015, primarily due to reduction in depletion charge for PY-1 Field with a small reduction in the operating and administrative expenses.

Depletion charge, computed on a 'Unit of Production' method, for the year was INR 382 million as against INR 1,026 million in the previous year. The decrease in depletion charge being on account of reduction in PY-1 Reserves and the consequent impairment of PY-1 asset in the current Financial Year.

Consequently, the Operating (EBIT) Loss was INR 291 million during FY 2014-2015 as compared to loss of INR 1,240 million during the previous year on account of reduction in the depletion of PY-1 and the exploration write-off.

Finance Costs

Interest expense for the year 2014-2015 is INR 144.36 million comparing to INR 130.12 million in 2013-2014. The interest and finance income for the financial year is INR 69 million and for the previous year it was INR 53 million. Consequent to the waiver of the loan by ENI Lasmo Plc, no interest expenses are expected in the year 2015-2016. Interest on borrowing are either expensed or capitalised in accordance with the Accounting Standard 16.

Net Profit / Loss

On a standalone basis, the Loss-Before-Tax for the Company was INR 12,210 million. This is mainly due to: (a) impairment of PY-1 by INR 9,933 million and additional depletion of INR 680 million due to reduction in PY-1 Reserves and (b) impairment of CB-OS/1 by INR 260 million, PY-3 by INR 707 million and CB-ON-7 by INR 54 million as it is not economical to develop at the current oil prices. The exploration cost written off during the year is INR 70 million and the provision made for obsolete inventory is INR 138 million.

During the year under review, the Company had a Loss-After-Tax of INR 12,210 million compared to Loss-After-Tax of INR 1,248 million during the previous year. It is pertinent to note that consequent to the impairment of PY-1 reserves, the external commercial borrowing from ENI group companies of INR 9,608 million were waived-off and the loan waived was taken to capital reserves.

Cash Flow and Capital Expenditure

Cash from Operation before working capital and taxes was INR 139 million as compared to INR 190 million in the previous year. The lower internal accruals are due to reduction in PY-1 production as detailed in the section 'Financial and Operational Discipline' in this Management Discussion and Analysis Report. During the year under review, Company incurred exploration expenditure of approximately INR 96 million (FY 2013-2014: INR 113 million) and development expenditure of approximately INR 18 million (FY 2013-2014: INR 114 million).

FINANCIAL POSITION

Liquidity

At the year end, HOEC had cash and cash equivalent of approx. INR 281 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 for development of block AAP-ON-94/1 at Assam and some minor capital expenditure for the producing blocks 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 accorded a long term rating of [ICRA] BBB+ for a credit of INR 100 crores to the Company on 15 May 2015 and the outlook on long term rating is "Stable".

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.

Oil and Gas Markets

The long-term outlook is one of growing demand for energy, particularly in Asia and India would be leading that Asian energy growth curve. Oil exporters around the world are competing to have a slice in Asian oil Import market. The current oil prices have forced the upstream oil & gas industry to slow down and it would take a while, even after the price cycle turns to restart the engine. Meanwhile, Fossil fuels will continue to dominate the energy market even as renewables increase their share. Being the greenest among the fossil fuels, gas will emerge stronger and will increase in the global primary energy mix in-general and India in particular.

Gas prices in India have been evolving over the years from an administered price regime of sub US$ 2/mmbtu to US$ 5.61/mmbtu (NCV basis). Following the notification by MOP&NG in October 2014, prices stand to be revised on half yearly basis with effect from 01 November 2014 based on formulae stated in the guidelines. This revised guidelines provides that the subsidy of 40% provided to the purchasers from ONGC/OIL Ltd now stand extended to private players which will provide a new impetus to the growth of the North Eastern Region as well as the private oil & gas players in that region.

Internal Control Systems and their Adequacy

The Company maintains a comprehensive system of internal control. This comprises the management systems, organizational structures, processes, 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.

Over the years the Company has built an elaborate internal control system, a part of which is embedded within each asset's operations to monitor and manage risks associated with each asset's operations and performance. 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.

A detailed asset level business plan is prepared to meet the agreed annual work programme and budget. This sets out detailed objectives and KPIs for each asset and supporting functional departments, and is consolidated into the Company's annual business plan. 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 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.

We conduct fair and objective performance appraisals annually during which business objectives are established for the coming year. The size of the corporate organization facilitates direct interaction and multi-disciplinary dialogue amongst personnel every day. This is enhanced further by informal offsite meetings which provide a forum for corporate updates and feedback. We also seek to improve the working environment by ensuring fairness and consistency of remuneration practices, as well as policies and procedures.

HOEC's talent base, as on 31 March 2015, stands at 36 (previous year: 50) with the average employee age being about 40 years.

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 2014-2015 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 2014-2015 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	2014-2015	2013-2014
Fatalities Accident Rate (FAR)	0	0
No. of LTIs	0	0
Days since last LTI	2,100	1,735
Oil Spill Incidents	0	0
	2014-2015 Results	2013-2014 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 statements.

Oil and Gas Properties

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

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

Site Restoration Liability

Our site restoration liability consists of estimated costs of dismantling and abandoning producing well sites and facilities, site reclamation and similar activities associated with our oil and gas properties. The recognition of Site Restoration Liability requires that management make estimates, assumptions and judgments regarding such factors as estimated probabilities, amounts and timings of obligation. The corresponding amount is added to the cost of the producing property and is expensed in proportion to the production for the year and the remaining estimated proved reserves of hydrocarbons based on latest technical assessment available with the Company. Any change in the value of the estimated liability is dealt with prospectively and reflected as an adjustment to the provision and the corresponding producing property. Site Restoration Liability aggregated INR 1,103 million as at 31 March 2015.

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 or 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 Clause 49 of the Listing Agreement with BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) 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

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are managed to ensure accountability, transparency and fairness in all its transactions and meet its stakeholder's aspirations and societal expectations. Good governance practices stem from a progressive culture and positive mindset of an organization.

It is crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the complex interrelationship among the 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 Clause 49 but is also committed to adopt emerging best principles and practices worldwide. It is our endeavor to achieve higher standards and provide oversight and guidance to the management in strategy implementation, risk management and fulfillment of stated goals and objectives.

Additionally, the Company has adopted and implemented certain non-mandatory guidelines issued by the Ministry of Corporate Affairs and as amended from time to time relating to the appointment of Directors, training, risk management, rotation of Auditors and / or its Partners.

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 and these include formulating the Management Systems and Guidelines, policies and the following codes and its adherence.:

- 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 2015, the Company has 6 (Six) Directors of which 4 (Four) Directors are Non-Executive Directors and the 2 (Two) Directors are Executive Directors.

The Chairman of the Board is a Non-Executive Independent Director and one director is Non-Executive Independent woman Director. Accordingly, the composition of the Board is in compliance with clause 49 of the Listing Agreement entered into with the Stock exchanges.

As required under Section 149(3) of the Companies Act, 2013 & Listing Agreement, Ms. Sharmila Amin a Woman Director, has been appointed as an Independent Director on the Board.

(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 to enable 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 Clause 49 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 providers(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:
- 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 and 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, 2015 are summarized below:

Name of Directors	Date of Appointment	Category	No. of Directorship(s) held in Indian public & private Limited Companies	Committee(s) position	
				Member	Chairman
Mr. S.B. Mathur	17.11.2014	Independent / Non-Executive Chairman	12	4	2
Ms. Sharmila Amin	17.12.2014	Independent	2	Nil	Nil
Mr. Guido Papetti	30.05.2013	Non-Executive	Nil	Nil	Nil
Mr. Paolo Ceddia	30.05.2013	Non-Executive	Nil	Nil	Nil
Mr. P. Elango	02.02.2015	Managing Director	1*	Nil	Nil
Mr. R. Jeevanandam	02.02.2015	Whole-time Director & Chief Financial Officer	1**		

* 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.

Directorships and Committee positions on other Companies:

			Committee position	
			Name of Committee	Position
A	Mr. Sunil Behari Mathur			
1	National Stock Exchange of India Limited	Chairman & Non-Executive Director	Stakeholder Relations Committee	Chairman
2	IDFC Trustee Company Limited	Chairman & Non-Executive Director	—	—
3	National Collateral Management Services Limited	Non-Executive Director	—	—
4	Havells India Limited	Non-Executive Director	• Audit Committee • Stakeholders Relations Committee	Member Member
5	DCM Shriram Industries Limited	Non-Executive Director	• Audit Committee • Stakeholders Relations Committee	Member Member
6	ITC Limited	Non-Executive Director	• Audit Committee	Chairman
7	Infrastructure Leasing and Financial Services Limited	Non-Executive Director		
8	UltraTech Cement Limited	Non-Executive Director		
9	Minda Corporation Limited	Non-Executive Director		
10	Janalakshmi Financial Services Private Limited	Non-Executive Director		
11	Munich Re India Services Private Limited	Non-Executive Director		
12	India Mortgage Guarantee Corporation Private Limited	Non-Executive Director		
B	Ms. Sharmila Amin			
1	Bertling Logistics India Pvt. Ltd.	Managing Director – South Asia India	—	—
2	Globe Forwarding Agencies Pvt. Ltd.	Managing Director	—	—
C	Mr. Guido Papetti			
	Eni India Limited*	Managing Director	—	—
D	Mr. Paolo Ceddia			
	Burren Shakti Limited*	Director	—	—
E	Mr. R. Jeevanandam			
	HOEC Bardahl India Limited**	Director	—	—
F	Mr. P. Elango			
	HOEC Bardahl India Limited**	Non-Executive Chairman	—	—

* Companies registered outside India
** 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, ten (10) Board meetings were held and the gap between any two meetings did not exceed limits specified.

Board Meetings held during the year:

Particulars	Date of the Meetings										Meetings FY 2014-15	
Board of Directors Meeting	27-May-14	30-May-14	26-Jul-14	19-Sep-14	05-Nov-14	17-Nov-14	17-Dec-14	02-Feb-15*	14-Feb-15	21-Feb-15	10 Board Meetings held	Attended
	1	2	3	4	5	6	7	8	9	10		
Mr. S. B. Mathur	—	Yes	Yes	Yes	—	Yes	Yes	Yes	Yes	Yes	9	8
Mr. Guido Papetti	—	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	—	10	8
Mr. Paolo Ceddia	—	Yes	Yes	—	Yes	Yes	—	—	Yes	Yes	10	6
Ms. Sharmila Amin	—	—	—	—	—	—	Yes	Yes	Yes	Yes	4	4
Mr. P. Elango	—	—	—	—	—	—	—	Yes	Yes	Yes	3	3
Mr. R. Jeevanandam	—	—	—	—	—	—	—	Yes	Yes	Yes	3	3
Mr. R. Vasudevan	Yes	Yes	Yes	Yes	Resigned on 8 October, 2014						4	4
Mr. V. S. Rangan	Yes	Yes	—	Yes	Resigned on 8 October, 2014						4	3
Mr. Dhruv S. Kaji	—	—	Yes	Yes	Resigned on 25 September, 2014						4	2
Mr. Paolo Carmosino	—	—	—	—	Resigned on 06 June, 2014						2	0
Mr. Manish Maheshwari	Yes	Yes	Yes	Yes	Resigned on 8 October, 2014						4	4
Total strength of the Board	8	8	7	7	2	3	4	6	6	6		
No. of directors present	3	6	6	6	2	3	3	5	6	5		

* Meeting held on 21 February 2015 through video conference.

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

During the year the Non-Executive Independent Directors Mr. Dhruv S Kaji resigned on 25 September 2014, Mr. R. Vasudevan and Mr. V. S. Rangan resigned on 8 October, 2014. Though Mr. Sunil Behari Mathur resigned on 8 October 2014, he re-joined the Board on 17 November, 2014 as Non-Executive Chairman & Independent Director. Mr. Manish Maheshwari, only whole time executive director functioning as Managing Director submitted the resignation on 8 October, 2014. The Board places on record its appreciation for the valuable services rendered by the directors.

Ms. Sharmila Amin joined the board as Non-Executive Independent Woman Director on 17 December, 2014. Mr. P. Elango, joined as Additional Director and the Managing Director for a period of 3 years from 02 February, 2015 subject to the approval of the members in the ensuing Annual General Meeting. Mr. R. Jeevanandam, joined as Additional Director and Chief Financial Officer for a period of 3 years from 02 February, 2015 subject to the approval of the members in the ensuing Annual General Meeting.

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 Clause 49 of the Listing Agreement, 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 level, 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. 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, 1992, as amended from time to time, the Company has laid down and adopted a Code of Conduct for Prevention of Insider Trading based and modeled 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 and the Assistant Company Secretary jointly give certificate of compliance to the Board for its review and noting. These certificates also contain reasons and action plan 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, Shareholders / Investors Grievance Committee and Compensation & Remuneration Committee of the Board.
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal or resignation of the senior officers and the Company Secretary.
- Materially important litigations, show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems etc.
- Any material default in financial obligation to and by the Company.
- Any issue, which involves liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- 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.
- General notices of interest of Directors.
- Appointment, remuneration and resignation of Directors.
- Formation / Reconstitution of Board Committees.
- Terms of reference of Board Committees.
- The minutes of the Board meetings of unlisted Subsidiary Company.
- Declaration of Independent Directors at the time of appointment / annually.
- Dividend declaration, if any.

- 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 significant transactions, related party transactions and arrangements entered by unlisted subsidiary company.
- Appointment of and the fixing 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 impact thereof, 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 information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is 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.

The Asst. Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee for their comments. The minutes are entered in the Minutes Book within thirty (30) days from conclusion of the meeting.

The Asst. Company Secretary, while preparing the agenda, notes to the agenda, minutes, etc. of the meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 2013 read with the Rules and Regulations issued thereunder along with Secretarial Standards. The aforesaid are submitted generally as part of the agenda papers / Board Notes in advance of the Board Meetings and / or presented during the Board Meeting.

The Board & also the Chairman have the authority to engage experts, advisors and counsels to the extent it considers appropriate to assist in the functioning of the Board. Mr. Minesh Bhatt, Assistant Company Secretary and Compliance Officer, was the Secretary of all Board Committees. A qualified Company Secretary Mr. K. Premnatha is appointed on 10 August, 2015 and who will be functioning as Company Secretary & Compliance Officer.

(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 noting.

3. AUDIT COMMITTEE

On 17 December, 2014, the Audit committee was re-constituted with Mr. Sunil Behari Mathur as Chairman, Mr. Paolo Ceddia and Ms. Sharmila Amin as members. On 28 May, 2015 Mr. R. Jeevanandam was also inducted as a Member. All the members of this Committee possess relevant financial / accounting expertize / exposure. Mr. Minesh Bhatt, Assistant Company Secretary is the Secretary to the Audit Committee.

During the year ending 31 March, 2015, six (6) committee meetings were held and the details are as under:

Particulars	Date of the Meetings						FY 2014-15	
Audit Committee Meeting	27-May-14	30-May-14	26-Jul-14	19 -Sep-14	17 Dec-14	14 Feb-15	Meetings held	Attended
	1	2	3	4	5	6		
Mr. S. B. Mathur (Chairman)	—	Yes	Yes	Yes	Yes	Yes	6	5
Ms. Sharmila Amin (Member)	Joined on 17 December 2014				Yes	Yes	2	2
Mr. R. Jeevanandam (Member)	Joined on 2 February 2015						NA	NA
Mr. R. Vasudevan (Member)	Yes	Yes	Yes	Yes	—	—	4	4
Mr. V. S. Rangan (Member)	Yes	Yes	—	Yes	—		4	3
Mr. Dhruv S. Kaji (Member)	—	—	Yes	Yes	—		2	2
Mr. Paolo Carmosino (Member)	—	Resigned on 06 June 2014					2	0
Mr. Paolo Ceddia (Member)	NA				—	Yes	2	1

i. Powers of the Audit Committee

The Audit Committee is empowered:

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advice
- To 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 the 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 with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice, and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- 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.

- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary
- 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 look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 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.
- 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.
- Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries.
- 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 letters/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.
- Reviewing the financial statements and the investments made by HBIL, the unlisted subsidiary of the Company.

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 26 September, 2014.

4. NOMINATION AND REMUNERATION COMMITTEE

The Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement and Securities 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; it is also entrusted with the duty 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.

(ii) Composition of Committee

As on 01 April 2014, the committee was Chaired by Mr. Sunil Behari Mathur and other members were Mr. R. Vasudevan and Mr. Dhruv S. Kaji were Non-Executive and Independent Directors.

Consequent to the resignation and reconstitution of the board, the Committee was reconstituted on 28 May, 2015 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 details of the Members participation at the Meetings of the Committee during the year are as under:

Particulars of Meeting	26-Jul-14	02-Feb-15	Meetings FY 2014-15	
	1	2	Meetings held	Attended
Mr. S.B. Mathur, (Chairman) (upto 28 May, 2015)	Yes	Yes	2	2
Mr. Paolo Ceddia, (Member)	NA	—	1	0
Ms. Sharmila Amin, (Chairperson) (w.e.f. 28 May, 2015)	NA	Yes	1	1
Mr. R. Vasudevan, (Member)	Yes	—	1	1
Mr. Dhruv S Kaji, (Member)	Yes	—	1	1

(iii) Remuneration Policy

The Company *inter-alia* while deciding the remuneration package takes into consideration, the following:

(a) Employment scenario and demand for talent in the upstream oil and gas sector;

(b) Remuneration package of the industry / other industries for the requisite managerial talent; and

(c) The qualification and experience held by the appointee.

(iv) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

(v) Details of Remuneration of Directors

(a) Remuneration to Executive Directors during the year 2014-15

The Managing Director of the Company is appointed by the Board as per the recommendation of the Nomination Committee. Mr. P. Elango is the Managing Director of the Company.

The Executive Directors' remuneration 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 2014, to 31 March, 2015 are given as hereunder:

Name	FIXED COMPONENT				PERFORMANCE LINKED INCENTIVE			TOTAL
	Salaries	Contribution to Provident Fund & Super-annuation Fund	Other allowances / perquisites (Refer Note 1 below)	Total	Bonus	Stock Options (No. of shares)	Total	Remuneration (Refer Note 2 below)
	INR	INR	INR	INR (A)	INR	Nos.	INR (B)	INR (A+B)
Mr. Manish Maheshwari, Managing Director (Resigned on 8 October, 2014)	4,238,325	1,214,990	5,243,051	10,696,366	–	–	–	10,696,366
Mr. P. Elango (Appointed as Managing Director w.e.f. 02 February, 2015)	677,679	183,154	834,546	1,695,379	–	–	–	1,695,379
Mr. R. Jeevanandam (Appointed as CFO w.e.f. 02 February, 2015)	643,304	173,832	786,696	1,603,862	–	–	–	1,603,862

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 2014-2015

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 (INR)
1.	Mr. R. Vasudevan (Non-Executive Independent Director)	220,000
2.	Mr. Sunil Behari Mathur (Non-Executive Independent Director)	320,000
3.	Mr. V. Srinivasa Rangan (Non-Executive Director)	120,000
4.	Ms. Sharmila Amin (Non-Executive Independent Director)	160,000
5.	Mr. Dhruv S. Kaji (Non-Executive Independent Director)	100,000

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 terms of reference of the Stakeholders Relationship Committee *inter-alia* are to look into the shareholders/ investors complaints pertaining to transfer and transmission of shares, issue of duplicate shares, non-receipt of balance sheet, dividends etc. 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.

To facilitate prompt services to the shareholders of the Company, Assistant Company Secretary is authorized to approve the Share Transfer and its related processes / procedures / activities viz., splitting, consolidation, replacement, issue of duplicate share certificate, dematerialization and re-materialization of equity shares etc. Asst. Company Secretary also acted as a Compliance Officer to the Stakeholders Relationship Committee.

The Stakeholder Relationship Committee's composition and the terms of reference meet with the requirements of Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013.

The Chairman of the Stakeholders Relationship Committee till 8 October, 2014 was Mr. R. Vasudevan and thereafter the committee was reconstituted on 17 December, 2014 with Ms. Sharmila Amin as Chairperson, Mr. Sunil Behari Mathur and Mr. Paolo Ceddia as members. On reconstitution of the Board on 28 May, 2015, the Committee has been re-constituted with Ms. Sharmila Amin as Chairperson and Mr. R. Jeevanandam and Mr. P. Elango as members.

The details of meetings attended by Committee members are given below:

Particulars	Date of Meetings			FY 2014-15	
Stakeholder Relationship Committee Meetings	30-May-14	26-Jul-14	14-Feb-15	Meetings Held	Attended
Ms. Sharmila Amin	—	—	Yes	1	1
Mr. Paolo Ceddia	—	—	Yes	1	1
Mr. P. Elango	—	—	—	—	—
Mr. R. Jeevanandam	—	—	—	—	—
Mr. R. Vasudevan	Yes	Yes	—	2	2
Mr. Paolo Carmosino	—	—	—	1	0
Mr. Dhruv S. Kaji	—	Yes	—	1	1
Mr. Manish Maheshwari	Yes	Yes	—	2	2

The Shareholders / Investors Grievance Committee meetings are also attended by the Assistant Company Secretary & Compliance Officer.

Any queries regarding the Company may please be addressed to the 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.

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

Particulars	Total Grievances / Complaints received	Total Grievances / Complaints resolved / addressed	Pending Grievances / Complaints as on 31.03.2015
Received from Investors / Others	2	2	—
Received from NSDL / CDSL	—	—	—
Referred by SEBI	2	2	—
Referred by Stock Exchanges	—	—	—
Total	4	4	—

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.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Board of Directors at their meeting held on 28.05.2015 constituted a committee called as Corporate Social Responsibility Committee with Mr. Sunil Behari Mathur as Chairman, Mr. P. Elango and Ms. Sharmila Amin as members with a mandate to formulate a CSR policy and the subsequent implementation of the policy effective from the financial year 2015-2016.

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.

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

On 28 May, 2015 the Risk Management 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 25 September 2014, *inter alia*, to discuss:

- Evaluation of the performance of Non-independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-executive directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting except Mr. R. Vasudevan who was on leave of absence.

9. PROMOTERS

Eni UK Holding Plc, Burren Shakti Limited and Burren Energy India Limited (referred to as "Eni Group") collectively hold 47.18% of the paid-up capital of the Company. Eni Group, the promoters have declared that they have not pledged any of their shareholding in the Company. During the year, the Company has received a request for excluding their names as promoters which is not considered by the Stock Exchanges and the status quo as promoter is maintained.

10. DETAILS ON GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2011-2012	"Tropicana Hall", The Gateway Hotel Vadodara, Akota Gardens, Akota, Vadodara - 390 020.	26 September, 2012	10:30 a.m.
2012-2013	"Chandarva Hall", Welcom Hotel Vadodara, R. C. Dutt Road, Vadodara - 390 007.	25 September, 2013	10:30 a.m.
2013-2014	"Tropicana Hall", The Gateway Hotel Vadodara, Akota Gardens, Akota, Vadodara - 390 020.	26 September, 2014	10:30 a.m.

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

- Ratification of remuneration paid to Mr. Manish Maheshwari, 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 on 25 September, 2013.
- Alteration of Clause V of Memorandum of Association of the Company for increase in the authorized share capital from INR 200 crore to INR 500 Crore on 26 September, 2014.
- Alteration of Article 3 of Articles of Association of the Company for increase in the authorized share capital from INR 200 crore to INR 500 Crore on 26 September, 2014.
- 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 and ratification of remuneration paid to Mr. Manish Maheshwari, 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 on 26 September, 2014.

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.

11. 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 except for the following:

There was a delay of 32 days in respect of compliance under Clause 41 of the Listing Agreement for furnishing the Unaudited Financial results for the quarter ended 30th September, 2014. The above delay in compliance resulted in total penalty of INR 27,69,866 to BSE & NSE.

12. MEANS OF COMMUNICATION

(a) Quarterly / Annual Results

Quarterly / Annual Results of the Company are published in the news papers viz. Business Standard, Business Line (all editions), Loksatta and also are displayed on the Company's website 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 shareholders information is also made available in Company's website www.hoec.com. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form. No presentations are made to institutional investors or to the analysts. For financial year 2015-16, Company has appointed Stellar IR advisors for the purpose of Investor Relations.

(c) Annual Report

Annual Report containing, *inter-alia*, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website www.hoec.com.

(d) Chairman's Communique

Printed copy of the Chairman's Speech is distributed to the shareholders at the Annual General Meeting. The same is also placed on the website of the Company.

(e) SEBI Complaints Redressal System (SCORES)

As per SEBI, the investor complaints are processed in a centralized web-based redressal system. The salient features of this system are:

Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and 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 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. Those 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 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. The Company website www.hoec.com 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.

13. COMPLIANCE CERTIFICATE OF THE AUDITORS

Certificate from M/s. S. Sandeep & Associates, Company Secretary in Practice confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is attached to the Directors' Report forming part of the Annual Report. This Certificate has also been forwarded to the Stock Exchanges where the securities of the Company are listed.

14. ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT.

The Company has complied with all the mandatory requirements and has adopted some of the non-mandatory requirements of Clause 49. 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 Board and Board Committee Meetings, 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 Clause 41 and 49 of the Listing Agreement.

(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. 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

(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 Assistant Company Secretary & Compliance Officer, pursuant to Clause 49 of the Listing Agreement.

(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 capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit 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 shares held with NSDL and CDSL. The Auditors' Certificate in this regard 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.

15. GENERAL SHAREHOLDERS INFORMATION

31st AGM – Day, Date, Time and Venue.	Friday, the 25th September, 2015 at 10:30 a.m. "Tropicana Hall", The Gateway Hotel Vadodara, Akota Gardens, Akota, Vadodara - 390 020	
Financial Year	1st April to 31st March	
Book Closure Date	Friday the 18th day September, 2015 to Friday the 25th day of September, 2015 (both days inclusive).	
Dividend Payment Date	The Board has not recommended dividend for the FY 2014-15.	
Quarterly Financial Information	Results for the quarter ending on:	
	30 June, 2015	By first week of August 2015
	30 September, 2015	By first week of November 2015
	31 December, 2015	By first week of February 2016
	31 March, 2016	By third week of May 2016

Registrar & Transfer Agents	Link Intime India Private Limited (Unit: Hindustan Oil Exploration Company Limited) B- 102 & 103, Shangrila Complex First Floor, Opp. HDFC Bank Limited Near Radhakrishna Char Rasta, Akota Vadodara-390020, Gujarat (India). Email : vadodara@linkintime.co.in Tel : +91 (0265) 2356573, 2356794 Fax : +91 (0265) 2356791
Board Meeting for consideration of Accounts for the financial year ended 31 March, 2015 and recommendation of dividend	28 May, 2015 and the Board has not recommended dividend for the FY 2014-2015.
Posting of Annual Reports	From 28 August, 2015 to 31 August, 2015.
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 Meeting.
Probable date of dispatch of warrants	NA

(a) 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 2015-2016 to the said Stock Exchanges.

(b) Stock / Scrip Code

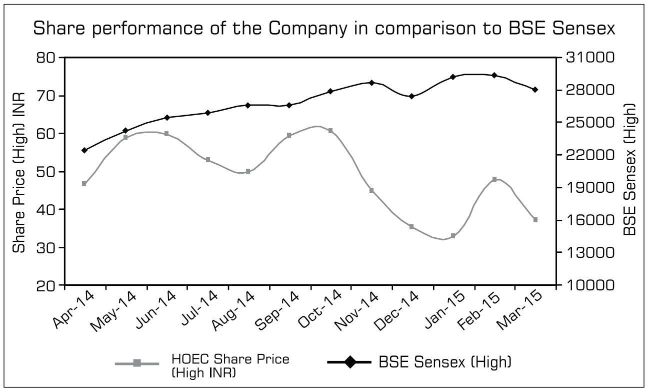
The Company has established connectivity for trading of equity shares in the depository system with both depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

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

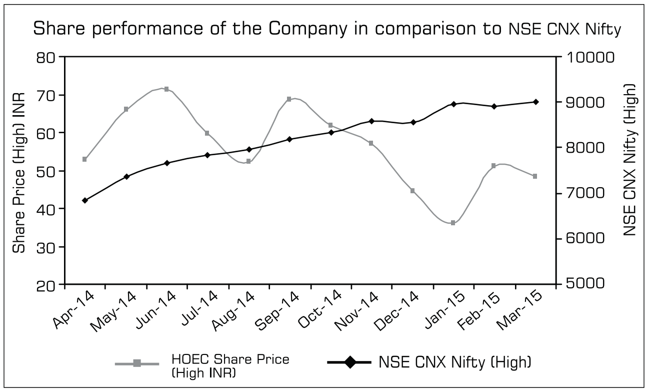
(c) Share Price on HOEC vis-à-vis BSE Sensex April-March 2015

Month	BSE Sensex Close	Share Price			No. of shares traded during the month	Turnover (INR Crores)
		High	Low	Close		
Apr-14	22,417.80	55.10	45.05	46.55	7,251,384	370,499,930
May-14	24,217.34	69.15	44.30	58.80	11,294,562	642,944,477
Jun-14	25,413.78	76.75	55.65	59.85	15,197,665	1,018,521,816
Jul-14	25,894.97	60.90	49.45	52.80	9,341,570	527,172,794
Aug-14	26,638.11	54.65	46.85	49.90	4,921,108	251,588,078
Sep-14	26,630.51	75.50	49.85	59.30	20,774,894	1,339,797,112
Oct-14	27,865.83	64.65	54.85	60.60	9,045,736	543,679,309
Nov-14	28,693.99	62.45	44.25	44.90	11,272,217	584,441,637
Dec-14	27,499.42	46.15	31.85	35.30	8,274,466	319,920,921
Jan-15	29,182.95	37.65	32.50	32.80	4,474,845	155,553,223
Feb-15	29,361.50	54.50	32.80	47.80	29,798,535	1,326,135,854
Mar-15	27,957.49	53.20	36.00	36.90	12,906,140	580,985,621

(d) Share Price Chart (BSE)



(f) Share Price Chart (NSE)



(e) Share Price on HOEC vis-à-vis NSE April-March 2015

Month	NSE Close	Share Price			No. of shares traded during the month	Turnover (Crores)
		High	Low	Close		
Apr-14	6,841	54.70	52.50	52.80	732,454	390.92
May-14	7,367	69.20	64.50	65.95	2,268,605	1,511.99
Jun-14	7,656	76.70	70.55	71.40	1,962,198	1,448.72
Jul-14	7,831	61.00	59.40	59.60	593,013	355.55
Aug-14	7,954	54.60	51.55	52.20	467,721	248.79
Sep-14	8,174	75.50	67.40	68.70	4,142,911	2,939.37
Oct-14	8,322	64.70	57.10	61.85	4,322,124	2,682.65
Nov-14	8,588	62.40	56.85	57.15	2,431,307	1,432.47
Dec-14	8,564	46.10	43.55	44.35	1,070,518	479.39
Jan-15	8,952	37.70	35.40	36.15	1,307,660	478.98
Feb-15	8,902	54.50	48.50	50.90	19,319,216	10,071.52
Mar-15	8,996	53.15	47.60	48.35	2,592,783	1,316.03

(g) De-materialization of Shares and Liquidity

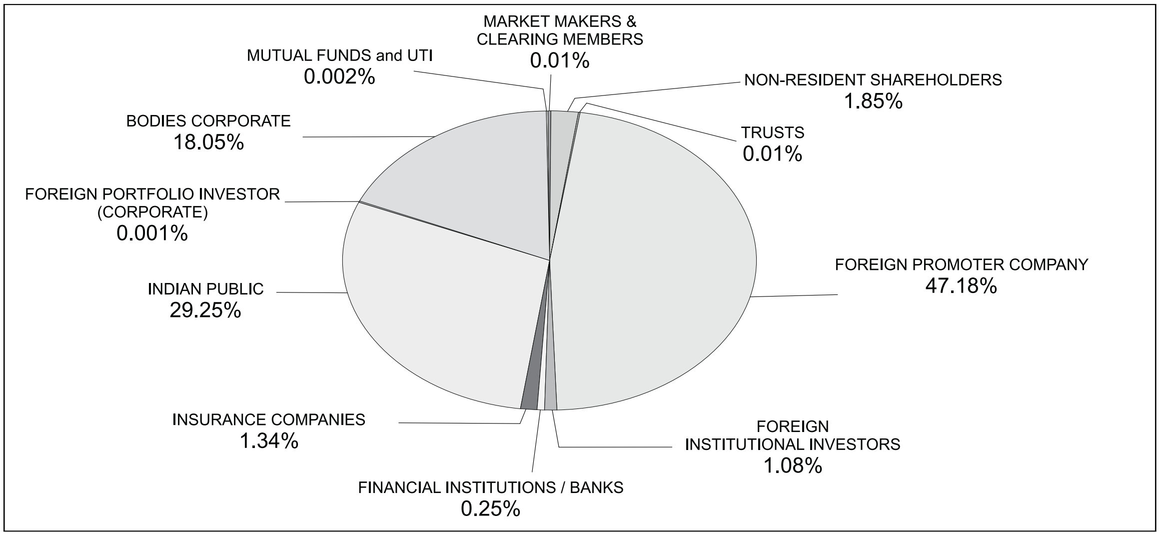
The break-up of equity shares held in Physical and Dematerialised form as on 31 March, 2015 is given below:

Particulars	No. of Shares	Percentage
Physical Segment	1,945,769	1.49%
Demat Segment		
NSDL	111,029,149	85.08%
CDSL	17,518,371	13.42%
Total	130,493,289	100%

(h) Distribution of Shareholding as on March 31, 2015

CATEGORY	PHYSICAL			NSDL			CDSL			TOTAL		
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1 to 5000	10,561	1,925,169	1.48	47,545	17,884,046	13.70	26,921	9,476,467	7.26	85,027	29,285,682	22.44
5001 to 10000	0	0	—	392	2,878,414	2.21	230	1,726,859	1.32	622	4,605,273	3.53
10001 to 20000	0	0	—	179	2,507,147	1.92	88	1,272,469	0.98	267	3,779,616	2.90
20001 to 30000	1	20,600	0.02	57	1,444,027	1.11	30	737,711	0.57	88	2,202,338	1.69
30001 to 40000	0	0	—	25	881,117	0.68	9	315,674	0.24	34	1,196,791	0.92
40001 to 50000	0	0	—	16	737,990	0.57	8	377,273	0.29	24	1,115,263	0.85
50001 to 100000	0	0	—	18	1,164,176	0.89	13	1,019,668	0.78	31	2,183,844	1.67
Above 100000	0	0	—	29	83,532,232	64.01	13	2,592,250	1.99	42	86,124,482	66.00
TOTAL	10,562	1,945,769	1.50	48,261	111,029,149	85.08	27,312	17,518,371	13.42	86,135	130,493,289	100.00

(i) Shareholding Pattern as on March 31, 2015



(j) Statement showing Shareholding of more than 1% of the Capital as on 31 March, 2015

Sr. No.	Name of the shareholders	No. of Shares	% of Capital
1	Burren Shakti Limited	35,440,913	27.16
2	Eni UK Holding Plc	26,115,455	20.01
3	Housing Development Finance Corporation Limited	14,826,303	11.36
4	General Insurance Corporation of India	1,750,537	1.34
	Total	78,133,208	59.87

16. SHARE TRANSFER SYSTEM / DIVIDEND AND OTHER RELATED MATTERS

(i) Share transfers

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of fifteen days from the date of receipt of transfer.

(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 Share Department of the Company or download the same from the Company's website. 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 that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

(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
31.03.2008	30.09.2008	30.10.2015
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) Pending Investors' Grievances

Any Member / Investor, whose grievance has not been resolved satisfactorily, may kindly write to the Company Secretary and Head Compliance at the Registered Office with a copy of the earlier correspondence, if any.

S. No.	Nature of Queries / Compliant	Pending as on 01 April 2014	Received during the year	Redressed during the year	Pending as on 31 March 2015
1	Transfer/ Transmission of Duplicate Share Certificate	Nil	Nil	Nil	Nil
2	Non-receipt of Dividend	Nil			Nil
3	Dematerialisation / Re-materialization of Shares	Nil	Nil	Nil	Nil
4	Complaints received from:				
	SEBI	Nil	2	2	Nil
	Stock Exchanges/ NSDL/CDSL	Nil	Nil	Nil	Nil
	ROC/MCA/Others	Nil	Nil	Nil	Nil
	Advocates	Nil	Nil	Nil	Nil
	Consumer Forum/ Court Case	Nil	Nil	Nil	Nil

5	Others	Nil	2	2	Nil
	Grand Total	Nil	4	4	Nil

(vi) 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 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, 2015, 128,547,520 equity shares representing 98.50 % of total equity shares are dematerialized. Promoters hold their shareholding in dematerialized form.

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

18. 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 is summarized as follows:

(i) PY-1 Offshore Production facility
SUN Platform, Offshore Cauvery Basin
Block PY-1, (Tamil Nadu), India.
PY-1 Gas Processing Plant
Pillaiperumalnallur, Thirukadaiyur-609311
Nagapattinam Dist.

(ii) Palej Production Facility (PPF)
Block-CB-ON-7, Near Palej, Village Makan – 392 220
Vadodara Dist. (Gujarat), India

(iii) North Balol Gas Collection Station (GCS)
Block North Balol, Near Village Palaj-384 410
Mehsana Dist. (Gujarat), India.

(iv) Asjol Early Production System (EPS)
Block Asjol, Village Katosan – 384 430
Mehsana Dist. (Gujarat), India

19. 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

E-Voting Facility to members

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 31st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited.

For and on behalf of the Board of Directors

S.B. Mathur
DIN: 00013239
Chairman

Place: Chennai
Date: 10 August, 2015

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, 2015.

For and on behalf of the Board

P. Elango
DIN: 06475821
Managing Director

May 28, 2015

CEO/CFO Certificate under Clause 49 of the Listing Agreement

We R. Jeevanandam, Whole Time Director & Chief Financial Officer and Mr. P. Elango, Managing Director of Hindustan Oil Exploration Company Limited (hereinafter referred to as the "Company"), hereby certify to that;

1. We have reviewed the financial statements and the cash flow statement for the Financial Year 2014-2015 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
DIN: 06475821
Managing Director

R. Jeevanandam
DIN: 07046442
Whole Time Director & CFO

Date: May 28, 2015

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 March 31, 2015 as stipulated in Clause 49, as amended, of the Listing Agreement of the said Company with the Stock Exchanges in India.

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 Agreement.

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
C.P. No.: 5987
FCS 5853

Place : Chennai
Date : 7 August, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of
Hindustan Oil Exploration Company Limited

Report on the 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, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control 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 standalone 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. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 qualified audit opinion.

Basis for Qualified Opinion

The attached financial statements include Company's share of current assets/(liabilities), non-current assets/(liabilities), expenses and cash flows aggregating to INR 829,974/INR (79,685,217), INR 310,586,199/INR (331,065,000), INR Nil and INR (1,924) respectively as at or for the year ended March 31, 2015 in respect of two of its unincorporated joint ventures ('UJV's') not operated by the Company, the audited accounts of which are not available with the Company. The financial statements have been incorporated based on un-audited financial information detailed in note 28(b) of attached financial statements. In the absence of audited accounts of the UJVs, we are unable to comment on the adjustments that may be required to be made in these financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the 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, 2015, of its loss and its cash flows for the year ended on that date.

Emphasis of Matter

Attention is invited to Note 38 of the accompanying standalone financial statements which describes the factors and conditions that indicate the existence of material uncertainities that cast a substantial doubt on the Company's ability to continue as a going concern. Our report is not qualified for this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-1a statement on the matters specified in paragraphs 3 and 4 of the Order. In respect of clauses (i), (ii),(iv),(vii)(a),(vii)(b),(vii)(c) and (xii), our comments are restricted to the standalone

operations of the Company and operations related to UJVs where the Company is the operator and it does not cover the unincorporated joint ventures where any third party is the operator.

2. As required by section 143(3) of the Act, we report that:

   (a) We have sought and, except for the matter described in Basis for Qualified Opinion paragraph above, 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 it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

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

   (e) The matters described in the Emphasis of matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

   (f) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013;

   (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. Except for the possible effects of the matter described in Basis of Qualified Opinion paragraph above, the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;

      ii. Except for the possible effects of the matter described in Basis of Qualified Opinion paragraph above, the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts (including derivative contracts).

      iii. Following are the instances of delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company:

         a) Share application money of INR 177,787 received on October 2006 and INR 260,200 received on January 2008 was due to be transferred as on October 31, 2013 and January 28, 2015 respectively and the same has been paid on May 25, 2015.

         b) Unclaimed dividend of INR 837,582 which was due to be transferred on October 28, 2013 has been paid on May 12, 2014.

Other Matters

We did not audit the Company's share of current assets/(liabilities), expenses and cash flows aggregating to INR Nil/ INR (8,764,826), INR 7,206,307 and INR Nil respectively as at or for the year ended March 31, 2015 in respect of one of its unincorporated joint venture ('UJV') not operated by the Company, whose accounts and other financial information have been audited by the auditors of the respective UJV and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such UJV is based solely on the report of other auditor. Our opinion is not qualified in respect of this matter.

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per Subramanian Suresh
Partner
Membership No.: 83673

Place : Chennai
Date : May 28, 2015

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Hindustan Oil Exploration Company Limited ('the Company')

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, as well as taking into consideration the management representation that certain items of fixed assets which are of special nature for which alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and inventory and sale of goods and services. During the course of our audit, we have not observed major weakness or continuing failure to correct major weakness in internal control system of the Company in respect of these areas.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the extraction of mineral oil and gas and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, value added tax, wealth-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance, customs duty and excise duty are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales-tax, wealth-tax, service tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax, Interest and Penalty	617,011,890	Assessment Year 2006-2007 to 2009-2010	Income Tax Appellate Tribunal
Income Tax Act, 1961	Penalty	30,893,925	Assessment Year 2008-2009	Income Tax Appellate Tribunal
	Less: Refunds Adjusted*	(551,692,081)		
	Net Amount	**96,213,734**		

* Refunds pertaining to other assessment years adjusted against disputed dues, based on intimation received from Income Tax Department.

(d) According to the information and explanations given to us, there are significant delays in the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

(viii) Without considering the consequential effects, if any, of the matter stated in paragraph Basis for Qualified Opinion of our auditors' report, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the year. In the immediately preceding financial year, the Company had not incurred cash loss.

(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. The Company has not obtained any borrowings from a financial institution or issued any debentures during the period.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Subramanian Suresh
Partner
Membership No.: 83673

Place : Chennai
Date : May 28, 2015

BALANCE SHEET AS AT MARCH 31, 2015

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

	Notes	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	1,305,093,005	1,305,093,005
Reserves and Surplus	2	1,414,209,579	3,980,457,170
		2,719,302,584	**5,285,550,175**
Non-current Liabilities			
Long-term borrowings	3	—	7,016,840,000
Long-term provisions	4	1,103,035,000	1,062,091,188
		1,103,035,000	**8,078,931,188**
Current Liabilities			
Trade payables	5	122,893,667	164,816,600
Other current liabilities	5	279,356,770	2,985,579,886
Short-term provisions	4	2,199,026	588,095
		404,449,463	**3,150,984,581**
TOTAL		**4,226,787,047**	**16,515,465,944**
ASSETS			
Non-current Assets			
Fixed Assets:			
Tangible assets	6	81,598,800	86,703,250
Intangible assets	7	202,029	399,155
Producing Property	8	715,237,800	10,489,486,598
Exploration / Development work in progress	9	1,176,314,952	3,371,011,641
Non-current Investment	10	5,000,201	5,000,201
Deferred tax assets (net)	11	—	—
Long-term loans and advances	12	340,937,410	1,172,081,422
Other bank balances	16	490,663,115	475,393,402
		2,809,954,307	**15,600,075,669**
Current Assets			
Current investments	14	223,966,255	267,093,579
Inventories	15	230,108,163	368,652,039
Trade receivables	13	30,616,908	63,556,166
Cash and bank balances	16	73,425,639	127,221,937
Short-term loans and advances	12	853,797,581	85,385,163
Other current assets	13	4,918,194	3,481,391
		1,416,832,740	**915,390,275**
TOTAL		**4,226,787,047**	**16,515,465,944**
Background	A		
Significant Accounting Policies	B		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Subramanian Suresh
Partner
Membership No. 83673

Place : Chennai
Date : May 28, 2015

For and on behalf of the Board of Directors

S. B. Mathur	Chairman
P. Elango	Managing Director
R. Jeevanandam	Director & CFO
Guido Papetti	Director
Sharmila Amin	Director
Minesh Bhatt	Assistant Company Secretary

Place : New Delhi
Date : May 28, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

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

	Notes	March 31, 2015	March 31, 2014
Income			
Revenue from Operations	17	404,651,991	598,459,255
(Decrease)/Increase in inventories of Crude Oil and Condensate	18	(514,405)	(28,878,714)
Other Income	19	74,564,587	57,839,167
Total Revenue (I)		**478,702,173**	**627,419,708**
Expenses			
Employee Benefits, Operating, Administrative and Other expenses	20	311,360,698	391,004,724
Depletion, depreciation and amortization expenses	6 to 8	388,041,019	1,030,505,334
Finance costs	21	146,684,576	136,523,266
Exploration costs	39	70,479,836	446,122,447
Provision for Obsolete Inventories		137,999,397	—
Total Expenses (II)		**1,054,565,526**	**2,004,155,771**
Profit / (Loss) before tax and Exceptional Items (I-II)		**(575,863,353)**	**(1,376,736,063)**
Less: Exceptional Items - Impairment and Additional depletion (III)	22	11,634,268,257	—
Profit / (Loss) before tax (IV=I-II-III)		**(12,210,131,610)**	**(1,376,736,063)**
Tax Expenses			
Write-back of provision for income tax relating to earlier years	12(a)	—	(565,000,000)
Reversal of MAT Credit		—	436,362,448
Total Tax Expenses (V)		**—**	**(128,637,552)**
Net Profit / (Loss) (IV-V)		**(12,210,131,610)**	**(1,248,098,511)**
Earnings per equity share in INR computed on the basis of Profit / (Loss) for the year [nominal value of share INR 10 (Previous Year: INR 10)] Basic and Diluted	23	(93.57)	(9.56)
Background	A		
Significant Accounting Policies	B		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Subramanian Suresh
Partner
Membership No. 83673

Place : Chennai
Date : May 28, 2015

For and on behalf of the Board of Directors

S. B. Mathur	Chairman
P. Elango	Managing Director
R. Jeevanandam	Director & CFO
Guido Papetti	Director
Sharmila Amin	Director
Minesh Bhatt	Assistant Company Secretary

Place : New Delhi
Date : May 28, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

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

	March 31, 2015	March 31, 2014
Cash flow from operating activities		
Profit / (Loss) Before Tax	(12,210,131,610)	(1,376,736,064)
Adjustments for:		
Depletion, depreciation and amortization expense	1,068,420,868	1,030,505,334
Impairment on Assets	10,953,888,408	—
Provisions for doubtful Advances	3,904,399	—
Provisions for wealth tax	100,000	100,000
Provisions for compensated absences	(1,817,010)	(1,201,365)
Provisions for Obsolete Inventories	137,999,397	—
Unrealized foreign exchange loss/(gain) (net)	5,191,667	685,756
Amortization of Foreign Currency Monetary Item Translation Difference Account	38,266,476	12,137,244
Excess Liabilities/Provisions Written Back	—	(435,649)
Interest on Loans	144,361,344	130,120,344
Exploration costs	70,479,836	446,122,447
Other finance charges	2,323,232	6,402,922
Interest income	(48,859,137)	(32,913,499)
Profit on sale of current investment	(20,115,016)	(19,787,984)
Renting of immovable property	(4,777,500)	(4,200,000)
Dividend income	(6,342)	(6,094)
Operating profit before working capital changes	**139,229,012**	**190,793,392**
Movements in working capital :		
Increase/(decrease) in trade payables, other current liabilities and provisions	(40,202,549)	(146,744,922)
Decrease in trade receivables	33,317,906	84,820,105
Decrease in inventories	544,479	23,107,972
Decrease/(Increase) in loans and advances, other current assets and other bank balances	(22,287,935)	43,767,093
Cash generated from operations	**110,600,913**	**195,743,640**
Direct taxes paid (net of refunds)	(2,197,637)	(5,940,952)
Net cash flow from operating activities (A)	**108,403,276**	**189,802,688**
Cash flows from investing activities		
Purchase of fixed assets (including CWIP and capital advances)	(50,454,160)	(471,967,738)
Proceeds from Sale of Fixed Assets	—	21,965
Renting of Immovable property	4,777,500	4,200,000
Profit on sale of current investment	20,115,016	19,787,984
Interest received	47,126,340	49,339,648
Dividend received	6,342	6,094
Net cash flow from / (used in) investing activities (B)	**21,571,038**	**(398,612,047)**
Cash flows from financing activities		
Repayment of long-term borrowings	(94,663,266)	(301,827,265)
Interest paid	(145,597,088)	(228,225,713)
Net cash flow from / (used in) financing activities (C)	**(240,260,354)**	**(530,052,978)**
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	**(110,286,040)**	**(738,862,337)**
Cash and cash equivalents at the beginning of the year	390,918,985	1,129,781,322
Cash and cash equivalents at the end of the year	**280,632,945**	**390,918,985**
Components of cash and cash equivalents		
Cash on hand	20,998	2,024
Balances with Bank (See Note 16)		
– in deposit accounts	545,439,395	575,517,141
– in current accounts	16,118,376	23,748,607
Adjustment for Lien Marked Deposits/Accounts (See Note a & b of Note 16)	(57,808,764)	(64,414,019)
Adjustment for Site Restoration Deposits (See Note b of Note 16)	(447,054,351)	(410,979,383)
Current Investment – Units of Liquid and Liquid Plus Schemes of Mutual Funds (See Note 14)	223,917,291	267,044,615
Total cash and cash equivalents	**280,632,945**	**390,918,985**
Background A		
Significant Accounting Policies B		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Subramanian Suresh
Partner
Membership No. 83673

Place : Chennai
Date : May 28, 2015

For and on behalf of the Board of Directors

S. B. Mathur	Chairman
P. Elango	Managing Director
R. Jeevanandam	Director & CFO
Guido Papetti	Director
Sharmila Amin	Director
Minesh Bhatt	Assistant Company Secretary

Place : New Delhi
Date : May 28, 2015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(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 with rights and obligations are several and not joint and several) granted by the Government of India through Production Sharing Contracts ('PSC') entered into between the Company and Government of India and other venture partners. The Company has seven onshore assets of which three are located in Cambay basin in the state of Gujarat, one in Assam Arakan basin in the state of Assam, two in Jaisalmer Basin in the state of Rajasthan and one in Pranhita Godavari basin in the state of Telengana. The Company has three offshore assets of which two assets are located in the Cauvery basin on the east coast of India, and one in Gulf of Cambay on the west coast of India. Details of Company's participating interest are fully disclosed in Note 28.

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). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Unincorporated Joint Ventures which are accounted on the basis of available information in the audited / unaudited financial statements of the Unincorporated Joint Ventures 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 "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 of the Unincorporated Joint Ventures. Hence, in respect of these Unincorporated Joint Ventures, certain disclosures required under the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, other pronouncements of The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013 have been made in the financial statement of the Company based on audited/unaudited financial statement of the unincorporated Joint Venture.

ii. Use of Estimates

The preparation of the financial statements 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 like depletion of Producing Properties, estimate of Site Restoration Liability, expensing of the estimated Site Restoration Liability, provision for employee benefits, useful lives of fixed assets, provision for doubtful advances, provision for tax, recognition of MAT Credit, recognition of deferred tax asset etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates. Any revisions to accounting estimates are recognized prospectively.

iii. Fixed Assets and Depreciation, Depletion and Amortization

Fixed assets comprise of the following:

- Tangible assets:

  Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take a substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

  Depreciation on fixed assets is calculated on a Written Down Value basis using the rates arrived at based on the useful lives estimated by the management.

  Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets. In view of this change the opening written down balance is being depreciated over the revised remaining useful life. Had the Company continued to use the earlier basis of providing depreciation, the charge to the statement of profit and loss before taxation for the current year would have been lower by INR 1,512,388 and the net block of fixed assets would correspondingly be higher by the same amount. In accordance with the transitional provision of Schedule II, the Company has charged off the written down value of assets of INR 1,131,612 where there is no revised remaining useful life as at April 01, 2014, to the statement of profit and loss.

Till year ended 31 March 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than INR 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciations of assets costing less than INR 5,000/-. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014. The change in accounting for depreciation of assets costing less than INR 5,000/- did not have any material impact on financial statements of the Company for the current year.

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

- Intangible assets:

  Intangible assets comprising computer software is amortised over the license period or 10 years, whichever is lower.

- Producing property and Exploration/ Development work-in-progress:

  The Company generally follows the "Successful Efforts Method" of accounting for its exploration and production activities as explained below:

  (a) Acquisition costs cover all costs incurred to purchase, lease or otherwise acquire a property or mineral right. These are costs incurred in acquiring the right to explore, drill and produce oil and gas including the initial costs incurred for obtaining the Petroleum Exploration License / Letter of Authority and Mining Lease. Acquisition costs are carried in books as Capital – Work in Progress and transferred to Producing Property on attainment of commercial production. Depletion on Acquisition cost is provided on "Unit of Production" method based on the related reserves as recommended by the Guidance Note issued by the Institute of Chartered Accountants of India.

  (b) Cost of surveys and studies relating to exploration activities are expensed when the same are incurred (also see Note 38).

  (c) Cost of exploratory well(s) are expensed when the well(s) are conclusively determined to be dry / permanently abandoned or are transferred to Producing Properties on attainment of commercial production.

  (d) Cost of all appraisal programmes ("appraisal costs") related to a Discovery are initially capitalised as "Exploration Expenditure". If a Discovery is determined to be commercial pursuant to the appraisal programme, all appraisal costs, including the cost of unsuccessful appraisal wells, if any, are capitalised as Producing Properties on attainment of commercial production. If at the end of the appraisal programme, the Discovery is relinquished, then all appraisal costs related to the Discovery are charged to the Statement of Profit and Loss.

  (e) Cost of temporary occupation of land, successful exploratory wells, appraisal wells, development wells and all related development costs, including depreciation on support equipment and facilities, are considered as development expenditure. These expenses are capitalised as Producing Properties on attainment of commercial production.

  (f) Producing Properties, including the cost incurred on dry/abandoned wells in development areas, are depleted using " Unit of Production'' method based on the related reserves as recommended by the Guidance Note issued by the Institute of Chartered Accountants of India. Any changes in Reserves and/or Cost are dealt with prospectively from the beginning of the year of such change. Hydrocarbon reserves are estimated and/or approved by the Management Committees of the Unincorporated Joint Ventures, which follow the International Reservoir Engineering Principles.

  (g) If the Company/Unincorporated Joint Venture were to relinquish a block or part thereof, the accumulated acquisition and exploration costs carried in the books related to the block or part thereof, as the case may be, are written off as a charge to the Statement of Profit and Loss in the year of relinquishment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

Explanatory Note

1. Save the costs referred to in note (b) herein above, all exploration costs are initially capitalized as "Exploration Expenditure", and are retained in exploration expenditure-work-in-progress if the exploration well(s) in first drilling campaign is determined to be successful, or such costs are written off consistent with para 2 below, if is determined to be unsuccessful.

2. Exploration costs associated with drilling, testing and equipping exploratory well(s) are initially capitalized as "Exploration Expenditure", and retained in exploration expenditure-work-in-progress so long as:

   (a) such well has found potential commercial reserves; or

   (b) such well test result is inconclusive and is subject to further exploration or appraisal activity like acquisition of seismic, or re-entry of such well, or drilling of additional exploratory/step out well in the area of interest

   — until such time as such costs are transferred to "Producing Properties" on attainment of commercial production; or

   — else charged to the Statement of Profit and Loss.

Management makes quarterly assessment of the amounts included in "Exploration Expenditure-work-in-progress" to determine whether capitalization is appropriate and can continue. Exploration well(s) capitalized beyond 2 years are subject to additional judgment as to whether facts and circumstances have changed and therefore the conditions described in 2(a) and (b) above no longer apply.

iv. Site Restoration

Estimated future liability relating to dismantling and abandoning producing well sites and facilities is recognised when the installation of the production facilities is completed based on the estimated future expenditure determined by the Management in accordance with the local conditions and requirements. 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 estimated proved developed 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.

v. Impairment

The carrying amounts of assets are reviewed annually or if there is any indication of impairment based on internal/external factors during the year. An impairment loss is recognized wherever the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount. The recoverable amount is the greater of the asset's or CGU's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation/depletion is provided in subsequent periods on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

vi. Investments

Investments are capitalised at cost plus brokerage and stamp charges. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term 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. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

vii. Inventories

(i) Closing stock of crude oil, condensate and natural gas in saleable condition is valued at Estimated Net Realisable Value. Estimated Net Realisable Value is the estimated selling price 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/ weighted average basis, as applicable, or estimated net realisable value, whichever is lower.

viii. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

(i) Revenue from the sale of crude oil, condensate and natural gas, net of Government's share of Profit Petroleum (calculated as per the provisions of the respective Production Sharing Contracts), where applicable, and Value Added Tax, is recognised on transfer of custody.

(ii) Service Income is recognised on accrual basis as per the contractual terms and is net of Service Tax.

(iii) Delayed Payment charges, retrospective revision in prices, interest on delayed payments and interest on income tax refunds are recognised as and when there is no uncertainty in the determination/receipt of the amount, on grounds of prudence.

(iv) Interest Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(v) Dividend Income is recognised when the right to receive the dividend is unconditional.

ix Employee Benefits

(a) Defined Contribution Plan

(i) Provident Fund: Contributions towards Employees' Provident Fund are made to the Employees Provident Fund Scheme in accordance with the statutory provisions. Contributions towards Employees' Provident Fund are recognized as an expense in the year incurred. There are no obligations other than the contribution payable to the respective fund.

(ii) Superannuation Fund: The Company contributes a sum equivalent to 15% of eligible Employees' basic salary to a Superannuation Fund administered by trustees. The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.

(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, determined every year by an Actuary appointed by the Company, using the Projected Unit Credit method. Actuarial gains/losses are recognised 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) Compensated Absences

The liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on actuarial valuation done by an independent Actuary using the Projected Unit Credit method at the end of each accounting period. Short term compensated absences is recognized based on the eligible leave at credit on the Balance Sheet date and is estimated based on the terms of the employment contract.

(d) Other Employee Benefits

Other employee benefits, including allowances, incentives etc. are recognised based on the terms of the employment contract.

x. Borrowing Cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Eligible borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

xi. 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, excluding long term foreign currency monetary items (see below), are recognised as income or as expenses in the period in which they arise.

Exchange differences, both realised and unrealised, arising on reporting of long term foreign currency monetary items (as defined in the Accounting Standard-11 notified by the Government of India) relating to the acquisition

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

of a depreciable capital asset are added to/deducted from the cost of the asset and in other cases unrealised exchange differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the Company's Balance Sheet and amortized over the balance period of such long term asset/liability by recognition as income or expense in each of such periods.

In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

xii. Taxation

Income Tax: Current tax is the amount of tax payable on the taxable income for the year and is provided with reference to the provisions of the Income Tax Act, 1961.

Deferred Tax: 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 and deferred tax liabilities offset and relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT Credit: Minimum Alternate Tax (MAT) Credit is recognised as an asset, only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, in accordance with the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternate Tax under Income Tax Act, 1961". In the year in which the MAT Credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

xiii. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash and deposits at bank, cash in hand and short-term investments with an original maturity of three months or less.

xiv. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when the Company has present or legal obligations as a result of past events for which it is probable that an outflow of economic benefit will be required to settle the transaction and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
1. Share Capital		
Authorised Shares		
500,000,000 (Previous Year: 200,000,000) equity shares of INR 10 each	5,000,000,000	2,000,000,000
Issued Shares		
130,563,363 (Previous Year: 130,563,363) equity shares of INR 10 each	1,305,633,630	1,305,633,630
Subscribed and Fully Paid up		
130,493,289 (Previous Year: 130,493,289) equity shares of INR 10 each	1,304,932,890	1,304,932,890
Add : Amount Paid-up on Shares Forfeited	160,115	160,115
Total issued, subscribed and fully paid-up share capital	**1,305,093,005**	**1,305,093,005**

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

	As at March 31, 2015		As at March 31, 2014	
	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	—	—	—	—
Outstanding at the end of the period	**130,493,289**	**1,304,932,890**	**130,493,289**	**1,304,932,890**

(b) Terms / rights attached to equity shares

The Company has only 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at March 31, 2015		As at March 31, 2014	
	No.	**% holding**	**No.**	**% holding**
Burren Shakti Limited	35,440,913	27.16	35,440,913	27.16
Eni UK Holding Plc	26,115,455	20.01	26,115,455	20.01
Housing Development Finance Corporation 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
2. Reserves and Surplus		
Capital Reserve (See Note 3 (b))	**9,608,450,000**	**—**
Securities premium account	**7,841,521,473**	**7,841,521,473**
Foreign Currency Monetary Item Translation Difference Account (See Note 35)		
Balance as per last financial statements	(35,434,019)	(4,706,408)
Created during the Year	(2,832,457)	(42,864,855)
Amortized during the Year	38,266,476	12,137,244
Closing Balance	**—**	**(35,434,019)**
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	(3,825,630,284)	(2,577,531,772)
Profit/(Loss) for the Year	(12,210,131,610)	(1,248,098,512)
Net Surplus / (Deficit) in the Statement of Profit and Loss	**(16,035,761,894)**	**(3,825,630,284)**
Total Reserves and Surplus	**1,414,209,579**	**3,980,457,170**

	Non-current portion		Current maturities	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
3. Long-term Borrowings				
Term Loans (Secured)				
From banks (Foreign Currency) (See Note (a) below)	—	—	—	92,175,630
Loan from Related Party (Unsecured)				
ENI Lasmo Plc (Foreign currency) (See Note (b) below)	—	7,016,840,000	—	2,359,110,000
	—	**7,016,840,000**	**—**	**2,451,285,630**
The above amount includes amount disclosed under the head "other current liabilities" (See Note 5)	—	—	—	(2,451,285,630)
Net amount	**—**	**7,016,840,000**	**—**	**—**

Notes:

a. The term loans from banks (Foreign currency) include loans from Axis Bank Limited INR Nil (Previous Year: INR 92,175,630). Term loan was secured by way of charge on all movable properties pertaining to PY-1 Gas Project, the Company's Participating Interest in PY-1 Field and on the PY-1 Trust and Retention Accounts. The Loan has been fully repaid during the year.

b. (i) During the year, ENI Finance International has transferred the loan to its group entity ENI Lasmo Plc vide deed of novation dated August 25, 2014.

(ii) Vide a Deed of Termination and Release dated December 3, 2014, ENI Group has waived recovery of the above loan. The Company considers the waiver to be in the nature of a capital receipt akin to promoters contribution towards Equity/Share Premium. Accordingly the Company has credited an amount of INR 9,608,450,000 to the "Capital Reserves".

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	Long-term		Short-term	
	As at March 31, 2015	**As at March 31, 2014**	**As at March 31, 2015**	**As at March 31, 2014**
4. Provisions				
Provision for employee benefits				
Provision for compensated absences	—	3,388,688	1,677,333	105,655
	—	**3,388,688**	**1,677,333**	**105,655**
Other provisions				
Provision for site restoration (See Note a below)	1,103,035,000	1,058,702,500	—	—
Provision for Wealth Tax (net of advance tax)	—	—	521,693	482,440
	1,103,035,000	**1,058,702,500**	**521,693**	**482,440**
Total Provisions	**1,103,035,000**	**1,062,091,188**	**2,199,026**	**588,095**
Note :	**31 March, 2015**	**31 March, 2014**		
a. Provision for site restoration				
Opening balance	1,058,702,500	960,550,000		
Effect of changes in Foreign Exchange Rates	44,332,500	98,152,500		
Closing balance	**1,103,035,000**	**1,058,702,500**		

	As at March 31, 2015	**As at March 31, 2014**
5. Current Liabilities		
Trade payables		
Micro, Small & Medium Enterprises (See Note a below)	31,320	788,619
Others	122,862,347	164,027,981
	122,893,667	**164,816,600**
Other current liabilities		
Current maturities of long-term borrowings	—	2,451,285,630
Unclaimed/Unpaid Dividend (See Note b below)	2,071,998	2,909,580
Unclaimed/Unpaid Share Application Money (See Note b below)	437,987	437,987
Creditor for Capital Expenditure	165,842,633	421,662,921
Others Payable		
Statutory dues payable	8,153,274	23,913,315
Security Deposits (See Note c below)	8,500,000	8,500,000
Other Payable	94,350,878	76,870,453
	279,356,770	**2,985,579,886**

Notes:

a. **Details of dues to Micro, Small & Medium Enterprises as per MSMED Act, 2006.**

	As at March 31, 2015	**As at March 31, 2014**
Principal amount payable (but not due) to suppliers under the MSMED Act as at year end	31,320	788,619
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.

b. During the year, Company has transferred unclaimed dividend relating to the year 2005-06 to the Investor Education and Protection Fund. Share application moneys received by the company for the Rights Issue-2007 and Rights Issue 2008 have been transferred to the Investor Education and Protection Fund subsequent to the year end. There are no other amounts due and outstanding to be credited to the Investor Education and Protection Fund as at May 28, 2015.

c. Includes Security Deposit of INR 8,500,000 (Previous Year: INR 8,500,000) received from HOEC Bardahl India Ltd., the Wholly Owned Subsidiary of the Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

Fixed Assets	GROSS BLOCK					DEPLETION, DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE						NET BLOCK	
	Balance as at April 1, 2014	Additions	Exchange Differences	(Deletion) / Adjustments	Balance as at March 31, 2015	Balance as at April 1, 2014	Depletion Depreciation & Amortisation for the year	Impairment during the year	(Deletion)	Adjustments	Balance as at March 31, 2015	Balance as at March 31, 2015	Balance as at March 31, 2014
6 Tangible Assets													
Land	22,752,173	—	—	—	22,752,173	—	—	—	—	—	—	22,752,173	22,752,173
Buildings (See Note a below)	104,331,788	—	—	—	104,331,788	43,671,282	2,932,783	—	—	—	46,604,065	57,727,723	60,660,506
Furniture & Fixture	5,727,046	—	—	—	5,727,046	5,185,203	342,718	—	—	—	5,527,921	199,125	541,843
Vehicles	4,624,195	—	—	—	4,624,195	3,988,527	291,343	—	—	—	4,279,870	344,325	635,668
Office Equipments	8,917,290	—	—	—	8,917,290	7,543,447	987,407	—	—	—	8,530,854	386,436	1,373,843
Computers	7,105,773	254,889	—	—	7,360,662	6,366,556	805,088	—	—	—	7,171,644	189,018	739,217
	153,458,265	**254,889**	—	—	**153,713,154**	**66,755,015**	**5,359,339**	—	—	—	**72,114,354**	**81,598,800**	**86,703,250**
Previous Year	*153,424,141*	*473,630*	–	*(439,506)*	*153,458,265*	*62,923,292*	*4,249,264*	–	*(417,541)*	–	*66,755,015*	*86,703,250*	*90,500,849*
7 Intangible Assets													
Computer Software	**25,776,873**	—	—	—	**25,776,873**	**25,377,718**	**197,126**	—	—	—	**25,574,844**	**202,029**	**399,155**
Previous Year	*25,776,873*	–	–	–	*25,776,873*	*25,111,615*	*266,103*	–	–	–	*25,377,718*	*399,155*	*665,258*
8 Producing Properties (See Note b and c below)	**20,756,382,750**	**2,696,553,123**	**204,882,232**	**(718,744,593)**	**22,939,073,512**	**10,266,896,152**	**1,062,864,403**	**10,607,154,243**	**(454,497,393)**	**741,418,308**	**22,223,835,712**	**715,237,800**	**10,489,486,598**
Previous Year	*19,935,275,470*	*87,166,505*	*734,585,470*	*(644,695)*	*20,756,382,750*	*9,240,906,185*	*1,025,989,967*	–	–	–	*10,266,896,152*	*10,489,486,598*	*10,694,369,285*
Grand Total (6+7+8)	**20,935,617,888**	**2,696,808,012**	**204,882,232**	**(718,744,593)**	**23,118,563,539**	**10,359,028,886**	**1,068,420,868**	**10,607,154,243**	**(454,497,393)**	**741,418,308**	**22,321,524,910**	**797,038,629**	**10,576,589,003**
Previous Year	*20,114,476,484*	*87,640,135*	*734,585,470*	*(1,084,201)*	*20,935,617,888*	*9,328,941,092*	*1,030,505,334*	–	*(417,541)*	–	*10,359,028,885*	*10,576,589,003*	*10,785,535,392*
9 Exploration / Development work in progress													
Development Expenditure	2,740,177,722	18,239,031	61,360,906	(2,694,851,248)	124,926,412	741,418,308	—	108,140,435	—	(741,418,308)	108,140,435	16,785,977	1,998,759,414
Exploration Expenditure (See Note 39)	1,372,252,227	96,350,314	—	(70,479,836)	1,398,122,705	—	—	238,593,730	—	—	238,593,730	1,159,528,975	1,372,252,227
	4,112,429,949	**114,589,345**	**61,360,906**	**(2,765,331,084)**	**1,523,049,117**	**741,418,308**	—	**346,734,165**	—	**(741,418,308)**	**346,734,165**	**1,176,314,952**	**3,371,011,641**
Previous Year	*4,133,233,445*	*226,805,479*	*232,745,274*	*(531,756,051)*	*4,112,429,949*	*741,418,308*	–	–	–	–	*741,418,308*	*3,371,011,641*	*3,391,815,137*

Notes:

a. Gross block and net block of Buildings include an amount of INR 28,238,883 (Previous Year : INR 28,238,883) and INR 9,636,785 (Previous Year : INR 10,123,244) respectively for assets given on operating lease.

b. Producing Properties include assets used in connection with petroleum operations.

c. Addition to Producing Properties (Exchange Differences) includes increase in undiscounted estimated future Site Restoration cost of INR 44,332,500 (Previous Year : increase of INR 98,152,500).

d. The Company has performed an Impairment test in compliance with Accounting Standard-28 during the current year and recognised an Impairment loss. Please see Note 22 Exceptional item for details.

e. Depletion in the current year includes additional depletion of INR 680,379,849 provided on account of change in reserves. Also see Note-22 Exceptional Item for details.

f. During the current year Surya Well, part of PY-1 field has been considered as dry well. In accordance with the Companies accounting policy, cost relating to Surya Well included in 'Development Expenditure' has been transferred to Producing Poperties.

g. Borrowing cost of INR Nil (Previous Year : INR 51,401,802) has been capitalized to the Exploration/Development work in progress.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
10. Non-Current Investment		
Trade Investment		
Unquoted Equity Instrument (Investment in subsidiary)		
50,002 (Previous Year: 50,002) Equity Shares of INR 100 each of HOEC Bardahl India Limited	5,000,200	5,000,200
Non-Trade Investment		
Unquoted Equity Instrument		
100,000 (Previous Year: 100,000) Equity Shares of INR 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)
Total	**5,000,201**	**5,000,201**
Aggregate amount of unquoted investment	6,000,200	6,000,200
For method of valuation, please refer section vii of Significant Accounting Policies (Note B).		

	As at March 31, 2015	As at March 31, 2014
11. Deferred Tax Liabilities (net)		
Deferred Tax Asset		
Exploration Expenses	479,173,072	438,769,239
Doubtful Advances	16,816,595	15,893,100
Depreciation, depletion, amortisation and impairment of Fixed Assets	1,404,169,721	—
Unabsorbed Business Losses and Depreciation	2,578,242,041	2,310,437,964
Sub Total (A)	**4,478,401,429**	**2,765,100,303**
Deferred Tax Liability		
Depreciation, depletion, amortisation and impairment of Fixed Assets	—	1,303,428,930
Foreign Currency Monetary Item Translation Difference Account	—	3,937,929
Sub Total (B)	—	**1,307,366,859**
Net Deferred Tax Assets (A – B)	**4,478,401,429**	**1,457,733,444**
Less: Amounts not recognised (Refer note below)	(4,478,401,429)	(1,457,733,444)
Net Recognised Deferred Tax Assets	—	—

Note: Company has restricted the creation of deferred tax assets to the extent that it believes that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Accordingly, the Company has restricted the deferred tax assets to the extent of deferred tax liability existing in books as at March 31, 2015 and March 31, 2014.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
12. Loans and advances				
Unsecured and considered good				
Capital advances	4,213,405	7,833,103	—	6,590,884
Security deposit	7,399,841	8,922,400	3,388	—
Advances recoverable in cash or kind	—	—	20,105,302	69,254,775
(A)	**11,613,246**	**16,755,503**	**20,108,690**	**75,845,659**
Other loans and advances (unsecured and considered good)				
Advance income tax [Net of Provision for Taxation of INR 675,963,496 (Previous Year: INR 675,963,496)] (See Note a & b below)	329,324,164	1,151,304,139	824,116,865	—
Fringe benefit tax [Net of Provision for Fringe Benefit Taxation (Previous Year: INR 8,500,000)]	—	1,058,060	—	—
Prepaid expenses	—	2,963,720	9,572,026	9,539,504
(B)	**329,324,164**	**1,155,325,919**	**833,688,891**	**9,539,504**
Unsecured and considered doubtful				
Capital advances (See Note c below)	1,354,621	1,354,621	—	—
Advances recoverable in cash or kind (See Note d below)	50,476,461	47,630,122	—	—
Fringe benefit tax [Net of Provision for Fringe Benefit Taxation of INR 8,500,000]	1,058,060	—	—	—
Less: Provision for Doubtful Advances	(52,889,142)	(48,984,743)	—	—
(C)	—	—	—	—
Total (A+B+C)	**340,937,410**	**1,172,081,422**	**853,797,581**	**85,385,163**

Notes:

a. The Hon'ble Mumbai ITAT had, vide its order dated September 17, 2013, passed a favorable order in relation to the Company's Income Tax Assessment Cases for the Financial Years 2004-05 and 2005-06 primarily relating to deduction under Section 80IB(9) of the Income Tax Act, 1961. Since the deduction had been decided in favour of the Company (consistent with Financial Years 2002-03 and 2003-04), the excess Income Tax provision made for the Financial Years 2004-05 to 2006-07 amounting to INR 565,000,000 had been written back during the previous year.

b. Represents management's assessment of amounts expected to be realised within a period of 12 months.

c. It pertains to advances amounting to INR 1,354,621 paid towards the purchase of Bhaili Land in Vadodara district.

d. Includes amounts paid pursuant to a demand raised by Directorate General of Hydrocarbons with respect to the block CY-OSN-97/1 in the financial year 2012-13, the Company has paid amounts aggregating to INR 47,630,122 under protest. The matter is under arbitration and the Company has provided for the entire amount in books of account.

	Current	
	As at March 31, 2015	As at March 31, 2014
13. Trade receivables and other assets		
Trade receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	—	—
Other receivables	30,616,908	63,556,166
	30,616,908	**63,556,166**

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Other assets				
Unsecured, considered good				
Ancillary cost of arranging the borrowings	—	—	—	1,087,488
Interest accrued on deposits	—	—	3,954,730	2,221,933
Excess paid to LIC for gratuity	—	—	963,464	171,970
	—	—	**4,918,194**	**3,481,391**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
14. Current Investments		
Quoted equity instrument		
318 (Previous Year: 318) Equity Shares of INR 10 each of Reliance Industries Limited	25,975	25,975
318 (Previous Year: 318) Equity Shares of INR 5 each of Reliance Communication Ventures Limited	19,332	19,332
23 (Previous Year: 23) Equity Shares of INR 10 each of Reliance Infrastructure Limited	3,219	3,219
15 (Previous Year: 15) Equity Shares of INR 10 each of Reliance Capital Limited	166	166
79 (Previous Year: 79) Equity Shares of INR 10 each of Reliance Power Limited	272	272
(A)	**48,964**	**48,964**
Unquoted Mutual Funds		
Units of Liquid / Liquid plus schemes of Mutual Funds		
Nil (Previous Year: 81,360.39) Units of INR 10 each of ICICI Prudential Savings Fund – Regular Plan – Growth	—	14,999,992
106,681.80 (Previous Year: Nil) Units of INR 100 each of ICICI Prudential Liquid Plan – Regular – Growth	21,589,388	—
938,746.77 (Previous Year: Nil) Units of INR 10 each of Kotak Treasury Advantage Fund – Regular Plan – Growth	20,000,000	—
Nil (Previous Year: 1,023,627.60) Units of INR 10 each of Kotak Floater Long Term – Growth	—	20,106,503
6,231.91 (Previous Year: 9,601.16) Units of INR 1,000 each of Kotak Floater Short Term – Regular Plan – Growth	14,072,566	20,000,000
Nil (Previous Year: 61,422.88) Units of INR 10 each of Birla Cash Plus Fund – Regular Plan – Growth	—	12,395,588
Nil (Previous Year: 132,988.27) Units of INR 10 each of Birla Floating Rate Long Term – Regular Plan – Growth	—	20,000,000
Nil (Previous Year: 119,244.37) Units of INR 10 each of Birla Floating Rate Short Term – Regular Plan – Growth	—	20,000,000
15,050.34 (Previous Year: 11,683.54) Units of INR 1,000 each of Tata Floater Fund Plan A – Growth	29,984,745	22,000,000
Nil (Previous Year: 1,536,145.50) Units of INR 10 each of Templeton Ultra Short Term Fund – Super Instit – Growth	—	25,000,000
16,871.177 (Previous Year: Nil) Units of INR 1,000 each of Franklin India Treasury Management Account – Super Institutional Plan – Growth	34,700,000	—
1,364,561.251 (Previous Year: Nil) Units of INR 10 each of Franklin India Ultra Short Bond Fund – Super Institutional Plan – Growth	23,382,849	—
Nil (Previous Year: 1,197,346.23) Units of INR 10 each of HDFC Floating Rate Income Fund – Short Term – Wholesale Option – Growth	—	25,500,000
1,574,813.30 (Previous Year: Nil) Units of INR 10 each of HDFC Liquid Fund – Growth	42,387,743	—
Nil (Previous Year: 14,740.65) Units of INR 10 each of Reliance Money Manager Fund – Growth	—	25,000,000
18,068.88 (Previous Year: Nil) Units of INR 1,000 each of Reliance Liquidity Fund – Growth Plan Growth Option	37,800,000	—
Nil (Previous Year: 3,094,091.30) Units of INR 10 each of IDFC Money Manager Fund – Treasury Plan – Growth	—	62,042,532
(B)	**223,917,291**	**267,044,615**
Total (A)+(B)	**223,966,255**	**267,093,579**
For method of valuation, please refer section vii of Significant Accounting Policies (Note B).		
Aggregate amount (cost) of Quoted Investment	**48,964**	**48,964**
Market Value of Quoted Investment	**302,319**	**353,063**
Aggregate amount (cost) of Unquoted Investment	**223,917,291**	**267,044,615**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	Current	
	As at March 31, 2015	**As at March 31, 2014**
15. Inventories		
Crude Oil and Condensate		
– Crude Oil	7,367,924	15,319,557
– Condensate	18,545,397	8,786,282
Stores, Spares, Capital Stock and Drilling Tangibles	204,194,842	344,546,200
	230,108,163	**368,652,039**

For method of valuation, please refer Section vii of Significant Accounting Policies (Note B).

	Non-current		Current	
	As at March 31, 2015	**As at March 31, 2014**	**As at March 31, 2015**	**As at March 31, 2014**
16. Cash and bank balances				
Cash and cash equivalents				
Balances with banks:				
Current accounts	—	—	16,118,376	23,748,607
Deposits with original maturity of less than 3 months	—	—	576,280	81,990,857
Cash on hand		—	20,998	2,024
(A)	**—**	**—**	**16,715,654**	**105,741,488**
Other bank balances				
Unclaimed/Unpaid Dividend Accounts	—	—	2,071,998	2,909,580
Unclaimed/Unpaid Share Application Money	—	—	437,987	437,987
Deposits with original maturity of more than 3 months but less than 12 months (See Note a below)	—	—	54,200,000	—
Deposits with original maturity of more than 12 months (See Note b below)	490,663,115	475,393,402	—	18,132,882
(B)	**490,663,115**	**475,393,402**	**56,709,985**	**21,480,449**
Total (A+B)	**490,663,115**	**475,393,402**	**73,425,639**	**127,221,937**

Notes:

a. Deposits with original maturity of more than 3 months but less than 12 months include lien marked deposits of INR 14,200,000 (Previous Year: INR Nil).

b. Deposits (with original maturity of more than 12 months) include (i) lien marked Deposits of INR 43,608,764 (Previous Year: INR 64,414,019), and (ii) deposits of INR 447,054,351 (Previous Year: INR 410,979,383) placed as “Site Restoration Fund” under section 33ABA of Income Tax Act, 1961.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	March 31, 2015	March 31, 2014
17. Revenue from Operations		
Sales (See Note 32)		
Sale of Crude Oil, Condensate and Natural Gas (See Note a below)	432,833,876	632,146,959
Less: Profit petroleum to Government of India	(29,945,885)	(40,743,704)
(A)	**402,887,991**	**591,403,255**
Sale of services		
Warehousing Services	1,764,000	7,056,000
(B)	**1,764,000**	**7,056,000**
Total (A+B)	**404,651,991**	**598,459,255**

Note:

a. PY-1 Field was shut in for a period of 41 days in the FY 2015 (Previous Year: 102 days) due to annual shutdown/non-evacuation of gas by the Buyer / End Users for planned maintenance.

	March 31, 2015	March 31, 2014
18. Increase / (Decrease) in inventories of Crude Oil and Condensate		
Inventories at the end of the year	25,913,321	24,105,839
Inventories at the beginning of the year	24,105,839	47,595,669
	1,807,482	**(23,489,830)**
Less: Profit petroleum on inventory to Government of India	2,321,887	5,388,884
Net Increase / (Decrease) in inventories	**(514,405)**	**(28,878,714)**

	March 31, 2015	March 31, 2014
19. Other Income		
Interest Income on Bank Deposits	48,859,137	32,913,499
Dividend income on long term investments	6,342	6,094
Renting of Immovable property	4,777,500	4,200,000
Profit on sale of current investment	20,115,016	19,787,984
Excess provision written back/Provision no longer required	—	435,649
Miscellaneous Income	806,592	495,941
	74,564,587	**57,839,167**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

		March 31, 2015	March 31, 2014
20. Employee Benefits, Operating and Administrative and Other Expenses			
A. Employee Benefit Expenses			
Salaries, Wages and Bonus		56,928,727	86,764,829
Contribution to :			
(i) Provident Fund		3,151,600	4,645,276
(ii) Superannuation Scheme		3,578,563	5,210,653
Staff Welfare Expenses		2,993,686	4,017,578
Total Employee Benefit Expenses	**(A)**	**66,652,576**	**100,638,336**
B. Operating Expenses			
Hire Charges & Rent		—	322,189
Insurance		29,698,913	32,848,039
Repairs and Maintenance		102,388,902	110,382,043
Manpower Costs & Overheads		49,436,750	77,365,761
Transportation and Logistics		118,093	3,896,074
Consumables		218,517	354,786
Royalty, Cess & Other Duties		32,695,503	44,530,703
Other Production Expenses		20,689,922	10,750,492
Total Operating Expenses	**(B)**	**235,246,600**	**280,450,087**
C. Administrative and Other Expenses			
Office and Guest House Rent		12,277,776	15,540,040
Electricity		1,805,093	2,236,913
Rates and Taxes		14,622,606	1,657,200
Repairs and Maintenance - Others		5,245,916	5,875,911
General Office Expenses		698,226	935,647
Travelling and Conveyance		4,056,053	7,252,718
Communication Expenses		2,010,837	3,793,095
Membership and Subscription		1,938,766	2,079,229
Legal and Professional Expenses		10,182,066	36,987,066
Insurance		517,318	586,391
Directors' Sitting Fees and Commission		1,033,712	817,877
Printing and Stationary		2,326,169	2,569,608
Miscellaneous Expenses		5,741,719	6,474,622
Loss on Foreign Exchange		7,898,088	43,706,553
Provisions for Doubtful Advances		3,904,399	—
	(i)	**74,258,744**	**130,512,870**
Payment to Auditor:			
As Auditor:			
Audit Fee		2,078,660	2,078,660
Tax Audit Fee		112,360	112,360
Limited Review		505,620	505,620
Reimbursements		53,518	152,181
	(ii)	**2,750,158**	**2,848,821**
Total Administrative and Other Expenses	**(C) = (i+ii)**	**77,008,902**	**133,361,691**
Total Employee Benefits, Operative, Administrative and Other Expenses	**(A+B+C)**	**378,908,078**	**514,450,114**
Less: Recovery of Expenses (See Note 34)		(67,547,380)	(123,445,390)
Total Employee Benefit Operative, Administrative and Other Expenses		**311,360,698**	**391,004,724**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	March 31, 2015	March 31, 2014
21. Finance Costs		
Interest on Fixed Term Loans	144,361,344	130,120,344
Bank Charges and Commission	1,235,744	3,501,221
Amortization of Ancillary Borrowing Cost	1,087,488	2,901,701
	146,684,576	**136,523,266**

	March 31, 2015	March 31, 2014
22. Exceptional Items		
Impairment on Assets		
— PY-1 (See Note a below)	9,932,758,904	—
— PY-3 (See Note b below)	707,505,751	—
— CB-OS/1 (See Note c below)	259,573,358	—
— CB-ON/7 (Palej) (See Note d below)	54,050,395	—
Additional Depletion on Producing Property (See Note a below)	680,379,849	—
	11,634,268,257	**–**

Notes:

a. PY-1 Field — Exceptional item represents additional depletion and impairment loss charged to the statement of profit and loss pursuant to an independent third party reservoir study of PY-1 Field and consequent revision of certain key assumptions by the Board of Directors. As a consequence, additional depletion amounting to INR 680,379,849 for the production in the six months period up to September 30, 2014 has been provided in the current year. Further the Company has carried out an impairment assessment as at September 30, 2014, based on procedures consistent with Accounting Standard 28 (AS 28) and recognised an impairment loss to the extent of INR 9,932,758,904. The cash flows have been projected based on estimate of Proved Reserves as provided by the independent third party, estimate of commercially produceable proved reserves made by the management, cash flows necessary to maintain assessed standard of performance and considering discount rate of 13.28% which reflects market assessment based on transactions for similar assets.

b. CY-OS-90/1 (PY-3) Field — Operated by Hardy Exploration & Production (India) Inc., remains shut-in since July 31, 2011. Considering the current environment of oil prices, there are no plans for recommencement of production from existing wells and commencement of further development activities in the foreseeable future.

   In view of the above facts, there are uncertainties in the recoverability of carrying value of PY-3 assets. Accordingly, the Company has recognised an impairment loss for the carrying value of PY-3 assets in the current year.

c. CB-OS/1 Field — Existing development plans are not economically viable considering the current oil prices. ONGC being the Operator of the block proposes to perform further studies on the field to determine the optimal development plan. Accordingly, no additional investment is expected in the foreseeable future.

   In view of the above factors, considering the uncertainty in the recoverability of carrying value of CB-OS/1 assets, Company has recognised an impairment loss for the carrying value of CB-OS -1 assets during the current year.

d. CB-ON/7 (Palej) Field — The Company has recognised an impairment loss for the carrying value of CB-ON/7 (Palej) Field amounting to INR 54,050,395 for uncompleted exploratory well assets in the current year.

	March 31, 2015	March 31, 2014
23. Earnings Per Share (EPS) The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations:		
Profit / (Loss) After Tax as per Statement of Profit & Loss (used for both calculation of basic and diluted EPS)	**(12,210,131,610)**	**(1,248,098,511)**
Weighted average number of equity shares used in calculating basic & diluted EPS	130,493,289	130,493,289
Earnings per equity share in INR computed on the basis of profit / (loss) for the year Basic and Diluted	(93.57)	(9.56)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

24. Foreign Currency Transactions

(i) Expenditure in Foreign Currency (on accrual basis)

Particulars	2014-2015	2013-2014
Professional and Consultancy Fees	14,153,988	27,563,718
Interest	144,361,344	220,983,532
Travelling Expenses	—	353,983
Membership & Subscription	—	9,989
Others	2,703,237	69,520,500

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

Particulars	2014-2015	2013-2014
Components and Spare Parts	1,320,640	849,548

25. Long Term Incentive Plan, Scheme 2005

Under the HOEC Limited Employee Stock Option Scheme – 2005 (ESOS Scheme) approved by the Shareholders, and as amended from time to time, the Board had granted options in the prior years to the eligible Employees and eligible Directors at Nil exercise price as part of the Long Term Incentive Plan (LTIP). There are no outstanding share options as on March 31, 2015.

Method Used for Accounting for Share Based Payment Plan:

Under the LTIP Scheme 2005, the options are granted in the succeeding year after adoption of the Annual Audited Accounts for the given year. The Company charges the entire amount provided towards performance bonus and stock options to the Statement of Profit and Loss for the year for which the grant corresponds to. Any upward variation in the market price/acquisition price of the ESOS stocks, as may be applicable, as on the date of Balance Sheet, is charged to the Statement of Profit and Loss for the period as per LTIP.

Particulars	Number of Shares Arising Out of Options	
	2014-2015	2013-2014
Outstanding at the beginning of the Year	—	17,680
Granted during the Year	—	—
Forfeited / lapsed during the Year	—	—
Exercised during the Year	—	17,680
Outstanding at the End of the Year	—	—
– Vested	—	—
– Yet to Vest	—	—

Fair Value Methodology:

The fair value of the options granted under LTIP Scheme 2005 approximates the intrinsic value of the options on the date of the grant.

26. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

The following tables summarize the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet.

	2014-2015	2013-2014
Statement of Profit and Loss		
Net employee benefit expense recognized in the employee cost		
Current service cost	1,100,182	1,008,416
Interest cost on benefit obligation	748,476	628,037
Expected return on plan assets	(804,917)	(693,755)
Net actuarial (gain) / loss recognized in the year	211,655	(550,660)
Adjustment to reconcile the opening fund	—	(116,461)
Net benefit expense	1,255,396	275,577
Actual return on plan assets	583,987	734,592
Balance sheet		
Benefit asset / liability		
Present value of defined benefit obligation	(5,371,334)	(8,374,974)
Fair value of plan assets	6,334,798	8,546,944
Plan asset / (liability)	963,464	171,970
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	8,374,974	8,258,734
Current service cost	1,100,182	1,008,416
Interest cost	748,476	628,037
Benefits paid	(4,843,023)	(1,010,390)
Actuarial (gains) / losses on obligation	(9,275)	(509,823)
Closing defined benefit obligation	5,371,334	8,374,974
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	8,546,944	7,487,971
Adjustment to reconcile the opening fund	—	116,461
Expected return	804,917	693,755
Contributions by employer	2,046,890	1,164,521
Benefits paid	(4,843,023)	(956,601)
Actuarial gains / (losses)	(220,930)	40,837
Closing fair value of plan assets	6,334,798	8,546,944

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

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

Particulars	2014-2015	2013-2014
Discount rate	7.75%	9.10%
Future salary increase	5.00%	9.00%
Expected rate of return on assets	8.25%	9.00%
Employee turnover	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	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Defined benefit Obligations	(5,371,334)	(8,374,974)	(8,258,734)	(7,694,034)	(6,652,620)
Plan Assets	6,334,798	8,546,944	7,487,971	6,569,312	3,709,852
Surplus / (Deficit)	963,464	171,970	(770,763)	(1,124,722)	(2,942,768)
Experience adjustments on Plan Liabilities	(9,275)	(509,823)	(350,649)	58,893	(616,151)
Experience adjustments on Plan Assets	(220,930)	40,837	—	154,053	8,331

b. Compensated Absences

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

Particulars	2014-2015	2013-2014
Discount Rate (% p.a.)	7.75%	9.10%
Future Salary Increase (% p.a.)	5.00%	9.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Attrition (% p.a.)	1% to 5%	1% to 5%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

27. Segmental Reporting

The Company is primarily engaged in a single business segment of "Hydrocarbons and other incidental services". All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. Hence, there are no separate reportable segments as per AS-17 "Segmental Reporting".

28. Unincorporated Joint Venture Operations

a) The Company has entered into Production Sharing Contracts (PSC's) for Unincorporated Joint Ventures (UJVs) in respect of certain properties with the Government of India and some bodies corporate. Details of these UJVs and participating interest of consortium partners are as follows:

Sl. No.	Unincorporated Joint Ventures	Partners	Share (%)	
			As at March 31, 2015	As at March 31, 2014
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
		Heramec Limited	30.00	30.00
5	CB-ON/7 (Palej)	Exploration:		
		Hindustan Oil Exploration Company Limited (O)	50.00	50.00
		Gujarat State Petroleum Corporation Limited	50.00	50.00
		Development and Production:		
		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	Exploration:		
		Oil and Natural Gas Corporation Limited (O)	32.89	32.89
		Hindustan Oil Exploration Company Limited	57.11	57.11
		Tata Petrodyne Limited	10.00	10.00
		Development and Production:		
		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	Exploration:		
		Hindustan Oil Exploration Company Limited (O)	40.323	40.323
		Indian Oil Corporation Limited	43.548	43.548
		Oil India Limited	16.129	16.129
		Development and Production:		
		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
9	RJ-ONN-2005/1	Hindustan Oil Exploration Company Limited (O)	25.00	25.00
		Bharat Petro Resources Limited	25.00	25.00
		Jindal Petroleum Limited**	25.00	25.00
		IMC Limited	25.00	25.00
10	RJ-ONN-2005/2	Oil India Limited (O)	60.00	60.00
		Hindustan Oil Exploration Company Limited	20.00	20.00
		HPCL & Mittal Energy Limited	20.00	20.00

(O) – Operator

Notes:

All the Unincorporated Joint Ventures are for the blocks awarded within the territorial limits of India.

* Pursuant to the Settlement Agreement entered into during 2012, the Participating Interest (PI) of the Company has been revised to 100%.

** On account of non-submission of Financial and Performance Guarantee to the Government of India, JPL has been declared "Defaulting Party" by the Management Committee. The non-defaulting parties i.e HOEC, BPRL and IMC have paid the cost of the defaulting party (JPL) on interim basis.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

b) In respect of two of its Unincorporated Joint Ventures (UJV) not operated by the Company, the Company has incorporated its share of the balances as at March 31, 2015 based on the unaudited financial information as follows:

i) CY-OS-90/1 (PY-3): The operations in the field have been stopped since July 2011 and the last relevant audited financial statements for the UJV were received for the year ended March 31, 2012. Subsequent to July 31, 2011 no further expenses that have been approved by the Management Committee and hence the Company has not accounted for the same. The Company does not expect any further expenses with respect to this field. Accordingly, the Company has accounted for its share based on the audited accounts till the year ended March 31, 2012 and subsequent adjustments (if any) till the period ending March 31, 2015 which is based on the unaudited financial information.

ii) CB-OS/1: The Company has accounted for its share of balances based on the audited accounts till the year ended March 31, 2014 and for the balances as at March 31, 2015, the Company has accounted based on the un-audited financial information received from the operator.

The financial statements include, Company's share of current assets/(liabilities), non-current assets/(liabilities), expenses and cash flows aggregating to INR 829,974 / INR (79,685,217), INR 310,586,199 / INR (331,065,000), INR Nil and INR (1,924) respectively as at or for the year ended March 31, 2015 in respect of the above two UJVs.

29. Details of Oil and Gas Reserves

As at March 31, 2015, 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:

		Opening	Addition	Deletion / Adjustments	Production	Closing
Proved Reserves (1P)						
– Oil	MMT	0.056	—	—	0.002	0.054
– Gas	BCM	3.152	0.034	2.667	0.034	0.485
Proved + Probable (2P)						
– Oil	MMT	0.076	—	—	0.002	0.074
– Gas	BCM	3.620	0.085	1.679	0.034	1.992

Developed:

		Opening	Addition	Deletion	Production	Closing
Proved Reserves (1P)						
– Oil	MMT	0.056	—	—	0.002	0.054
– Gas	BCM	0.485	0.034	—	0.034	0.485

Note: The above reserve estimates doesn't include the reserves of PY-3 and CB-OS-1.

30. Related Party Disclosures

(i) The related parties of the Company as at March 31, 2015 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. Banque ENI, Belgium
5. Saipem (Portugal) Comercio Maritimo Su Lda

(D) Unincorporated Joint Ventures:
As per details given in Note 28 above

(E) Key Management Personnel:
Mr. Manish Maheshwari – Managing Director (till 9th October, 2014)
Mr. P. Elango – Managing Director (from 2nd February, 2015)
Mr. R. Jeevanandam – CFO and Additional Director (from 2nd February, 2015)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(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	Wholly Owned Subsidiary Company	Promoter Group	Other Group Entities	Unincorporated Joint Ventures' Partners	Key Management Personnel
INCOME					
– Warehousing Services & Rental of Immovable Property	6,541,500 (11,256,000)	— (—)	— (—)	— (—)	— (—)
EXPENDITURE					
– Operating Expenditure	— (—)	— (—)	— (6,293,098)	— (—)	— (—)
– Remuneration to Managing Director / CFO	— (—)	— (—)	— (—)	— (—)	13,995,607 (20,194,705)
– Professional Fee	— (—)	— (—)	— (21,270,620)	— (—)	— (—)
– Recovery of Expenses	— (—)	— (—)	— (—)	31,915,814 (57,723,663)	— (—)
– Interest Paid*	— (—)	— (—)	142,676,496 (216,516,608)	— (—)	— (—)
– Bank Charges	— (—)	— (—)	— (22,823)	— (—)	— (—)
LOAN					
– Unsecured Loan Repaid*	— (—)	— (—)	— (137,000,000)	— (—)	— (—)
– Unsecured Loan Waived*	— (—)	— (—)	9,608,450,000 (—)	— (—)	— (—)
CAPITAL EXPENDITURE					
– Development Expenditure	— (—)	— (—)	— (28,807,027)	— (—)	— (—)
AS AT YEAR END					
Loan Outstanding as at Year End*	— (—)	— (—)	— (9,375,950,000)	— (—)	— (—)
Amounts Payable as at Year End	12,052,063 (8,500,000)	— (—)	263,011,474 (285,358,826)	— (—)	— (—)

* Amount relates to ENI Finance International S.A., Belgium [See Note 3(b)].

Notes:

(a) During the year, remuneration of INR 2,138,382 paid to Mr. Manish Maheshwari, Managing Director for the period from April 01, 2014 to October 09, 2014, in his capacity as the Managing Director of the Company, is in excess of the limits specified in Schedule V to the Companies Act, 2013. The Company is in the process of seeking necessary approval of the Shareholders and the Central Government.

(b) Figures in brackets relate to the Previous Year.

31. Commitments and Contingencies

Particulars	As at March 31, 2015	As at March 31, 2014
(i) Contingent Liabilities		
(a) Counter Guarantees on account of Bank Guarantees	156,579,954	256,825,234
(b) Claims against the Company Not Acknowledged as Debt – Income Tax Demands under Appeal	190,533,609	393,584,832
(c) Service Tax Liability (pertaining to one Unincorporated Joint Venture)	2,039,321	2,139,321
(d) Hire Charges (pertaining to one Unincorporated Joint Venture)	217,881,005	217,881,005
(e) Royalty payable under appeal (pertaining to one Unincorporated Joint Venture)	141,252,121	141,252,121
(ii) Commitments		
(a) Estimated amount of Contracts remaining to be Executed on Capital Account and Not Provided for	1,082,787	13,417,649

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

32. Sales Turnover (See Note 17)

Description	Value in INR	
	2014-2015	2013-2014
Crude Oil / Condensate	170,145,498	234,932,815
Natural Gas	262,688,378	397,214,144
Less: Profit Petroleum to Government of India	29,945,885	40,743,704
Net Sales	402,887,991	591,403,255

33. Consumption of Stores and Spares

Product	2014-2015		2013-2014	
	Value in INR	%	Value in INR	%
Imported	1,295,689	21%	1,083,840	22%
Indigenous	4,781,550	79%	3,767,293	78%

34. Recovery of Expenses

Recovery of expenses represents expenditure incurred by the Company for the UJVs where the Company is the Operator. Such costs are recovered from the respective UJVs as per the terms of the Production Sharing Contract.

35. Accounting Standard 11 – The Effects of Changes in Foreign Exchange Rates

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

Particulars	2014-2015	2013-2014
Exchange Differences capitalised to Fixed Assets (including Work in Progress) during the year	266,243,139	967,330,744
Closing Balance of Foreign Currency Monetary Item Translation Difference Account as at the end of the year to be amortised in subsequent periods	—	35,434,019
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	12,137,244

36. Particulars of Unhedged Foreign Currency Exposure

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

Particulars	As at March 31, 2015	As at March 31, 2014
Secured Loans	—	92,175,630
Unsecured Loans	—	9,375,950,000
Sundry Creditors (Including capital creditors)	263,991,696	287,608,358
Sundry Debtors	9,349,116	18,878,927
Loans and Advances	3,07,796	—
Bank Account and Deposit	—	362,793

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

37. The Company has capital requirements to implement its development plan under the Production Sharing Contract (PSC) for the block AAP-ON-94/1 approved by the Directorate General of Hydrocarbons and the Ministry of Petroleum and Natural Gas in the near future. The development cost estimated for the total project is INR 527 Crores (US$ 85 million) and the share of the Company is estimated to be in the order of INR 142 Crores (US$ 22.85 million). These expenditures are to be incurred over a period of two years. The carrying value of the assets in the books of the Company's for the successful exploration and appraisal is INR 117.27 Crores.

    The Company has net current assets of INR 127.54 Crores (including tax receivables of INR 82.41 Crores) as on March 31, 2015 before adjusting a liability of INR 26.30 Crores payable to the group companies of the Promoter. Management is confident that the above liability of INR 26.30 Crores can be deferred for a period of more than one year and to the completion of the development of the block AAP-ON-94/1.

    The Company may be liable for the obligation in respect of unfinished Minimum Work Program in term of the Production Sharing Contract for the block RJ-ONN-2005/1. In case of non-operated block RJ-ONN-2005/2 the Operator has sought the extension of the block validity and if the Minimum Work Program is not completed the Company may be liable for the obligation of the unfinished minimum work program.

    The Company has been rated for BBB+ for a line of credit of INR 100 Crores by Indian Credit Rating Agency on May 15, 2015. Company is confident of meeting the capital requirements to implement its business plan, discretionary capital expenditure, commitments and the obligations under the Production Sharing Contracts (PSC) and liabilities in the foreseeable future with the existing cash and cash equivalents / liquid assets, tax refunds due to the Company and by raising financial resources through debt / equity financing as required without any additional financial support from the promoter. The Company has a successful track record of raising capital both debt and equity in the past and shall raise financial resources for the growth of the Company as and when required without any additional capital infusion from the promoter. Accordingly, the Financial Statements have been prepared on the basis that the Company is a going concern with no further adjustments to the carrying value of assets and liabilities.

38. In compliance with SEBI directions relating to treatment of survey cost under the Guidance Note (Accounting for Oil and Gas Producing Activities, issued by Institute of Chartered Accountants of India), the Company has expensed off survey costs amounting to INR 7.05 Crores [Previous Year: INR 44.61 Crores] in the Statement of Profit and Loss.

39. Previous Year Figures

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

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Subramanian Suresh
Partner
Membership No. 83673

Place : Chennai
Date : May 28, 2015

For and on behalf of the Board of Directors

S. B. Mathur	Chairman
P. Elango	Managing Director
R. Jeevanandam	Director & CFO
Guido Papetti	Director
Sharmila Amin	Director
Minesh Bhatt	Assistant Company Secretary

Place : New Delhi
Date : May 28, 2015

INDEPENDENT AUDITORS' 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 HOEC Bardahl India Limited (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 control 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 a foresaid.

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, issued by the Institute of Chartered Accountants of India, as 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 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 but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

The attached financial statements include the Holding Company's share of current assets / (liabilities), non current assets / (liabilities), expenses and cash flows aggregating to INR 829,974 / INR (79,685,217), INR 310,586,199 / INR (331,065,000), INR Nil and INR (1,924) respectively as at or for the year ended March 31, 2015 in respect of two of its unincorporated joint ventures ('UJV's') not operated by the Holding Company, the audited accounts of which are not available with the Holding Company. The consolidated financial statements have been incorporated based on un-audited financial information detailed in note 28(b) of attached consolidated financial statements. In the absence of audited accounts of the UJVs, we are unable to comment on the adjustments that may be required to be made in these consolidated financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for

Qualified Opinion paragraph above, 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 as at March 31, 2015, of their consolidated loss, and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

Attention is invited to Note 39 of the accompanying consolidated financial statements which describes the factors and conditions that indicate the existence of material uncertainties that cast a substantial doubt on the Holding Company's ability to continue as a going concern. Our report is not qualified for this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding Company and its subsidiary, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. In respect of clauses (i), (ii), (iv), (vii)(a), (vii)(b), (vii)(c) and (xii), our comments are restricted to the standalone operations of the Group and operations related to Unincorporated Joint Ventures (UJV) where the Holding Company is the operator and it does not cover the UJV where any third party is the operator.

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

   (a) Except for the matter described in Basis for Qualified Opinion paragraph, 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 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 by the Group so far as appears from our examination of those books and the reports of the other auditors;

   (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) The matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;

   (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary company incorporated in India, none of the directors of the Group's companies is disqualified as on March 31, 2015 from being appointed as a director of the respective companies, in terms of Section 164 (2) of the Act.

   (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. Except for the possible effect of the matter described in Basis of Qualified Opinion above, the consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group- Refer Note 34 to the consolidated financial statements;

      ii. Except for the possible effects of the matter described in Basis of Qualified Opinion paragraph above, the Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. Following are the instances of delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company:

         (a) Share application money of INR 177,787 received on October 2006 and INR 260,200 received on January 2008 was due to be transferred as on October 31, 2013 and January 28, 2015 respectively and the same has been paid on May 25, 2015.

(b) Unclaimed dividend of INR 837,582 which was due to be transferred on October 28, 2013 has been paid on May 12, 2014.

There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the subsidiary company.

Other Matters

We did not audit the Holding Company's share of current assets / (liabilities), expenses and cash flows aggregating to INR Nil / INR (8,764,826), INR 7,206,307 and INR Nil respectively as at or for the year ended March 31, 2015 in respect of one of its unincorporated joint venture ('UJV') not operated by the Holding Company, whose accounts and other financial information have been audited by the auditor of the respective UJV and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such UJV is based solely on the report of other auditor. Our opinion is not qualified in respect of this matter.

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per Subramanian Suresh
Partner
Membership No.: 83673

Place : Chennai
Date : May 28, 2015

Annexure referred to in paragraph 1 of the section on "Report on other legal and regulatory requirements" of our report of even date

The Group, comprising Hindustan Oil Exploration Company Limited ('Holding Company') and its subsidiary HOEC Bardahl India Limited incorporated in India and to whom the provisions of the Order apply (referred to as "the Covered entity" in this report)

(i) (a) The Holding Company and the Covered entity of the Group have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management of the Holding Company and the Covered entity of the Group during the year but there is a regular programme of verification which, is reasonable having regard to the size of the of the Holding Company and the Covered entity of the Group and the nature of its assets. No material discrepancies were noticed on such verification.

(ii) (a) The Holding Company and the Covered entity of the Group have conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Holding Company and the Covered entity of the Group and the nature of their business.

(c) The Holding Company and the Covered entity of the Group are maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a-b) The Holding Company and the Covered entity of the Group have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) and (b) of the Order are not applicable to the Covered entity of the Group and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, and as reported by the other auditors who audited the financial statements of Covered entity of the Group, as well as taking into consideration the management representation that certain items of fixed assets / inventories which are of special nature for which alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Holding Company and the Covered entity of the Group and the nature of its business, for the purchase of fixed assets and inventory and sale of goods and services. During the course of our audit and as reported by the other auditors who audited the financial statements of Covered entity of the Group, we have not observed major weakness or continuing failure to correct major weakness in internal control system of the Holding Company and the Covered entity in respect of these areas.

(v) The Holding Company and the Covered entity of the Group have not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Holding Company to the extent applicable and relevant, pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the extraction of oil and gas, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. The detailed examination of the same has not been made by us. To the best of our knowledge and as reported by the other auditors who audited the financial statements of the covered entity, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products / services of the Covered entity of the Group.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases in respect of the Covered entity of the Group. The provisions relating to employees' state insurance, customs duty and excise duty are not applicable to the Holding Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable for the Holding Company and Covered entity of the Group.

(c) According to the records of the Holding Company and the Covered entity of the Group and as reported by other auditors who audited the financial statements of Covered entity in the Group, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax, Interest and Penalty	617,011,890	Assessment Year 2006-2007 to 2009-2010	Income Tax Appellate Tribunal
Income Tax Act, 1961	Penalty	30,893,925	Assessment Year 2008-2009	Income Tax Appellate Tribunal
	Less: Refunds adjusted*	(551,692,081)		
	Net Amount	**96,213,734**		
Central Excise Act, 1944 and Cenvat Credit Rules, 2004	Disallowance of input credit of service tax	300,844	Financial Year 2007-2008	Central Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	1,001,120	Assessment Year 2010-2011	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	319,796	Various years	Demand is as per TDS central processing cell

*Refunds pertaining to other assessment years adjusted against disputed dues, based on intimation received from Income Tax Department.

(d) According to the information and explanations given to us, there are significant delay in the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder in respect of Holding Company. As reported by the other auditor who audited the financial statements of Covered entity, of the Group, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder in respect of Covered entity.

(viii) Without considering the consequential effects, if any, of the matter stated in paragraph Basis for Qualified Opinion of our auditors' report, the Holding Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Holding Company has incurred cash loss during the year. The Covered entity of the group has no accumulated losses at the end of the financial year and it has not incurred cash losses during the year. In the immediately preceding financial year, the Holding Company and the Covered entity of the Group had not incurred cash loss.

(ix) The Holding Company and Covered entity of the Group have not defaulted in their repayment of dues to a bank. The Holding Company and the Covered entity of the Group have not obtained any borrowings from a financial institution or issued any debentures during the period.

(x) The Holding Company and the Covered entity of the Group have not given any guarantee for loans taken by others from bank or financial institutions.

(xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained by the Holding Company and as reported by the other auditors who audited the financial statements of Covered entity of the Group, the covered entity did not have any term loans outstanding during the year.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management and reports of the other auditors who audited the financial statements of Covered entity of the Group, which we have relied upon, we report that no fraud on or by the Holding Company and the Covered entity of the Group have been noticed or reported during the year.

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per Subramanian Suresh
Partner
Membership No.: 83673

Place : Chennai
Date : May 28, 2015

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

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

	Notes	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	1,305,093,005	1,305,093,005
Reserves and Surplus	2	1,502,159,484	4,054,301,990
		2,807,252,489	**5,359,394,995**
Non-current Liabilities			
Long-term borrowings	3	—	7,016,840,000
Long-term provisions	4	1,103,875,000	1,062,151,188
		1,103,875,000	**8,078,991,188**
Current Liabilities			
Trade payables	5	152,662,431	191,384,095
Other current liabilities	5	281,160,943	2,988,601,986
Short-term provisions	4	3,253,566	1,479,813
		437,076,940	**3,181,465,894**
TOTAL		**4,348,204,429**	**16,619,852,077**
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible assets	6	84,695,338	89,841,232
Intangible assets	7	333,727	500,403
Producing Property	8	715,237,800	10,489,486,598
Exploration/development work in progress	9	1,176,314,952	3,371,011,641
Non-current Investment	10	1	1
Deferred tax assets (net)	11	1,677,522	1,259,519
Long-term loans and advances	12	345,885,857	1,178,352,167
Other bank balances	16	490,663,115	475,393,402
		2,814,808,312	**15,605,844,963**
Current Assets			
Current investments	14	275,902,448	305,515,932
Inventories	15	264,866,593	397,916,885
Trade receivables	13.1	54,623,681	86,503,594
Cash and bank balances	16	75,366,791	131,670,472
Short-term loans and advances	12	857,718,410	88,768,427
Other current assets	13.2	4,918,194	3,631,804
		1,533,396,117	**1,014,007,114**
TOTAL		**4,348,204,429**	**16,619,852,077**
Background	A		
Significant Accounting Policies	B		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Subramanian Suresh
Partner
Membership No. 83673

Place : Chennai
Date : May 28, 2015

For and on behalf of the Board of Directors

S. B. Mathur — Chairman
P. Elango — Managing Director
R. Jeevanandam — Director & CFO
Guido Papetti — Director
Sharmila Amin — Director
Minesh Bhatt — Assistant Company Secretary

Place : New Delhi
Date : May 28, 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

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

	Notes	March 31, 2015	March 31, 2014
Income			
Revenue from Operations (Gross)	17	622,777,201	819,197,607
Less: Excise Duty		(27,488,005)	(28,211,805)
Revenue from Operations (Net)		595,289,196	790,985,802
Increase/(Decrease) in inventories of Crude Oil and Condensate	18	(514,405)	(28,878,714)
Other Income	19	74,019,071	56,313,880
Total Revenue (I)		**668,793,862**	**818,420,968**
Expenses			
Purchase of traded goods	20	86,459,895	80,506,300
(Increase)/Decrease in inventories of traded goods	21	(8,912,034)	6,048,672
Repacking costs	22	32,431,467	28,864,555
Employee Benefits, Operating, Administrative and Other expenses	23	369,228,972	450,214,902
Depletion, depreciation and amortization expense	6-9	389,447,881	1,031,301,009
Finance costs	24	147,053,002	136,976,042
Exploration costs	41	70,479,836	446,122,447
Provision for Obsolete Inventories		137,999,397	—
Total Expenses (II)		**1,224,188,416**	**2,180,033,927**
Profit / (Loss) before tax and Exceptional Items (I-II)		**(555,394,554)**	**(1,361,612,959)**
Less: Exceptional Items – Impairment and Additional depletion **(III)**	25	11,634,268,257	—
Profit / (Loss) before tax (IV=I-II-III)		**(12,189,662,811)**	**(1,361,612,959)**
Tax Expenses			
Current tax expense [INR 241,717 (Previous Year: INR (2,527)) relating to earlier years]		6,781,717	4,347,473
Reversal of MAT Credit		—	436,362,448
Net current tax expense		**6,781,717**	**440,709,921**
Write-back of provision for income tax relating to earlier years		—	(565,000,000)
Deferred tax charge/(credit)		(418,003)	(52,210)
Total Tax Expenses (V)		**6,363,714**	**(124,342,289)**
Net Profit / (Loss) (IV-V)		**(12,196,026,525)**	**(1,237,270,670)**
Earnings per equity share in INR computed on the basis of profit/(loss) for the year [nominal value of share INR 10 (Previous Year: INR 10)] Basic and Diluted	26	(93.46)	(9.48)

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Subramanian Suresh
Partner
Membership No. 83673

Place : Chennai
Date : May 28, 2015

For and on behalf of the Board of Directors

S. B. Mathur	Chairman
P. Elango	Managing Director
R. Jeevanandam	Director & CFO
Guido Papetti	Director
Sharmila Amin	Director
Minesh Bhatt	Assistant Company Secretary

Place : New Delhi
Date : May 28, 2015

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

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

	March 31, 2015	March 31, 2014
Cash flow from operating activities		
Profit / (Loss) before tax	(12,189,662,811)	(1,361,612,957)
Adjustments for:		
Depletion, depreciation and amortization expense	1,069,827,730	1,031,301,009
Impairment on Assets	10,953,888,408	—
Provision for doubtful Advances	3,904,399	—
Provisions	(1,717,010)	(1,101,365)
Net (gain)/ loss on sale of current investments	(31)	4,069
Provision for doubtful trade and other receivables	(580,302)	238,396
Provision for Obsolete Inventories	137,999,397	—
Unrealized foreign exchange loss / (gain) (net)	5,191,667	685,756
Amortization of Foreign Currency Monetary Item Translation Difference Account	38,266,476	12,137,244
Excess Liabilities / Provisions Written Back	—	(435,649)
Net gain on sale of assets	41,855	(869)
Interest on Loans	144,361,344	130,120,344
Other finance charges	2,323,232	6,402,922
Exploration costs	70,479,836	446,122,447
Interest income	(48,859,137)	(32,913,499)
Profit on sale of current Investment	(20,115,016)	(19,787,984)
Dividend income	(2,820,151)	(2,284,703)
Operating profit before working capital changes	**162,529,886**	**208,875,161**
Movements in working capital:		
Increase / (Decrease) in trade payables and other current liabilities and provisions	(37,276,385)	(157,913,450)
Decrease in trade receivables	32,838,863	91,338,492
Decrease / (Increase) in Inventories	(4,949,105)	29,816,128
Decrease / (Increase) in loans and advances, other assets and other bank balances	(23,208,695)	40,196,894
Cash generated from operations	**129,934,564**	**212,313,225**
Direct taxes paid (net of refunds)	(7,123,448)	(10,076,952)
Net cash flow from operating activities (A)	**122,811,116**	**202,236,273**
Cash flows from investing activities		
Purchase of fixed assets (including CWIP and capital advances)	(1,486,371)	(472,496,222)
Proceeds from Sale of Fixed Assets	(50,405,512)	27,203
Profit on sale of current investment	—	19,787,984
Interest received	20,115,016	49,339,648
Net gain / (loss) on sale of current investments	47,126,371	(4,069)
Dividend received	2,820,151	2,284,703
Net cash flow from / (used in) investing activities (B)	**18,169,655**	**(401,060,753)**
Cash flows from financing activities		
Repayment of long-term borrowings	(94,663,266)	—
Dividend Paid (including Dividend Tax)	—	(301,827,265)
Interest paid	(145,597,088)	(228,225,713)
Net cash flow from / (used in) financing activities (C)	**(240,260,354)**	**(530,052,978)**
Net increase in cash and cash equivalents (A + B + C)	**(99,279,583)**	**(728,877,458)**
Cash and cash equivalents at the beginning of the year	433,789,873	1,162,667,331
Cash and cash equivalents at the end of the year	**334,510,290**	**433,789,873**
Components of cash and cash equivalents		
Cash on hand	20,998	2,024
With banks (See Note 16)		
– in deposit accounts	545,439,395	575,517,141
– in current accounts	18,059,528	28,197,142
Adjustment for Lien Marked Deposits / Accounts (See Note a, & b of Note 16)	(57,808,764)	(64,414,019)
Adjustment for Site Restoration Deposits (See Note b of Note 16)	(447,054,351)	(410,979,383)
Current Investment – Units of Liquid and Liquid Plus Schemes of Mutual Funds (See Note 14)	275,853,484	305,466,968
Total cash and cash equivalents	**334,510,290**	**433,789,873**

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Subramanian Suresh
Partner
Membership No. 83673

Place : Chennai
Date : May 28, 2015

For and on behalf of the Board of Directors

S. B. Mathur	Chairman
P. Elango	Managing Director
R. Jeevanandam	Director & CFO
Guido Papetti	Director
Sharmila Amin	Director
Minesh Bhatt	Assistant Company Secretary

Place : New Delhi
Date : May 28, 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(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 participant in various Oil and Gas blocks/fields (which are in the nature of jointly controlled assets) granted by the Government of India through Production Sharing Contracts ('PSC') entered into between the Company and Government of India and other venture partners. The Company has seven onshore assets of which three are located in Cambay basin in the state of Gujarat, one in Assam Arakan basin in the state of Assam, two in Jaisalmer Basin in the state of Rajasthan and one in Pranhita Godavari basin in the state of Telangana. The Company has three offshore assets of which two assets are located in the Cauvery basin on the east coast of India, and one in Gulf of Cambay on the west coast of India. Details of Company's participating interest are fully disclosed in Note 30.

The Company has one subsidiary as at the year end:

HOEC Bardahl India Limited (HBIL) - A wholly owned subsidiary of the Company incorporated on November 24, 1988 in the state of Gujarat. HBIL is engaged in the business of marketing "Bardahl" brand of auto additives from U.S.A and is the sole authorised distributor for Bardahl products in India, Nepal and Sri Lanka.

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

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). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Unincorporated Joint Ventures which are accounted on the basis of available information in the audited / unaudited financial statements of the Unincorporated Joint Ventures 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 "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 of the Unincorporated Joint Ventures. Hence, in respect of these Unincorporated Joint Ventures, certain disclosures required under the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, other pronouncements of The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013 have been made in the financial statements of the Company based on audited / unaudited financial statement of the unincorporated Joint Venture.

(ii) Principles of Consolidation

(a) The Consolidated Financial Statements ('CFS') of the Group have been prepared based on a line-by-line consolidation of the balance sheet as at March 31, 2015, statement of profit and loss and cash flows of the Group for the year ended March 31, 2015.

(b) 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, 2015.

(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.

(d) All material inter-company transactions and balances between the entities included in the CFS have been eliminated on consolidation.

(iii) Use of Estimates

The preparation of the financial statements 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

the financial statements and the reported income and expenses during the reporting period like depletion of producing properties, estimate of site restoration liability, expensing of the estimated site restoration liability, provision for employee benefits, useful lives of fixed assets, provision for doubtful advances, provision for tax, recognition of MAT Credit, recognition of deferred tax asset etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates. Any revisions to accounting estimates are recognized prospectively.

(iv) Fixed Assets and Depreciation, Depletion and Amortization:

Fixed assets comprises the following:

- Tangible assets:

  Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take a substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

  Depreciation on fixed assets is calculated on a Written Down Value basis using the rates arrived at based on the useful lives estimated by the management.

  Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher / lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

  Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets. In view of this change the opening written down balance is being depreciated over the revised remaining useful life. Had the Group continued to use the earlier basis of providing depreciation, the charge to the statement of profit and loss before taxation for the current year would have been lower by INR 1,935,583 and the net block of fixed assets would correspondingly be higher by the same amount. In accordance with the transitional provision of Schedule II, the Company has charged off the written down value of assets of INR 1,163,706 where there is no revised remaining useful life as at April 01, 2014, to the statement of profit and loss.

  Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Group was charging 100% depreciation on assets costing less than INR 5,000/- in the year of purchase. However, Schedule II to the Companies Act, 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the company has changed its accounting policy for depreciation of assets costing less than INR 5,000/-. As per the revised policy, the company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 01, 2014.

  The change in accounting for depreciation of assets costing less than INR 5,000/- did not have any material impact on financial statements of the company for the current year.

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

- Intangible assets:

  Intangible assets comprising computer software is amortised over the license period or 10 years, whichever is lower.

- Producing property and Exploration / Development work-in-progress:

  The Company generally follows the “Successful Efforts Method” of accounting for its exploration and production activities as explained below:

  (a) Acquisition costs cover all costs incurred to purchase, lease or otherwise acquire a property or mineral right. These are costs incurred in acquiring the right to explore, drill and produce oil and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

gas including the initial costs incurred for obtaining the Petroleum Exploration License / Letter of Authority and Mining Lease. Acquisition costs are carried in books as Capital – Work in Progress and transferred to Producing Property on attainment of commercial production. Depletion on Acquisition cost is provided on "Unit of production" method based on the related reserves as recommended by the Guidance Note issued by the Institute of Chartered Accountants of India.

(b) Cost of surveys and studies relating to exploration activities are expensed when the same are incurred (also See Note 39).

(c) Cost of exploratory well(s) are expensed when the well(s) are conclusively determined to be dry / permanently abandoned or are transferred to Producing Properties on attainment of commercial production.

(d) Cost of all appraisal programmes related to a Discovery are initially capitalised as "Exploration Expenditure". If a Discovery is determined to be commercial pursuant to the appraisal programme, all appraisal costs, including the cost of unsuccessful appraisal wells, if any, are capitalised as Producing Properties on attainment of commercial production. If at the end of the appraisal programme, the Discovery is relinquished, then all appraisal costs related to the Discovery are charged to the Statement of Profit and Loss.

(e) Cost of temporary occupation of land, successful exploratory wells, appraisal wells, development wells and all related development costs, including depreciation on support equipment and facilities, are considered as development expenditure. These expenses are capitalised as Producing Properties on attainment of commercial production.

(f) Producing Properties, including the cost incurred on dry / abandoned wells in development areas, are depleted using "Unit of Production" method based on the related reserves as recommended by the Guidance Note issued by the Institute of Chartered Accountants of India. Any changes in Reserves and/or Cost are dealt with prospectively from the beginning of the year of such change. Hydrocarbon reserves are estimated and/or approved by the Management Committees of the Unincorporated Joint Ventures, which follow the International Reservoir Engineering Principles.

(g) If the Company / Unincorporated Joint Venture were to relinquish a block or part thereof, the accumulated acquisition and exploration costs carried in the books related to the block or part thereof, as the case may be, are written off as a charge to the Statement of Profit and Loss in the year of relinquishment.

Explanatory Note

1. Save the costs referred to in note (b) herein above, all exploration costs are initially capitalized as "Exploration Expenditure", and are retained in exploration expenditure-work-in-progress if the exploration well(s) in first drilling campaign is determined to be successful, or such costs are written off consistent with para 2 below, if is determined to be unsuccessful.

2. Exploration costs associated with drilling, testing and equipping exploratory well(s) are initially capitalized as "Exploration Expenditure" and retained in exploration expenditure-work-in-progress so long as:

   (a) such well has found potential commercial reserves; or

   (b) such well test result is inconclusive and is subject to further exploration or appraisal activity like acquisition of seismic, or re-entry of such well, or drilling of additional exploratory / step out well in the area of interest

   — until such time as such costs are transferred to "Producing Properties" on attainment of commercial production; or

   — else charged to the Statement of Profit and Loss.

Management makes quarterly assessment of the amounts included in "Exploration Expenditure-work-in-progress" to determine whether capitalization is appropriate and can continue. Exploration well(s) capitalized beyond 2 years are subject to additional judgment as to whether facts and circumstances have changed and therefore the conditions described in 2(a) and (b) above no longer apply.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

(v) Site Restoration

Estimated future liability relating to dismantling and abandoning producing well sites and facilities is recognised when the installation of the production facilities is completed based on the estimated future expenditure determined by the Management in accordance with the local conditions and requirements. 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 estimated proved developed 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.

(vi) Impairment

The carrying amounts of assets are reviewed annually or if there is any indication of impairment based on internal/external factors during the year. An impairment loss is recognized wherever the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount. The recoverable amount is the greater of the asset's or CGU's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation/depletion is provided in subsequent periods on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(vii) Investments

Investments are capitalised at cost plus brokerage and stamp charges. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term 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. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(viii) Inventories

(a) Closing stock of crude oil, condensate and natural gas in saleable condition is valued at Estimated Net Realisable Value. Estimated Net Realisable Value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(b) Stores, spares, capital stock and drilling tangibles are valued at cost on first in first out basis/ weighted average basis, as applicable, or estimated net realisable value, whichever is lower.

(c) 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.

(ix) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(a) Revenue from the sale of crude oil, condensate and natural gas, net of Government's share of Profit Petroleum (calculated as per the provisions of the respective Production Sharing Contracts), where applicable, and Value Added Tax, is recognised on transfer of custody.

(b) Service Income is recognised on accrual basis as per the contractual terms and is net of Service Tax.

(c) Interest: Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

(d) Dividend income is recognised when the right to receive the dividend is unconditional.

(e) 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.

(f) Delayed payment charges, retrospective revision in prices, interest on delayed payments and interest on income tax refunds are recognised as and when there is no uncertainty in the determination / receipt of the amount, on grounds of prudence.

(x) Employee Benefits

(a) Defined Contribution Plan

(i) Provident Fund: Contributions towards Employees' Provident Fund are made to the Employees Provident Fund Scheme in accordance with the statutory provisions. Contributions towards Employees' Provident Fund are recognized as an expense in the year incurred. There are no obligations other than the contribution payable to the respective fund.

(ii) Superannuation Fund: The Company contributes a sum equivalent to 15% of eligible Employees' basic salary to a Superannuation Fund administered by trustees. The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.

(b) Defined Benefit Plan

The Group makes annual contribution to a Gratuity Fund administered by trustees and managed by the Life Insurance Corporation of India. The Group accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by an Actuary appointed by the Group, using the Projected Unit Credit method. Actuarial gains / losses are recognised 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) Compensated Absences

The liability for long term compensated absences carried forward on the Balance Sheet date is provided for based on actuarial valuation done by an independent Actuary using the Projected Unit Credit method at the end of each accounting period. Short term compensated absences is recognized based on the eligible leave at credit on the Balance Sheet date and is estimated based on the terms of the employment contract.

(d) Other Employee Benefits

Other employee benefits, including allowances, incentives etc. are recognised based on the terms of the employment contract.

(xi) Borrowing Cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Eligible borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(xii) Foreign Currency Transactions

The Group translates foreign currency translations into Indian Rupees at the rates 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

which they were initially recorded during the period or reported in previous financial statements, excluding long term foreign currency monetary items (see below), are recognized as income or as expenses in the period in which they arise.

Exchange differences, arising on reporting of long term foreign currency monetary items (as defined in the Accounting Standard-11 notified by the Government of India) relating to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and in other cases unrealised exchange differences are accumulated in a “Foreign Currency Monetary Item Translation Difference Account” in the Company’s Balance Sheet and amortized over the balance period of such long term asset / liability by recognition as income or expense in each of such periods.

In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

(xiii) Taxation

Income Tax: Current tax is the amount of tax payable on the taxable income for the year and is provided with reference to the provisions of the Income Tax Act, 1961.

Deferred Tax: 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 and deferred tax liabilities offset and relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT Credit: Minimum Alternate Tax (MAT) Credit is recognised as an asset, only when and to the extent there is convincing evidence that the Company / its Wholly Owned Subsidiary (as applicable) will pay normal income tax during the specified period, in accordance with the Guidance Note on “Accounting for Credit Available in respect of Minimum Alternate Tax under Income Tax Act, 1961”. In the year in which the MAT Credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Group reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal income tax during the specified period.

(xiv) Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash and deposits at bank, cash in hand and short-term investments with an original maturity of three months or less.

(xv) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when the Company has present or legal obligations as a result of past events for which it is probable that an outflow of economic benefit will be required to settle the transaction and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

Product warranty expenses are accounted as and when the warranty claims are incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
1. Share Capital		
Authorised Shares		
500,000,000 (Previous Year: 200,000,000) equity shares of INR 10 each	5,000,000,000	2,000,000,000
Issued Shares		
130,563,363 (Previous Year: 130,563,363) equity shares of INR 10 each	1,305,633,630	1,305,633,630
Subscribed and Fully Paid up		
130,493,289 (Previous Year: 130,493,289) equity shares of INR 10 each	1,304,932,890	1,304,932,890
Add: Amount Paid-up on Shares Forfeited	160,115	160,115
Total issued, subscribed and fully paid-up share capital	**1,305,093,005**	**1,305,093,005**

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

	As at March 31, 2015		As at March 31, 2014	
	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	—	—	—	—
Outstanding at the end of the period	**130,493,289**	**1,304,932,890**	**130,493,289**	**1,304,932,890**

(b) Terms / rights attached to equity shares

The Company has only 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at March 31, 2015		As at March 31, 2014	
	No.	% holding	No.	% holding
Burren Shakti Limited	35,440,913	27.16	35,440,913	27.16
Eni UK Holding Plc	26,115,455	20.01	26,115,455	20.01
Housing Development Finance Corporation 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.

	As at March 31, 2015	As at March 31, 2014
2. Reserves and Surplus		
Capital Reserve [See Note 3 (b)]	**9,608,450,000**	**–**
Securities premium account	**7,841,521,473**	**7,841,521,473**
Foreign Currency Monetary Item Translation Difference Account (See Note 36)		
Balance as per last financial statements	(35,434,019)	(4,706,408)
Created during the Year	(2,832,457)	(42,864,855)
Amortized during the Year	38,266,476	12,137,244
Closing Balance	**–**	**(35,434,019)**
General Reserve	**3,800,000**	**3,800,000**
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	(3,755,585,464)	(2,518,314,794)
Profit/(Loss) for the Year	(12,196,026,525)	(1,237,270,670)
Net surplus / (Deficit) in the Statement of Profit and Loss	**(15,951,611,989)**	**(3,755,585,464)**
Total Reserves and Surplus	**1,502,159,484**	**4,054,301,990**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	Non-current portion		Current maturities	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
3. Long-term Borrowings				
Term Loans (Secured)				
From banks (Foreign Currency) (See Note (a) below)	—	—	—	92,175,630
Loan from Related Party (Unsecured)				
ENI Lasmo Plc (Foreign Currency) (See Note (b) below)	—	7,016,840,000	—	2,359,110,000
	–	**7,016,840,000**	**–**	**2,451,285,630**
The above amount includes				
Secured borrowings	—	—	—	—
Unsecured borrowings	—	—	—	—
Amount disclosed under the head "other current liabilities" (See Note 5)	—	—	—	(2,451,285,630)
Net amount	**–**	**7,016,840,000**	**–**	**–**

Notes:

a. The term loans from banks (Foreign currency) include loans from Axis Bank Limited INR Nil (Previous Year: INR 92,175,630). Term loan was secured by way of charge on all movable properties pertaining to PY-1 Gas Project, the Company's Participating Interest in PY-1 Field and on the PY-1 Trust and Retention Accounts. The Loan has been fully repaid during the year.

b. (i) During the year, ENI Finance International has transferred the loan to its group entity ENI Lasmo Plc vide deed of novation dated August 25, 2014.

(ii) Vide a Deed of Termination and Release dated December 03, 2014, ENI Group has waived recovery of the above loan. The Company considers the waiver to be in the nature of a capital receipt akin to promoters contribution towards Equity/Share Premium. Accordingly the Company has credited an amount of INR 9,608,450,000 to the "Capital Reserves".

	Long-term		Short-term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
4. Provisions				
Provision for employee benefits				
Provision for gratuity (See Note 28)	—	—	201,338	—
Provision for compensated absences	—	3,388,688	2,530,535	997,373
	–	**3,388,688**	**2,731,873**	**997,373**
Other provisions				
Provision for site restoration (See Note a below)	1,103,035,000	1,058,702,500	—	—
Rent Equalisation	840,000	60,000	—	—
Provision for Wealth Tax (net of advance tax)	—	—	521,693	482,440
	1,103,875,000	**1,058,762,500**	**521,693**	**482,440**
	1,103,875,000	**1,062,151,188**	**3,253,566**	**1,479,813**

Note:

	As at March 31, 2015	As at March 31, 2014
a. Provision for site restoration		
Opening balance	1,058,702,500	960,550,000
Effect of changes in Foreign Exchange Rates	44,332,500	98,152,500
Closing balance	**1,103,035,000**	**1,058,702,500**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
5. Current Liabilities		
Trade payables		
Micro, Small and Medium Enterprises (See Note a below)	7,561,126	4,644,164
Others	145,101,305	186,739,931
	152,662,431	**191,384,095**
Other Liabilities		
Current maturities of long-term borrowings	—	2,451,285,630
Unclaimed / Unpaid Dividend (See Note b below)	2,071,998	2,909,580
Unclaimed / Unpaid Share Application Money (See Note b below)	437,987	437,987
Creditor for Capital Expenditure	165,842,633	421,662,921
Other Payables		
Statutory dues payable	13,701,349	27,949,205
Security Deposits	5,480,000	4,825,000
Payable to employees	2,581,984	2,183,643
Other Payable	90,798,815	76,870,453
Advances from customers	246,177	477,567
	281,160,943	**2,988,601,986**

Notes:

a. **Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006**

	As at March 31, 2015	As at March 31, 2014
Principal amount payable (but not due) to suppliers under the MSMED Act as at year end	7,561,126	4,644,164
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.

b. During the year, Company has transferred unclaimed dividend relating to the year 2005-06 to the Investor Education and Protection Fund. Share application moneys received by the company for the Rights Issue-2007 and Rights Issue 2008 have been transferred to the Investor Education and Protection Fund subsequent to the year end. There are no other amounts due and outstanding to be credited to the Investor Education and Protection Fund as at May 28, 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	Fixed Assets	GROSS BLOCK					DEPLETION, DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE						NET BLOCK	
		Balance as at April 1, 2014	Additions	Exchange Differences	(Deletion) / Adjustments	Balance as at March 31, 2015	Balance as at April 1, 2014	Depletion, Depreciation & Amortization for the year	Impairment during the year	(Deletion)	Adjustments	Balance as at March 31, 2015	Balance as at March 31, 2015	Balance as at March 31, 2014
6	**Tangible Assets**													
	Land	23,927,774	—	—	—	23,927,774	—	—	—	—	—	—	23,927,774	23,927,774
	Buildings (See Note a below)	104,331,788	—	—	—	104,331,788	43,671,282	2,932,783	—	—	—	46,604,065	57,727,723	60,660,506
	Plant & Equipment	1,879,426	82,253	—	84,696	1,876,983	1,222,335	122,984	—	(66,574)	—	1,278,745	598,238	657,091
	Furniture & Fixture	6,396,108	91,563	—	—	6,487,671	5,711,772	455,647	—	—	—	6,167,419	320,252	684,336
	Vehicles	4,624,195	—	—	—	4,624,195	3,988,527	291,343	—	—	—	4,279,870	344,325	635,668
	Office Equipments	9,579,651	655,545	—	137,071	10,098,125	8,021,352	1,381,478	—	(76,511)	—	9,326,319	771,806	1,558,299
	Others – Computer	8,248,317	527,082	—	92,122	8,683,277	7,197,483	1,158,891	—	(80,301)	—	8,276,073	407,204	1,050,834
	Improvement to Lease Hold Premises	1,900,810	330,817	—	—	2,231,627	1,234,086	399,525	—	—	—	1,633,611	598,016	666,724
		160,888,069	**1,687,260**	**–**	**313,889**	**162,261,440**	**71,046,837**	**6,742,651**	**–**	**(223,386)**	**–**	**77,566,102**	**84,695,338**	**89,841,232**
	Previous Year	***160,391,929***	***1,002,114***	***–***	***(505,974)***	***160,888,069***	***66,499,688***	***5,026,789***	***–***	***(479,640)***	***–***	***71,046,837***	***89,841,232***	***93,892,241***
7	**Intangible Assets**													
	Computer Software	**25,958,371**	**54,000**	**–**	**–**	**26,012,371**	**25,457,968**	**220,676**	**–**	**–**	**–**	**25,678,644**	**333,727**	**500,403**
	Previous Year	***25,958,371***	***–***	***–***	***–***	***25,958,371***	***25,173,715***	***284,253***	***–***	***–***	***–***	***25,457,968***	***500,403***	***784,656***
8	**Producing Properties** (See Note b & c below)	20,756,382,750	2,696,553,123	204,882,232	(718,744,593)	22,939,073,512	10,266,896,152	1,062,864,403	10,607,154,243	(454,497,393)	741,418,308	22,223,835,712	715,237,800	10,489,486,598
	Previous Year	***19,935,275,470***	***87,166,505***	***734,585,470***	***(644,695)***	***20,756,382,750***	***9,240,906,185***	***1,025,989,967***	***–***	***–***	***–***	***10,266,896,152***	***10,489,486,598***	***10,694,369,285***
	Grand Total (6+7+8)	**20,943,229,190**	**2,698,294,383**	**204,882,232**	**(718,430,704)**	**23,127,347,323**	**10,363,400,958**	**1,069,827,729**	**10,607,154,243**	**(454,720,779)**	**741,418,308**	**22,327,080,459**	**800,266,864**	**10,579,828,232**
	Previous Year	***20,121,625,770***	***88,168,619***	***734,585,470***	***(1,150,669)***	***20,943,229,190***	***9,332,579,588***	***1,031,301,009***	***–***	***(479,640)***	***–***	***10,363,400,957***	***10,579,828,233***	***10,789,046,182***
9	**Exploration / Development work in progress**													
	Development Expenditure	2,740,177,722	18,239,031	61,360,906	(2,694,851,248)	124,926,411	741,418,308	—	108,140,435	—	(741,418,308)	108,140,435	16,785,977	1,998,759,414
	Exploration Expenditure (See Note 41)	1,372,252,227	96,350,314	—	(70,479,836)	1,398,122,705	—	—	238,593,730	—	—	238,593,730	1,159,528,975	1,372,252,227
		4,112,429,949	**114,589,345**	**61,360,906**	**(2,765,331,084)**	**1,523,049,116**	**741,418,308**	**–**	**346,734,165**	**–**	**(741,418,308)**	**346,734,165**	**1,176,314,952**	**3,371,011,641**
	Previous Year	***4,133,233,445***	***226,805,479***	***232,745,274***	***(531,756,051)***	***4,112,429,949***	***741,418,308***	***–***	***–***	***–***	***–***	***741,418,308***	***3,371,011,641***	***3,391,815,137***

Notes:

a. Gross block and net block of Buildings include an amount of INR 28,238,883 (Previous Year: INR 28,238,883) and INR 9,636,785 (Previous Year: INR 10,123,244) respectively for assets given on operating lease.

b. Producing Properties include assets used in connection with petroleum operations.

c. Addition to Producing Properties (Exchange Differences) includes increase in undiscounted estimated future Site Restoration cost of INR 44,332,500 (Previous Year: increase of INR 98,152,500).

d. The Company has performed an Impairment test in compliance with Accounting Standard-28 during the current year and recognised an Impairment loss. Please See Note 25-Exceptional item for details.

e. Depletion in the current year includes additional depletion of INR 680,379,849 provided on account of change in reserves. Also See Note-25 Exceptional Item for details.

f. During the current year Surya Well, part of PY-1 field has been considered as dry well. In accordance with the Companies accounting policy, cost relating to Surya Well included in 'Development Expenditure' has been transferred to Producing Poperties.

g. Borrowing cost of INR Nil (Previous Year: INR 51,401,802) has been capitalized to the Exploration/Development work in progress.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
10. Non-Current Investment		
Trade Investment (valued at cost unless otherwise stated)		
Unquoted Equity Instrument (Investment in subsidiary)		
50,002 (Previous Year: 50,002) Equity Shares of INR 100 each of HOEC Bardahl India Limited	—	—
Non-Trade Investment		
100,000 (Previous Year: 100,000) Equity Shares of INR 10 each of Gujarat Securities Limited	1,000,000	1,000,000
Less: Provision for diminution in value of Investment	(999,999)	(999,999)
Total	**1**	**1**
Aggregate amount (cost) of unquoted investment	1,000,000	1,000,000

For method of valuation, please refer section viii of Significant Accounting Policies (Note B).

	As at March 31, 2015	As at March 31, 2014
11. Deferred Tax Assets / (Liabilities) (net)		
Deferred Tax Asset		
Exploration Expenses	479,173,072	438,769,239
Doubtful Advances / Debts	17,240,993	16,505,806
Employee Related Costs	342,198	240,553
Unabsorbed Business Losses and Depreciation	2,578,242,041	2,310,437,964
Depreciation, depletion, amortisation and impairment of Fixed Assets	1,404,808,067	—
Others	272,580	—
Sub Total (A)	**4,480,078,951**	**2,765,953,562**
Deferred Tax Liability		
Depreciation, depletion and amortisation of Fixed Assets	—	1,303,835,190
Employee Related Costs	—	—
Foreign Currency Monetary Item Translation Difference Account	—	3,937,929
Sub Total (B)	**–**	**1,307,773,119**
Net Deferred Tax Assets (A – B)	4,480,078,951	1,457,733,444
Less: Amounts not recognised (Refer note below)	(4,478,401,429)	(1,457,733,444)
Net Deferred Tax Assets	**1,677,522**	**1,259,519**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
12. Loans and advances				
Unsecured and considered good				
Capital advances	4,213,404	7,833,103	—	6,590,884
Security deposit	9,019,841	8,922,400	30,387	1,671,999
Advances recoverable in cash or kind	2,369,158	3,455,550	23,017,302	70,004,918
(A)	**15,602,403**	**20,211,053**	**23,047,689**	**78,267,801**
Other loans and advances (unsecured and considered good)				
Advance income tax [Net of Provision for Taxation of INR 719,792,128 (Previous Year: INR 713,309,809)] (See Note a & b below)	330,283,365	1,154,119,246	824,116,865	—
Fringe benefit tax paid [Net of Provision for Fringe Benefit Taxation of INR 9,138,912 (Previous Year: INR 9,138,912)]	88	1,058,148	—	—
Central Excise PLA Balance	—	—	154,883	156,207
Service Tax Input credit	—	—	297,703	296,076
Prepaid expenses	—	2,963,720	10,101,270	10,048,343
(B)	**330,283,453**	**1,158,141,114**	**834,670,721**	**10,500,626**
Unsecured and considered doubtful				
Capital advances (See Note c below)	1,354,621	1,354,621	—	—
Advances recoverable in cash or kind (See Note d below)	50,476,461	47,630,122	—	—
Fringe benefit tax [Net of Provision for Fringe Benefit Taxation of INR 8,500,000]	1,058,060	—	—	—
Less: Provision for Doubtful Advances	(52,889,142)	(48,984,743)	—	—
(C)	**–**	**–**	**–**	**–**
Total (A+B+C)	**345,885,856**	**1,178,352,167**	**857,718,410**	**88,768,427**

Notes:

a. The Hon'ble Mumbai ITAT had, vide its order dated September 17, 2013, passed a favorable order in relation to the Company's Income Tax Assessment Cases for the Financial Years 2004-05 and 2005-06 primarily relating to deduction under Section 80IB(9) of the Income Tax Act, 1961. Since the deduction had been decided in favour of the Company (consistent with Financial Years 2002-03 and 2003-04), the excess Income Tax provision made for the Financial Years 2004-05 to 2006-07 amounting to INR 5,650 lacs had been written back during the previous year.

b. Represents management's assessment of amounts expected to be realised within a period of 12 months.

c. It pertains to advances amounting to INR 1,354,621 paid towards the purchase of Bhaili Land in Vadodara district.

d. Includes amounts paid pursuant to a demand raised by Directorate General of Hydrocarbons with respect to the block CY-OSN-97/1 in the Financial Year 2012-13, the Company has paid amounts aggregating to INR 47,630,122 under protest. The matter is under arbitration and the Company has provided for the entire amount in books of account.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
13. Trade receivables and other current assets		
13.1 Trade receivables		
Secured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	67,291	—
Other receivables	3,606,264	3,418,539
(A)	**3,673,555**	**3,418,539**
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	192,343	666,251
Other receivables	50,757,783	82,418,804
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	1,307,852	1,888,154
(B)	52,257,978	84,973,209
Less: Provision for doubtful trade receivables **(C)**	(1,307,852)	(1,888,154)
Total (A+B+C)	**54,623,681**	**86,503,594**

	As at March 31, 2015	As at March 31, 2014
13.2 Other current assets		
Unsecured, considered good		
Ancillary cost of arranging the borrowings	—	1,087,488
Interest accrued on deposits	3,954,730	2,221,933
Excess paid to LIC for gratuity (See Note 28)	963,464	322,383
	4,918,194	**3,631,804**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	As at March 31, 2015	As at March 31, 2014
14. Current Investments		
Quoted Equity Instrument		
318 (Previous Year: 318) Equity Shares of INR 10 each of Reliance Industries Limited	25,975	25,975
318 (Previous Year: 318) Equity Shares of INR 5 each of Reliance Communication Ventures Limited	19,332	19,332
23 (Previous Year: 23) Equity Shares of INR 10 each of Reliance Infrastructure Limited	3,219	3,219
15 (Previous Year: 15) Equity Shares of INR 10 each of Reliance Capital Limited	166	166
79 (Previous Year: 79) Equity Shares of INR 10 each of Reliance Power Limited	272	272
(A)	**48,964**	**48,964**
Unquoted Mutual Funds		
Nil (Previous Year: 81,360.39) Units of INR 10 each of ICICI Prudential Savings Fund – Regular Plan – Growth	—	14,999,992
106,681.80 (Previous Year: Nil) Units of INR 100 each of ICICI Prudential Liquid Plan – Regular – Growth	21,589,388	—
938,746.77 (Previous Year: Nil) Units of INR 10 each of Kotak Treasury Advantage Fund – Regular Plan – Growth	20,000,000	—
Nil (Previous Year: 1,023,627.60) Units of INR 10 each of Kotak Floater Long Term – Growth	—	20,106,503
6,231.91 (Previous Year: 9,601.16) Units of INR 1,000 each of Kotak Floater Short Term – Regular Plan – Growth	14,072,566	20,000,000
Nil (Previous Year: 61,422.88) Units of INR 10 each of Birla Cash Plus Fund – Regular Plan – Growth	—	12,395,588
Nil (Previous Year: 132,988.27) Units of INR 10 each of Birla Floating Rate Long Term – Regular Plan – Growth	—	20,000,000
Nil (Previous Year: 119,244.37) Units of INR 10 each of Birla Floating Rate Short Term – Regular Plan – Growth	—	20,000,000
15,050.34 (Previous Year: 11,683.54) Units of INR 1,000 each of Tata Floater Fund Plan A – Growth	29,984,745	22,000,000
Nil (Previous Year: 1,536,145.50) Units of INR 10 each of Templeton Ultra Short Term Fund – Super Instit – Growth	—	25,000,000
Nil (Previous Year: 14,740.65) Units of INR 10 each of Reliance Money Manager Fund – Growth	—	25,500,000
16,871.177 (Previous Year: Nil) Units of INR 1,000 each of Franklin India Treasury Management Account – Super Institutional Plan – Growth	34,700,000	—
Nil (Previous Year: 1,197,346.23) Units of INR 10 each of HDFC Floating Rate Income Fund – Short Term – Wholesale Option – Growth	—	25,000,000
1,364,561.251 (Previous Year: Nil) Units of INR 10 each of Franklin India Ultra Short Bond Fund – Super Institutional Plan – Growth	23,382,849	—
1,574,813.30 (Previous Year: Nil) Units of INR 10 each of HDFC Liquid Fund – Growth	42,387,743	—
18,068.88 (Previous Year: Nil) Units of INR 1,000 each of Reliance Liquidity Fund – Growth Plan Growth Option	37,800,000	—
Nil (Previous Year: 3,094,091.30) Units of INR 10 each of IDFC Money Manager Fund – Treasury Plan – Growth	—	62,042,532
1,150,102 (Previous Year: 44,797) Units of INR 10 each of HDFC Liquid Fund – Treasury Advantage Plan – Daily Dividend Reinvestment	11,537,246	449,382
382,075 (Previous Year: 359,131) Units of INR 100 each of ICICI Prudential Flexible Income Plan – Premium – Daily Dividend Reinvestment	40,398,947	37,972,971
(B)	**275,853,484**	**305,466,968**
Total (A)+(B)	**275,902,448**	**305,515,932**
For method of valuation, please refer section vii of Significant Accounting Policies (Note B).		
Aggregate Cost of Quoted Investment	**48,964**	**48,964**
Market Value of Quoted Investment	**302,319**	**353,063**
Aggregate Cost of Unquoted Investment	**275,853,484**	**305,466,968**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

		Current	
		As at March 31, 2015	As at March 31, 2014
15.	**Inventories**		
i.	Crude Oil and Condensate		
	— Crude Oil	7,367,924	15,319,557
	— Condensate	18,545,397	8,786,282
ii.	Stores, Spares, Capital Stock and Drilling Tangibles	204,194,842	344,546,200
	(A)	**230,108,163**	**368,652,039**
iii.	**Stock of traded goods**		
	a. Unpacked		
	Additives	5,428,499	7,099,241
	Lubricants	1,993,825	2,106,278
	Car Care	630,447	738,350
		8,052,771	9,943,869
	b. Packed		
	Additives	14,216,704	5,900,497
	Lubricants	1,188,422	1,310,770
	Car Care	4,024,017	1,414,744
		19,429,143	8,626,011
iv.	**Unpacked Stock in transits**	5,446,749	8,373,189
v.	**Stock of Packing Material**	1,829,767	2,321,777
	(B)=(iiia+iiib+iv+v)	**34,758,430**	**29,264,846**
	Total (A+B)	**264,866,593**	**397,916,885**

For method of valuation, please refer section ix of Significant Accounting Policies (Note B).

	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
16. Cash and bank balances				
Cash and cash equivalents				
Balances with banks:				
Current accounts	—	—	18,059,528	28,197,142
Deposits with original maturity of less than 3 months	—	—	576,280	81,990,857
Cash on hand	—	—	20,998	2,024
	–	**–**	**18,656,806**	**110,190,023**
Other bank balances				
Unclaimed / Unpaid Dividend Accounts	—	—	2,071,998	2,909,580
Unclaimed / Unpaid Share Application Money	—	—	437,987	437,987
Deposits with original maturity of more than 3 months but less than 12 months (See Note a below)	—	—	54,200,000	—
Deposits with original maturity of more than 12 months (See Note b below)	490,663,115	475,393,402	—	18,132,882
	490,663,115	**475,393,402**	**56,709,985**	**21,480,449**
Total	**490,663,115**	**475,393,402**	**75,366,791**	**131,670,472**

Notes:

a. Deposits with original maturity of more than 3 months but less than 12 months include lien marked deposits of INR 14,200,000 (Previous Year: INR Nil).

b. Deposits with original maturity of more than 12 months include (i) lien marked Deposits of INR 43,608,764 (Previous Year: INR 64,414,019), and (ii) deposits of INR 447,054,351 (Previous Year: INR 410,979,383) placed as "Site Restoration Fund" under Section 33ABA of Income Tax Act, 1961.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	Year ended March 31, 2015	Year ended March 31, 2014
17. Revenue from Operations		
Sale of Crude Oil, Condensate and Natural Gas (See Note a below)	432,833,876	632,146,959
Less: Profit petroleum to Government of India	(29,945,885)	(40,743,704)
(A)	**402,887,991**	**591,403,255**
Sale of traded goods	191,721,600	198,828,553
Add: Excise Duty	27,488,005	28,211,805
(B)	**219,209,605**	**227,040,358**
Other operating revenue (C)	**679,605**	**753,994**
Total (A+B+C)	**622,777,201**	**819,197,607**

Note:

a. PY-1 Field was shut in for a period of 41 days in the FY 2015 (Previous Year: 102 days) due to annual shutdown by the Buyer / End Users for planned maintenance.

	Year ended March 31, 2015	Year ended March 31, 2014
18. Increase / (Decrease) in inventories of Crude Oil and Condensate		
Inventories at the end of the year	25,913,321	24,105,839
Inventories at the beginning of the year	24,105,839	47,595,669
	1,807,482	**(23,489,830)**
Less: Profit petroleum to Government of India	2,321,887	5,388,884
Net Increase / (Decrease) in inventories	**(514,405)**	**(28,878,714)**

	Year ended March 31, 2015	Year ended March 31, 2014
19. Other Income		
Interest income on Bank deposits	48,859,137	32,913,499
Other Interest	32,207	3,325
Dividend income on current investments	2,813,809	2,278,609
Dividend income on long term investments	6,342	6,094
Profit on sale of current investment	20,115,047	19,787,984
Excess provision written back/Provision no longer required	580,303	435,649
Miscellaneous Income	1,612,226	888,720
	74,019,071	**56,313,880**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	Year ended March 31, 2015	Year ended March 31, 2014
20. Purchase of Traded Goods		
Additives	62,910,957	64,968,615
Car Care	21,982,623	14,911,927
Taxes paid on local purchase of Raw Material	—	2,524,200
Increase / (Decrease) in Excise duty on Closing Stock	2,125,924	(1,192,857)
Increase / (Decrease) in Output VAT on Closing Stock	22,792	—
Cost of Samples & Replacements	(582,401)	(740,064)
	86,459,895	**80,471,821**

	Year ended March 31, 2015	Year ended March 31, 2014
21. (Increase) / Decrease in inventories of Traded Goods		
Inventories at the beginning of the year	18,569,880	24,618,552
Inventories at the end of the year	27,481,914	18,569,880
	(8,912,034)	**6,048,672**

	Year ended March 31, 2015	Year ended March 31, 2014
22. Repacking Cost		
Packing Material consumed	23,528,920	21,143,325
Increase / (Decrease) in Output VAT on Closing Stock of Packing Material	—	17,513
Repacking Cost	8,902,547	7,223,490
Taxes paid on local purchase of Raw Material	—	480,227
	32,431,467	**28,864,555**

		Year ended March 31, 2015	Year ended March 31, 2014
23. Employee Benefits, Operating, Administrative and Other Expenses			
A. Employee Benefit Expenses			
Salaries, Wages and Bonus		76,755,046	103,149,084
Contribution to :			
(i) Provident Fund		4,769,126	5,631,436
(ii) Superannuation Scheme		3,578,563	5,210,653
Staff Welfare Expenses		4,594,254	5,560,321
Total Employee Benefit Expenses	**(A)**	**89,696,989**	**119,551,494**
B. Operating Expenses			
Hire Charges and Rent		—	322,189
Insurance		29,698,913	32,848,039
Repair and Maintenance		102,388,902	110,382,043
Manpower Costs and Overheads		49,436,750	77,365,761
Transportation and Logistics		118,093	3,896,075
Consumables		218,517	354,786
Royalty, Cess and Other Duties		32,695,503	44,530,703
Other Production Expenses		20,689,922	10,750,492
Total Operating Expenses	**(B)**	**235,246,600**	**280,450,088**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

		Year ended March 31, 2015	Year ended March 31, 2014
23.	**Employee Benefits, Operating, Administrative and Other Expenses (Contd.)**		
C.	**Administrative and Other Expenses**		
	Rent	16,448,976	17,874,160
	Product Promotion Expenses	6,341,003	9,287,996
	Incentives for Marketing	2,695,028	3,202,652
	Rebates and Discounts	6,582,729	9,309,938
	Sales Promotion	3,129,602	3,775,646
	Field Staff Expenses	3,713,117	3,524,368
	Power & Fuel	2,388,570	2,428,103
	Rates and Taxes	14,770,194	1,804,788
	Repairs and Maintenance – Others	5,639,777	6,094,381
	General Office Expenses	698,226	935,647
	Travelling and Conveyance	4,672,848	7,727,882
	Communication Expenses	2,010,837	3,793,095
	Membership and Subscription	1,938,766	2,079,229
	Legal and Professional Expenses	11,091,916	37,637,589
	Insurance	549,188	658,517
	Directors' Sitting Fees and Commission	1,033,712	817,877
	Printing and Stationary	2,326,169	2,569,608
	Miscellaneous Expenses	10,461,033	10,173,156
	Provisions for Doubtful Advances	3,904,399	238,397
	Loss on sale of investments	—	4,069
	Loss on Foreign exchange	8,136,321	46,174,110
	(i)	**108,532,411**	**170,111,208**
	Payment to Auditor:		
	As Auditor:		
	Audit Fee	2,468,660	2,516,864
	Tax Audit Fee	162,360	168,540
	Limited Review	505,620	505,620
	Reimbursements	127,362	317,152
	Other services	36,350	39,326
	(ii)	**3,300,352**	**3,547,502**
Total Administrative and Other Expenses	**(C) = (i+ii)**	**111,832,763**	**173,658,710**
Total Employee Benefit, Operating, Administrative and Other Expenses	**(A+B+C)**	**436,776,352**	**573,660,292**
Less: Recovery of Expenses (See Note 34)		(67,547,380)	(123,445,390)
Total Employee Benefit, Operating, Administrative and Other Expenses		**369,228,972**	**450,214,902**

	Year ended March 31, 2015	Year ended March 31, 2014
24. Finance Costs		
Interest on Fixed Term Loans	144,361,344	130,120,344
Interest (Others)	309,911	397,250
Bank Charges and Commission	1,294,259	3,556,747
Amortization of Ancillary Borrowing Cost	1,087,488	2,901,701
	147,053,002	**136,976,042**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	Year ended March 31, 2015	Year ended March 31, 2014
25. Exceptional Items		
Impairment on Assets (See Note a below)		
– PY-1 (See Note a below)	9,932,758,904	—
– PY-3 (See Note b below)	707,505,751	—
– CB-OS-1 (See Note c below)	259,573,358	—
– CB-ON-7 (Palej) (See Note d below)	54,050,395	—
Additional Depletion on Producing Property (See Note a below)	680,379,849	—
	11,634,268,257	**–**

Notes:

a. PY-1 Field – Exceptional item represents additional depletion and impairment loss charged to the statement of profit and loss pursuant to an independent third party reservoir study of PY-1 Field and consequent revision of certain key assumptions by the Board of Directors. As a consequence, additional depletion amounting to INR 680,379,849 for the production in the six months period up to September 30, 2014 has been provided in the current year. Further the Company has carried out an impairment assessment as at September 30, 2014, based on procedures consistent with Accounting Standard 28 (AS 28) and recognised an impairment loss to the extent of INR 9,932,758,904. The cash flows have been projected based on estimate of Proved Reserves as provided by the independent third party, estimate of commercially produceable proved reserves made by the management, cash flows necessary to maintain assessed standard of performance and considering discount rate of 13.28% which reflects market assessment based on transactions for similar assets.

b. CY-OS-90/1 (PY–3) Field – Operated by Hardy Exploration & Production (India) Inc., remains shut-in since July 31, 2011. Considering the current environment of oil prices, there are no plans for recommencement of production from existing wells and commencement of further development activities in the foreseeable future.

   In view of the above facts, there are uncertainties in the recoverability of carrying value of PY-3 assets. Accordingly, the Company has recognised an impairment loss for the carrying value of PY-3 assets in the current year.

c. CB-OS-1 Field – Existing development plans are not economically viable considering the current oil prices. ONGC being the Operator of the block proposes to perform further studies on the field to determine the optimal development plan. Accordingly, no additional investment is expected in the foreseeable future.

   In view of the above factors, considering the uncertainty in the recoverability of carrying value of CB-OS-1 assets, Company has recognised an impairment loss for the carrying value of CB-OS-1 assets during the current year.

d. CB-ON-7 (Palej) Field – The Company has recognised an impairment loss for the carrying value of CB-ON-7 (Palej) Field amounting to INR 54,050,395 for uncompleted exploratory well assets in the current year.

	Year ended March 31, 2015	Year ended March 31, 2014
26. Earnings Per Share (EPS) The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations:		
Profit / (Loss) After Tax as per Statement of Profit and Loss (used for both calculation of basic and diluted EPS)	**(12,196,026,525)**	**(1,237,270,670)**
Weighted average number of equity shares in calculating basic and diluted EPS	130,493,289	130,493,289
Earnings per equity share in INR computed on the basis of profit/(loss) for the year Basic and Diluted	(93.46)	(9.48)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

27. Information relating to HOEC Bardahl India Limited

(100% subsidiary of Hindustan Oil Exploration Company Limited)

Information required pursuant to General Circular No. 2 /2011 No: 5/12/2007-CL-III dated February 08, 2011 issued by Ministry of Corporate Affairs, is as below:

Particulars	HOEC Bardahl India Limited	
	2014-2015	2013-2014
Capital	5,000,200	5,000,200
Reserves	87,949,905	73,844,820
Total Assets (excluding Investments)	86,533,452	79,463,980
Total Liabilities (excluding Capital and Reserve)	45,519,540	39,041,313
Investments (See Note below)	51,936,193	38,422,353
Turnover	196,633,189	202,499,019
Profit Before Taxation	20,468,799	15,123,107
Provision for Taxation	(6,363,714)	(4,295,263)
Profit After Taxation	14,105,085	10,827,844
Proposed Dividend	—	—

Note:

Details of Investments of HOEC Bardahl India Limited

	2014-2015	2013-2014
Current Unquoted (Non-Trade)		
Units of Liquid / Liquid Plus Schemes of Mutual Funds		
HDFC Liquid Fund – Treasury Advantage Plan – Daily Dividend Reinvestment	11,537,246	449,382
Prudential ICICI Flexible Income Plan – Premium – Daily Dividend Reinvestment	40,398,947	37,972,971
Total	**51,936,193**	**38,422,353**

28. Long Term Incentive Plan, Scheme 2005

Under the HOEC Limited Employee Stock Option Scheme – 2005 (ESOS Scheme) approved by the Shareholders, and as amended from time to time, the Board had granted options in the prior years to the eligible Employees and eligible Directors at Nil exercise price as part of the Long Term Incentive Plan (LTIP). There are no outstanding share options as on March 31, 2015.

Method Used for Accounting for Share Based Payment Plan:

Under the LTIP Scheme 2005, the options are granted in the succeeding year after adoption of the Annual Audited Accounts for the given year. The Company charges the entire amount provided towards performance bonus and stock options to the Statement of Profit and Loss for the year for which the grant corresponds to. Any upward variation in the market price / acquisition price of the ESOS stocks, as may be applicable, as on the date of Balance Sheet, is charged to the Statement of Profit and Loss for the period as per LTIP.

Particulars	Number of Shares Arising Out of Options	
	2014-2015	2013-2014
Outstanding at the beginning of the Year	—	17,680
Granted during the Year	—	—
Forfeited / lapsed during the Year	—	—
Exercised during the Year	—	17,680
Outstanding at the end of the Year	—	—
– Vested	—	—
– Yet to Vest	—	—

Fair Value Methodology:

The fair value of the options granted under LTIP Scheme 2005 approximates the intrinsic value of the options on the date of the grant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

29. Employee Benefits

a. Gratuity

The Company's obligation towards the Gratuity Fund is a Defined Benefit Plan. Every employee who has completed 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 Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet.

	2014-2015	2013-2014
Statement of Profit & Loss		
Net employee benefit expense recognized in the employee cost		
Current service cost	1,327,574	1,217,032
Interest cost on benefit obligation	1,009,722	915,088
Expected return on plan assets	(1,135,217)	(997,479)
Net actuarial (gain) / loss recognized in the year	536,197	(1,010,012)
Adjustment to reconcile the opening fund	—	(116,461)
Net benefit expense	**1,738,276**	**8,168**
Balance sheet		
Benefit asset / (liability)		
Present value of defined benefit obligation	(9,422,342)	(11,999,420)
Fair value of plan assets	10,184,468	12,321,803
Plan asset / (liability)	**7,62,126**	**322,383**
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	11,999,421	11,846,865
Current service cost	1,327,574	1,217,032
Interest cost	1,009,722	915,088
Benefits paid	(5,240,965)	(1,010,390)
Actuarial (gains) / losses on obligation	326,590	(969,175)
Closing defined benefit obligation	**9,422,342**	**11,999,420**
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	12,321,804	10,959,105
Adjustment to reconcile the opening fund	—	116,461
Expected return	1,135,217	997,479
Contributions by employer	2,178,019	1,164,521
Benefits paid	(5,240,965)	(956,600)
Actuarial gains / (losses)	(209,607)	40,837
Closing fair value of plan assets	**10,184,468**	**12,321,803**

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

	2014-2015		2013-2014	
Particulars	**Company**	**Subsidiary**	**Company**	**Subsidiary**
Discount rate	7.75%	7.70%	9.10%	9.00%
Future salary increase	5.00%	6.50%	9.00%	6.50%
Expected rate of return on assets	8.25%	8.00%	9.00%	8.75%
Employee turnover	1% to 5%	1% to 5%	1% to 5%	1% to 5%

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

Particulars	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Defined benefit obligation	(9,422,342)	(11,999,420)	(11,846,866)	(10,961,645)	(9,397,768)
Plan assets	10,184,468	12,321,803	10,959,107	9,463,644	5,976,421
Surplus / (deficit)	762,126	322,383	(887,759)	(1,498,001)	(3,421,347)
Experience adjustments on plan liabilities	326,590	(969,175)	(532,308)	148,853	(619,983)
Experience adjustments on plan assets	(209,607)	40,837	15,560	168,407	14,369

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

b. Compensated Absences

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

Particulars	2014-2015		2013-2014	
	Company	Subsidiary	Company	Subsidiary
Discount Rate (% p.a.)	7.75%	7.70%	9.10%	9.00%
Future Salary Increase (% p.a.)	5.00%	6.50%	9.00%	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%

30. Segmental Reporting

Segment reporting in terms of Accounting Standard 17 is as under:

	Particulars	March 31, 2015	March 31, 2014
1	**Segment Revenue**		
	— Hydrocarbon	409,721,678	574,712,130
	— Oil Additives	192,981,508	199,975,326
	— Inter-Company Elimination	(6,541,500)	(11,256,000)
	— Unallocated	72,632,176	54,989,512
	Gross Sales / Income from Operations	**668,793,862**	**818,420,968**
2	**Segment Results**		
	— Hydrocarbon	(12,138,969,028)	(1,304,176,381)
	— Oil Additives	17,185,544	13,293,949
	— Unallocated	(67,879,325)	(70,730,526)
	Total Profit / (Loss) before Tax	**(12,189,662,809)**	**(1,361,612,958)**
3	**Segment Assets**		
	— Hydrocarbon	2,742,521,067	14,919,643,245
	— Oil Additives	71,844,578	66,889,266
	— Unallocated	1,533,838,784	1,633,319,566
	Total Assets	**4,348,204,429**	**16,619,852,077**
4	**Segment Liabilities**		
	— Hydrocarbon	(1,494,910,706)	(1,752,807,699)
	— Oil Additives	(45,519,540)	(39,041,313)
	— Unallocated	(521,693)	(9,468,608,070)
	Total Liabilities	**(1,540,951,939)**	**(11,260,457,082)**
5	**Addition in Tangible and Intangible Fixed Assets**		
	— Hydrocarbon	2,811,397,357	314,445,614
	— Oil Additives	1,486,371	528,484
	Total Addition in Tangible and Intangible Fixed Assets	**2,812,883,728**	**314,974,098**
6	**Depreciation, Amortisation and Exploration Expenses**		
	— Hydrocarbon	1,138,900,703	1,476,627,781
	— Oil Additives	1,406,863	795,675
	Total Depreciation, Amortisation and Exploration Expenses	**1,140,307,566**	**1,477,423,456**
7	**Non-Cash Expenses other than Depreciation, Amortisation and Exploration Expenses**		
	— Hydrocarbon	11,139,350,348	11,801,595
	— Oil Additives	—	238,396
	Non-Cash Expenses other than Depreciation, Amortisation and Exploration Expenses	**11,139,350,348**	**12,039,991**

Note:

The Group's operations are carried out only in India and the Group does not have any geographical segments other than India.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

31. Unincorporated Joint Venture Operations

a) The Company has entered into Production Sharing Contracts (PSC's) for Unincorporated Joint Ventures (UJVs) in respect of certain properties with the Government of India and some bodies corporate. Details of these UJVs and participating interest of consortium partners are as follows:

Sl. No.	Unincorporated Joint Ventures	Partners	Share (%)	
			As at March 31, 2015	As at March 31, 2014
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
		Heramec Limited	30.00	30.00
5	CB-ON/7 (Palej)	**Exploration:**		
		Hindustan Oil Exploration Company Limited (O)	50.00	50.00
		Gujarat State Petroleum Corporation Limited	50.00	50.00
		Development and Production:		
		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	**Exploration:**		
		Oil and Natural Gas Corporation Limited (O)	32.89	32.89
		Hindustan Oil Exploration Company Limited	57.11	57.11
		Tata Petrodyne Limited	10.00	10.00
		Development and Production:		
		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	**Exploration:**		
		Hindustan Oil Exploration Company Limited (O)	40.323	40.323
		Indian Oil Corporation Limited	43.548	43.548
		Oil India Limited	16.129	16.129
		Development and Production:		
		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
9	RJ-ONN-2005/1	Hindustan Oil Exploration Company Limited (O)	25.00	25.00
		Bharat Petro Resources Limited	25.00	25.00
		Jindal Petroleum Limited**	25.00	25.00
		IMC Limited	25.00	25.00
10	RJ-ONN-2005/2	Oil India Limited (O)	60.00	60.00
		Hindustan Oil Exploration Company Limited	20.00	20.00
		HPCL & Mittal Energy Limited	20.00	20.00

(O) – Operator

Notes:

All the Unincorporated Joint Ventures are for the blocks awarded within the territorial limits of India.

* Pursuant to the Settlement Agreement entered into during 2012, the Participating Interest (PI) of the Company has been revised to 100%.

** On account of non-submission of Financial and Performance Guarantee to the Government of India, JPL has been declared "Defaulting Party" by the Management Committee. The non-defaulting parties i.e HOEC, BPRL and IMC have paid the cost of the defaulting party (JPL) on interim basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

b) In respect of two of its Unincorporated Joint Ventures (UJV) not operated by the Company, the Company has incorporated its share of the balances as at March 31, 2015 based on the unaudited financial information as follows:

i) CY-OS-90/1 (PY-3): The operations in the field have been stopped since July 2011 and the last relevant audited financial statements for the UJV were received for the year ended March 31, 2012. Subsequent to July 31, 2011 no further expenses that have been approved by the Management Committee and hence the Company has not accounted for the same. The Company does not expect any further expenses with respect to this field. Accordingly, the Company has accounted for its share based on the audited accounts till the year ended March 31, 2012 and subsequent adjustments (if any) till the period ending March 31, 2015 which is based on the unaudited financial information.

ii) CB-OS/1: The Company has accounted for its share of balances based on the audited accounts till the year ended March 31, 2014 and for the balances as at March 31, 2015, the Company has accounted based on the un-audited financial information received from the operator.

The financial statements include, Company's share of current assets/(liabilities), non-current assets/(liabilities), expenses and cash flows aggregating to INR 829,974 / INR (79,685,217), INR 310,586,199 / INR (331,065,000), INR Nil and INR (1,924) respectively as at or for the year ended March 31, 2015 in respect of the above two UJVs.

32. Details of Oil and Gas Reserves

As at March 31, 2015, the internal estimates of the Management of Proved and 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:

		Opening	Addition	Deduction	Production	Closing
Proved Reserves (1P)						
– Oil	MMT	0.056	—	—	0.002	0.054
– Gas	BCM	3.152	—	2.633	0.034	0.485
Proved + Probable (2P)						
– Oil	MMT	0.077	—	—	0.002	0.075
– Gas	BCM	3.621	0.051	1.646	0.034	1.992

Developed:

		Opening	Addition	Deduction	Production	Closing
Proved Reserves (1P)						
– Oil	MMT	0.056	—	—	0.002	0.054
– Gas	BCM	0.519	—	—	0.034	0.485

The above reserves estimate doesn't include the reserves of PY-3 and CB-OS-1.

33. Related Party Disclosures

(i) The related parties of the Company as at March 31, 2015 are as follows:

(A) Promoter Group:

1. ENI UK Holdings Plc (Wholly Owned Subsidiary of ENI S.p.A, Italy)
2. Burren Shakti Limited (Wholly Owned Indirect Subsidiary of ENI UK Holdings Plc)
3. Burren Energy India Limited (Wholly Owned Indirect Subsidiary of ENI UK Holdings Plc)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

(B) Other Group Entities:

1. ENI Finance International, S.A., Belgium (formerly known as ENI Coordination Center S.A., Belgium)
2. ENI Lasmo Plc
3. ENI India Limited, United Kingdom
4. Banque ENI Belgium
5. Saipem (Portugal) Comercio Maritimo Su Lda

(C) Unincorporated Joint Ventures:

As per details given in Note 30 above.

(D) Key Management Personnel:

- Mr. Manish Maheshwari – Managing Director (till 9th October 2014)
- Mr. P. Elango – Managing Director (From 2nd February 2015)
- Mr. R. Jeevanandam – CFO and Additional Director (From 2nd February 2015)

(ii) The nature and volume of transactions of the Group during the year with the above parties were as follows:

Particulars	Promoter Group	Other Group Entities	Unincorporated Joint Ventures Partners	Key Management Personnel
EXPENDITURE				
— Operating Expenditure	— (—)	— (6,293,098)	— (—)	— (—)
— Remuneration to Managing Director	— (—)	— (—)	— (—)	12,391,745 (20,194,705)
— Remuneration to CFO	— (—)	— (—)	— (—)	1,603,862 (—)
— Professional Fee	— (—)	— (21,270,620)	— (—)	— (—)
— Recovery of Expenses	— (—)	— (—)	31,915,814 (57,723,663)	— (—)
— Interest Paid*	— (—)	142,676,478 (216,516,608)	— (—)	— (—)
— Bank Charges	— (—)	— (22,823)	— (—)	— (—)
LOAN				
— Unsecured Loan Repaid*	— (—)	— (137,000,000)	— (—)	— (—)
— Unsecured Loan waived	— (—)	9,608,450,000 (—)	— (—)	— (—)
CAPITAL EXPENDITURE				
— Development Expenditure	— (—)	— (28,807,027)	— (—)	— (—)
AS AT YEAR END				
Loan Outstanding as at Year End*	— (—)	— (9,375,950,000)	— (—)	— (—)
Amounts Payable as at Year End	— (—)	263,011,474 (285,358,826)	— (—)	— (—)

* Amount relates to ENI Finance International S.A., Belgium [See Note 3(b)].

Notes:

a) During the year, remuneration of INR 2,138,382 paid to Mr. Manish Maheshwari, Managing Director for the period from April 01, 2014 to October 09, 2014, in his capacity as the Managing Director of the Company, is in excess of the limits specified in Schedule V to the Companies Act, 2013. The Company is in the process of seeking approval of the Shareholders and the Central Government.

b) Figures in brackets relate to the Previous Year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

34. Commitments and Contingencies

Particulars			As at March 31, 2015	As at March 31, 2014
(i)	Contingent Liabilities			
	(a)	Counter Guarantees on account of Bank Guarantees	156,579,954	256,825,234
	(b)	Claims against the Company not acknowledged as Debt		
		– Income Tax Demands under Appeal	191,854,525	395,030,684
		– Fringe Benefit Tax Demand where the matter is in appeal	—	523,345
		– Central Excise demand where the matter is in appeal	300,844	300,844
	(c)	Service Tax Liability (pertaining to one Unincorporated Joint Venture)	2,039,321	2,139,321
	(d)	Hire Charges (pertaining to one Unincorporated Joint Venture)	217,881,005	217,881,005
	(e)	Royalty payable under appeal (Pertaining to one Unincorporated Joint Venture)	141,252,121	141,252,121
(ii)	Commitments			
	(a)	Estimated amount of Contracts remaining to be executed and not provided for	1,082,787	13,417,649

35. Recovery of Expenses

Recovery of expenses represents expenditure incurred by the Company for the UJVs where the Company is the Operator. Such costs are recovered from the respective UJVs as per the terms of the Production Sharing Contract.

36. Particulars of Unhedged Foreign Currency Exposure

The particulars of Unhedged Foreign Currency Exposure of the Group, are as under:

Particulars	As at March 31, 2015	As at March 31, 2014
Secured Loans	—	92,175,630
Unsecured Loans	—	9,375,950,000
Sundry Creditors	272,094,824	295,981,547
Sundry Debtors	9,349,116	18,878,927
Loans and Advances	307,796	—
Bank Account and Deposit	—	362,793

37. Accounting Standard 11 – The Effects of Changes in Foreign Exchange Rates

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

Particulars	2014-2015	2013-2014
Exchange Differences capitalised to Fixed Assets (including Work in Progress) during the year	266,243,139	967,330,744
Closing Balance of Foreign Currency Monetary Item Translation Difference Account as at the end of the year to be amortised in subsequent periods	—	35,434,019
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	12,137,244

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

38. The Company has capital requirements to implement its development plan under the Production Sharing Contract (PSC) for the block AAP-ON-94/1 approved by the Directorate General of Hydrocarbons and the Ministry of Petroleum and Natural Gas in the near future. The development cost estimated for the total project is INR 527 Crores (US$ 85 million) and for the share of the company it is estimated to be in the order of INR 142 Crores (US$ 22.85 million). These expenditures are to be incurred over a period of two years. The carrying value of the assets in the books of the Company's for the successful exploration and appraisal is INR 117.27 Crores.

The Company has net current assets of INR 127.54 Crores (including tax receivables of INR 82.41 Crores) as on March 31, 2015 before adjusting a liability of INR 26.30 Crores payable to the group companies of the Promoter. Management is confident that the above liability of INR 26.30 Crores can be deferred for a period of more than one year and up to the completion of the development of the block AAP-ON-94/1.

The Company may be liable for the obligation in respect of unfinished Minimum Work Program in term of the Production Sharing Contract for the block RJ-ONN-2005/1. In case of non-operated block RJ-ONN-2005/2 the Operator has sought the extension of the block validity and if the Minimum Work Program is not completed the Company may be liable for the obligation of the unfinished minimum work program.

The Company has been rated for BBB+ for a line of credit of INR 100 Crores by Indian Credit Rating Agency on May 15, 2015. Company is confident of meeting the capital requirements to implement its business plan, discretionary capital expenditure, commitments and the obligations under the Production Sharing Contracts (PSC) and liabilities in the foreseeable future with the existing cash and cash equivalents/ liquid assets, tax refunds due to the Company and by raising financial resources through debt/ equity financing as required without any additional financial support from the promoter. The Company has a successful track record of raising capital both debt and equity in the past and shall raise financial resources for the growth of the Company as and when required without any additional capital infusion from the promoter. Accordingly, the Financial Statements have been prepared on the basis that the Company is a going concern with no further adjustments to the carrying value of assets and liabilities.

39. In compliance with SEBI directions relating to treatment of survey cost under the Guidance Note (Accounting for Oil and Gas Producing Activities, issued by Institute of Chartered Accountants of India), the Company has expensed off survey costs amounting to INR 7.05 Crores Previous Year: INR 44.61 Crores in the statement of Profit and Loss which were initially capitalized as 'Exploration Expenditure'.

40. Previous Year Figures

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

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No. 101049W

per Subramanian Suresh
Partner
Membership No. 83673

Place : Chennai
Date : May 28, 2015

For and on behalf of the Board of Directors

S. B. Mathur	Chairman
P. Elango	Managing Director
R. Jeevanandam	Director & CFO
Guido Papetti	Director
Sharmila Amin	Director
Minesh Bhatt	Assistant Company Secretary

Place : New Delhi
Date : May 28, 2015

GLOSSARY

2D Seismic	–	Two Dimensional Seismic
3D Seismic	–	Three Dimensional Seismic
2P/P+P Reserves	–	Proved and Probable Reserves Proved Reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. If probabilistic methods are used, there should be at least 90% probability that the quantities actually recovered will equal or exceed the estimate. Developed Reserves are expected quantities to be recovered from existing wells and facilities. Undeveloped Reserves are quantities expected to be recovered through future investments. Probable Reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proven plus probable reserves.
API	–	American Petroleum Institute
AS	–	Accounting Standard
bbl	–	barrel
bcf	–	billion cubic feet
boe	–	barrels of oil equivalent
bopd	–	barrels of oil per day
boepd	–	barrels of oil equivalent per day
BEE	–	Bureau of Energy Efficiency
CCEA	–	Cabinet Committee on Economic Affairs
CDR	–	Commercial Discovery Report
CFDP	–	Comprehensive Full Field Development Plan
CFO	–	Chief Financial Officer
CFS	–	Consolidated Financial Statement
CPCL	–	Chennai Petroleum Corporation Limited
CRZ	–	Coastal Regulation Zone
CSR	–	Corporate Social Responsibility
CWIP	–	Capital Work In Progress
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
EBITDA	–	Earnings Before Income Tax, Depreciation & Amortisation
ECB	–	External Commercial Borrowing
ECC	–	Eni Coordination Center S.A.
EFI	–	Eni Finance International
EMV	–	Expected Monetary Value
EOR	–	Enhanced Oil Recovery
ERP	–	Emergency Response Plan
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
G&G	–	Geological & Geophysical
GDP	–	Gross Domestic Product
GHG	–	Green House Gas
GIIP	–	Gas Initially in Place
GSPCL	–	Gujarat State Petroleum Corporation Ltd.
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
HSECSR	–	Health, Safety, Environment & Corporate Social Responsibility
INR	–	Indian Rupee
JOA	–	Joint Operating Agreement
JSA	–	Job Safety Awareness
JV	–	Joint Venture
KPI	–	Key Performance Indicator
LNG	–	Liquefied Natural gas
rLNG	–	Regasified Liquefied Natural Gas
LTI	–	Loss Time Incident
LTIP	–	Long Term Incentive Plan
MAT	–	Minimum Alternate Tax
MC	–	Management Committee
ML	–	Mining Lease
mmboe	–	Million barrels of oil equivalent
mmbtu	–	Million british thermal unit
MMm3	–	Million cubic meters a day
mmscfd	–	Million standard cubic feet per day
mmscm	–	Million standard cubic meters
MMBBL	–	Million Barrels
Mn	–	million
MoD	–	Ministry of Defence
MoEF	–	Ministry of Environment & Forests
MoP&G	–	Ministry of Petroleum & Natural Gas
MSGs	–	Management System Guidelines
MSMED	–	Micro Small & Medium Enterprises Development Act, 2006
NEDs	–	Non Executive Directors
NELP	–	New Exploration Licensing Policy
NPV	–	Net Present Value
OC	–	Operating Committee
OEM	–	Original Equipment Manufacturer
OGP	–	International Association of Oil & Gas Producers
OPEC	–	Organization of the Petroleum Exporting Countries
ONGC	–	Oil & Natural Gas Corporation Limited
PI	–	Participating Interest
PoD	–	Plan of Development
rPoD	–	Revised Plan of Development
PSA	–	Petroleum Service Agreement between Eni India and HOEC
PSC	–	Production Sharing Contract
Revenue	–	Sales+Increase / (Decrease) in stock of crude oil+Other Income
scmd	–	standard cubic meters per day
scm	–	standard cubic meters
SEBI	–	Securities and Exchange Board of India
SEM	–	Successful Efforts Method
SIMOPs	–	Simultaneous Operations
UAE	–	United Arab Emirates
USD/$	–	United States Dollar
UJV	–	Unincorporated Joint Venture
Working interest basis	–	Field Production x Participating Interest
Entitlement basis	–	Working interest basis less Government share of Profit Petroleum
Turnover	–	Sales + Increase / (Decrease) in Stock of Crude Oil

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NOTICE

Notice is hereby given that the **Thirty First Annual General Meeting of Hindustan Oil Exploration Company Limited** will be held on Friday, the 25th day of September 2015 at 10:30 a.m. at 'Tropicana Hall', The Gateway Hotel Vadodara, Akota Gardens, Akota, Vadodara-390 020 (Gujarat) India, to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2015 together with the reports of the Directors' and Auditor's thereon and the Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2015.

2. To appoint a Director in place of Mr. Guido Papetti (DIN: 06616547), who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint a Director in place of Mr. Paolo Ceddia (DIN: 06638260), who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint M/s. Deloitte Haskins & Sell LLP, Chartered Accountants (ICAI Registration No. FRN: 117366 W/W 100018) as Statutory Auditors of the Company in place of M/s. S.R. Batliboi & Associates LLP, the retiring Statutory Auditors, to hold office from the conclusion of this annual general meeting, until the conclusion of thirty sixth annual general meeting, subject to ratification of appointment at every annual general meeting and to authorise the Board of Directors to fix their remuneration or by the Board authorising the Managing Director of the Company in this regard."

SPECIAL BUSINESS:

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

"**RESOLVED THAT** pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the remuneration of INR 200,000 (Rupees Two Lacs Only) plus applicable taxes and out of pocket expenses payable to Mr. K, Suryanarayanan, Cost Accountant-in practice for the year 2015-16."

6. Appointment of Mr. Sunil Behari Mathur as an Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"**RESOLVED THAT** Mr. Sunil Behari Mathur (DIN: 00013239), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 17th November 2014 under Section 161(1) of the Companies Act, 2013 ("the Act") and The Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act signifying his intention to propose the candidature of Mr. Sunil Behari Mathur, for the office of Director be and is hereby appointed as a Director of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof, for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sunil Behari Mathur (DIN: 00013239), who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act, and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years with effect from 17th November 2014."

7. Appointment of Ms. Sharmila Amin as an Independent Director

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

"**RESOLVED THAT** Ms. Sharmila Amin (DIN: 06770401), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 17th December, 2014 under Section 161(1) of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modifications or re-enactment(s) thereof, for the time being in force), who is eligible for appointment and in respect of whom the Company has received a notice in writing from a

Member under Section 160 of the Act, signifying his intention to propose the candidature of Ms. Sharmila Amin for the office of Director be and is hereby appointed as a Director of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), and Clause 49 of the Listing Agreement, Ms. Sharmila Amin (DIN: 06770401), who has submitted a declaration that she meets the criteria of independence under Section 149(6) of the Act, and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years with effect from 17th December 2014."

8. **Appointment of Mr. Elango Pandarinathan as a Director**

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

"RESOLVED THAT Mr. Elango Pandarinathan (Mr. P. Elango) (DIN: 06475821) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 2nd February 2015 under Section 161(1) of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modifications or re-enactment(s) thereof, for the time being in force), who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, signifying his intention to propose the candidature of Mr. P. Elango for the office of Director, be and is hereby appointed as a Director of the Company."

9. **Appointment of Mr. Elango Pandarinathan as Managing Director of the Company**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment and remuneration of Mr. Elango Pandarinathan (Mr. P. Elango) (DIN: 06475821), as the Managing Director of the Company for a period of three years with effect from 2nd February 2015, upon the terms and conditions as specified in the Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 annexed to this Notice and as set out in the Employment Agreement and amendment thereon placed before the Meeting, duly initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with authority to the Board of Directors (which term shall be deemed to include any duly authorized committee thereof for the time being exercising the power conferred on the Board by this Resolution) to alter and vary the terms and conditions of the said Appointment and/ or Employment Agreement in such manner as it may deem fit and as may be agreed to between the Board of Directors and Mr. Elango Pandarinathan and for this purpose the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary."

10. **Appointment of Mr. Ramasamy Jeevanandam as a Director**

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

"RESOLVED THAT Mr. Ramasamy Jeevanandam (Mr. R. Jeevanandam) (DIN: 07046442) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 2nd February 2015 under Section 161(1) of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modifications or re-enactment(s) thereof, for the time being in force), who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, signifying his intention to propose the candidature of Mr. Ramasamy Jeevanandam for the office of Director, be and is hereby appointed as a Director of the Company."

11. **Appointment of Mr. Ramasamy Jeevanandam as Whole Time Director and Chief Financial Officer of the Company**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment and remuneration of Mr. Ramasamy Jeevanandam (Mr. R. Jeevanandam) (DIN: 07046442), as Whole Time Director & Chief Financial Officer of the Company for a period of three years with effect from 2nd February 2015, upon the terms and conditions as specified in the Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 annexed to this Notice and as set out in his Employment Agreement and amendment thereon placed before the Meeting, duly initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with authority to the Board of Directors (which term shall be deemed to include any duly authorized committee thereof for the time being exercising the power conferred on the Board by this Resolution) to alter and vary the terms and conditions of the said Appointment and/ or Employment Agreement in such manner as it may deem fit and as may be agreed to between the Board of Directors and Mr. R. Jeevanandam and for this purpose the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary."

12. Associate Stock Option Plan 2015

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution:**

"RESOLVED THAT in supersession of the existing HOEC Employee Stock Option Scheme 2005 and pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Memorandum and Articles of Association of the Company, and other regulatory laws, and subject to such other approvals, permissions and sanctions as may be necessary, consent of the Company be and is hereby accorded to the Employees Stock Option Scheme of the Company namely Associate Stock Option Plan 2015 (hereinafter referred to as "ASOP 2015") and to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) to create, offer and grant from time to time up to 10,000,000 (Ten million only) Options to eligible associates of the Company (including Employees and Directors, whether a whole-time director or not but excluding any Nominee Directors and the Independent Directors of the Company) convertible into equivalent number of Equity Shares of INR 10/- (Rupees Ten) each fully paid up, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or regulations issued by the relevant authorities;

RESOLVED FURTHER THAT the Board be and is hereby empowered to formulate such terms and conditions if any additionally required, procedures for grant or vesting of share(s)/Option(s) under ASOP 2015 and to administer, supervise and implement, alter, modify the terms and conditions of the ASOP 2015 which shall not be detrimental to the interests of the then existing option holders;

RESOLVED FURTHER THAT the Board be and is hereby authorized to withdraw, recall, accept, surrender or cancel options already issued / to be issued pursuant to this resolution and to reissue the options withdrawn, recalled, surrendered, cancelled, to reissue fresh options in lieu thereof at such price in such manner during such period in one or more tranches and on such terms and conditions as it may deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) or allotment(s), including power to amend, vary or modify any of the terms and conditions of the scheme, the grant of options, issue or allotment of equity shares pursuant to the Options granted; without being required to seek any further consent or approval from the members of the Company as it may deem fit in the best interests of the Company and its associates;

13. 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

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and other regulatory laws, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) for grant of options to eligible associates of the Company (including Employees and Directors, whether a whole-time director or not but excluding any Nominee Directors and the Independent Directors of the Company), during any one year, equal to or exceeding one per cent of the issued capital but not exceeding 5% per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options, in one or more tranches, on such terms and in such manner as may be prescribed in the ASOP 2015."

14. To consider fixing of borrowing limits for the Company.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT in supersession of the resolution passed at the Twenty Second Annual General Meeting of the Company held on September 28, 2006 and pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force), Foreign Exchange Management Act, 1999 and other statutory provisions, consent of the members of the Company be and is hereby accorded to the Board of Directors to borrow monies from time to time in excess of aggregate of paid up share capital and free reserves (apart from temporary loans obtained/to be obtained from bankers in the ordinary course of business), provided that the outstanding principal amount of such borrowings at any point of time shall not exceed INR 350 crores (Rupees Three Hundred Fifty Crores Only);

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) be and is hereby authorized and empowered to borrow monies as referred above, from any one or more banks, persons, firms, body corporates, institutions, and foreign source by way of deposits, advances, debentures, bonds, commercial papers, foreign currency convertible bonds, depository receipts, other borrowing, and any other instruments / forms, in Indian rupee and foreign currency on such terms, interest, conditions, covenants, securities etc. as may be agreed upon and the Board thinks fit including any modifications, restructuring and compromise thereof from time to time;

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to issue, sign and execute agreements, deeds, applications, power of attorneys, writings, papers, memorandums and any other documents that may be required, on behalf of the Company and the Board is also empowered to exercise the borrowing and other powers in such a manner as it thinks fit or delegate all or any of the above powers to any Committee or executive director, officer of the Company or appropriate person and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the said resolution."

15. Creation of charges

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT in supersession of the resolution passed at the Twenty Second Annual General Meeting of the Company held on September 28, 2006 and pursuant to provisions of Section 180(1)(a) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) to create charge, pledge, mortgage and hypothecation in such form, manner, ranking and at such time and on such terms and conditions as the Board may deem fit in the interest of the Company, on all or any of the immovable and/ or movable properties of the Company, both present and future, and / or any other assets or properties, either tangible or intangible, of the Company and/or the whole or any part of the undertaking(s) in favour of the Lender(s) for securing the borrowing availed or to be availed by the Company by way of loan, subject to the limits approved by the members under Section 180 (1) (c) of the Act together with the interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia of prepayment, all other costs, charges and expenses and all other monies payable by the Company in terms of the

Loan Agreement(s)/ Heads of Agreement(s) or any other document, entered into/to be entered into between the Company and the Lender(s) in respect of the said loan(s)/borrowing(s);

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle and execute such documents/deeds/writings/agreements as may be required and do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/ charges as aforesaid."

16. Raising of capital

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT, in accordance with the provisions of Sections 42 and 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment(s) thereof for the time being in force), Foreign Exchange Management Act, 1999, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depositary Receipt Mechanism) Scheme, 1993, as amended, the Depository Receipt Scheme, 2014, the rules, regulations, guidelines, notifications & circulars if any prescribed by the Government of India, the Securities and Exchange Board of India ("SEBI") including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended (the ICDR Regulations) or any other competent authority, whether in India or abroad, from time to time to the extent applicable including enabling provisions of the listing Agreements entered into with the Stock Exchanges (The Listing Agreements) and in accordance with the relevant provisions of the Memorandum of Association and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions as may be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions which may be agreed to, the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any Committee(s) constituted or to be constituted by the Board to exercise its powers including the powers conferred by this resolution) be and is hereby authorised to offer, issue, and allot, in the course of domestic and / or international offering(s), in one or more foreign markets, any securities (including but not limited to Equity Shares, Preference Shares, Global Depository Receipts, American Depository Receipts, Shares, Foreign Currency Convertible Bonds, Euro - Convertible Bonds that are convertible at the option of the Company and / or at the option of the holders of such securities, securities partly or fully convertible into Equity Shares and / or securities linked to Equity Shares and /or any instruments or securities with or without detachable warrants, secured or unsecured, or such other types of securities representing either Equity Shares or convertible securities) (hereinafter collectively referred to as "Securities") to eligible investors including Foreign / Domestic investors, Non-residents, Foreign Institutional Investors / Foreign Companies / NRI(s) / Foreign National(s) or such other entities or persons as may be decided by the Board, whether or not such persons / entities / investors are Members of the Company (collectively referred to as "Investors"), through Prospectus, Offering Letter, Circular to the general public and / or through any other mode or on private placement or preferential issue or qualified institutional placement or combination thereof equity shares as the case may be from time to time in one or more tranches as may be deemed appropriate by the Board on such terms and conditions as the Board may in its absolute discretion deem fit for an amount not exceeding US$ 100 Million (US Dollar One Hundred Million only) or its equivalent currencies on such terms and conditions including pricing as the Board may in its sole discretion decide including the form and the persons to whom such Securities may be issued and all other terms and conditions and matters connected therewith;

RESOLVED FURTHER THAT in case of a qualified institutions placement pursuant to the ICDR Regulations, the allotment of Securities (or any combination of the Securities as decided by the Board) shall only be made to Qualified Institutional Buyers within the meaning of the ICDR Regulations, such Securities shall be fully paid-up and the allotment of such Securities shall be completed within 12 months from the date of this resolution at such price being not less than the price determined in accordance with the pricing formula provided under the ICDR Regulations. The Company may, in accordance with applicable law, also offer a discount of not more than such percentage as permitted under applicable law on the price calculated in accordance with the pricing formula provided under the ICDR Regulations;

RESOLVED FURTHER THAT in the event that Equity Shares are issued to Qualified Institutional Buyers under the ICDR Regulations, the relevant date for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares and at such price being not less than the price determined in accordance with the pricing formula provided under the ICDR Regulations;

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as ADRs or GDRs, the pricing of the Securities and the relevant date, if any, for the purpose of pricing of the Securities to be issued pursuant to such issue shall be determined in accordance with the provisions of applicable law including the provisions of the Depository Receipts Scheme, 2014 (the "2014 Scheme"), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 and such other notifications, clarifications, circulars, guidelines, rules and regulations issued by relevant authorities (including any statutory modifications, amendments or re-enactment thereof);

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as Foreign Currency Convertible Bonds (FCCBs), pursuant to the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and other applicable pricing provisions issued by the Ministry of Finance, the relevant date for the purpose of pricing the Securities to be issued pursuant to such issue shall be the date of the meeting in which the Board or duly authorized Committee of Directors decides to open such issue after the date of this resolution;

RESOLVED FURTHER THAT pursuant and subject to the applicable provisions of the Foreign Exchange Management Act, 1999, and the regulations framed thereunder, each as amended (the "FEMA") (including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended), the applicable provisions of the Companies Act, 2013 and any other laws, rules, regulations, guidelines, notifications, clarifications and circulars issued from time to time by the Government of India (any ministry, department or agency thereof), the RBI, SEBI, the Tax Authorities in India and any other government and regulatory authority, whether in India or outside India, and in accordance with the Memorandum and Articles of Association of the Company and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned statutory or regulatory authority(ies) (collectively referred to as "Applicable Law"), the Board be and is hereby authorized to decide upon, at its discretion, the facilitation of an exit by any current or future holder of Equity Shares ("Permissible Securities") through the issue of Depositary Receipts ("DRs"), and a transfer of Permissible Securities by any current or future holder of a Permissible Security to a foreign depository for the purpose of issue of DRs, pursuant to a sponsored depository receipt program, through transactions permitted under Applicable Law (including without limitation on a recognized stock exchange, in bilateral transactions or by tendering through a public platform), where such DRs may be issued by the foreign depository and offered and sold in one or more transactions by way of a private placement, public offering or in any other manner prevalent and permitted in a permissible jurisdiction under Applicable Law, at such price (including any premium or discount) as may be permitted under Applicable Law;

RESOLVED FURTHER THAT the issue to the holders of the Securities, which are convertible into or exchangeable with Equity Shares at a later date shall be, inter alia, subject to the following terms and conditions:

(a) in the event the Company is making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;

(b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which they are offered to the existing Members;

(c) in the event of merger, amalgamation, takeover or any other re-organization or restructuring or any such corporate action, the number of Equity Shares, the price and the time period as aforesaid shall be suitably adjusted; and

(d) in the event of consolidation and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or re-classification of the Securities into other securities and/or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made;

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of dividend, issue of additional Equity Shares, variation of the conversion price of the Securities or period of conversion of Securities into Equity Shares during the duration of the Securities and the Board be and is hereby authorized, in its absolute discretion, in such manner as it may deem fit, to dispose-off such of the Securities that are not subscribed;

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of underlying Equity Shares as may be required to be issued and allotted upon conversion of any such Securities referred to above or as may be in accordance with the terms of the offering(s) and that the said Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects pari passu with the existing Equity Shares of the Company including payment of dividend;

RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed of by the Board to such person in such manner and on such terms as the Board in its absolute discretion thinks fit, in the best interest of the Company and as is permissible in law;

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, the Board be and is hereby authorised to determine the form, terms and timing of the offering(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue, conversion of Securities, Exercise of warrants / Redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the Appointment of Registrar, Book-Runner, Lead-Managers, Trustees / Agents, Bankers, Global Co-ordinators, Custodians, Depositories, Consultants, Solicitors, Accountants, entering into arrangements for underwriting, marketing, listing, trading, depository and such other arrangements and agreements, as may be necessary and to issue any offer document(s) and sign all deeds, documents and to pay and remunerate all agencies / intermediaries by way of commission, brokerage, fees, charges, out of pocket expenses and the like as may be involved or connected in such offerings of securities, and also to seek listing of the securities or securities representing the same in any Indian and / or in one or more international stock exchanges with power on behalf of the Board to settle any questions, difficulties or doubts that may arise in regard to any such issue, offer or allotment of securities and in complying with any Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution;

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or the Managing Directors or any Director or any other Officer or Officers of the Company to give effect to the aforesaid resolution."

17. Ratification of the remuneration paid to Mr. Manish Maheshwari in his capacity as a Managing Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 197, 199 and 200 of the Companies Act, 2013, read with Schedule V of the Act (including any statutory modifications or re-enactment(s) thereof, for the time being in force), and other applicable provisions, if any, and subject to the approval of Central Government, consent of the Company be and is hereby accorded to ratify and/ or approve the payment of INR 10,696,366 to Mr. Manish Maheshwari, in his capacity as a Managing Director of the Company in accordance with the Schedule V of the Companies Act, 2013, for the period from April 01, 2014 to October 08, 2014;

RESOLVED FURTHER THAT subject to the approval of the Central Government the recovery by the Company of the excess amount of INR 2,138,382 paid to Mr. Manish Maheshwari in his capacity as Managing Director of the Company for the period from April 01, 2014 to October 08, 2014 being the amount exceeding the statutory limits laid down under the provisions of Section 197 of the Companies Act, 2013 arising as a consequence of inadequacy and /or absence of profits be and is hereby waived;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to make such application to the Central Government pursuant to the provisions of Sections 197, 199, 200 & 201 of the Act, to give effect to this resolution and to do all such acts, deeds, matters and things as may be required for and on behalf of the Company from time to time;

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to the Managing Director or any Director or any other Officer or Officers of the Company to give effect to the aforesaid resolution."

By Order of the Board of Directors
For Hindustan Oil Exploration Company Limited

Place : Chennai
Date : August 10, 2015

K. Premnatha
Company Secretary &
Compliance Officer

Registered Office:

'HOEC House', Tandalja Road
Vadodara - 390020
CIN : L11100GJ1996PLC029880
Email : hoecshare@hoec.com

Notes:

1. **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Businesses to be transacted at the Annual General Meeting is annexed hereto as Annexure A to the Notice.**
2. ***A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than twenty-four hours before the commencement of the Meeting.***
3. ***A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.***
4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
5. Brief resume of Directors including those proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, details of companies in which they hold Directorships and Memberships/ Chairmanships of Board Committees, shareholding and relationships, if any, with the directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in this Notice.
6. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
7. The Company has notified closure of Register of Members and Share Transfer Books from 18th day of September 2015 to 25th day of September 2015 (both days inclusive).
8. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and Public holidays during business hours up to the date of the Meeting.
11. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Secretarial Department so that the information

required by the members can be made available at the Meeting.

12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agent, Link Intime India Pvt. Limited, for consolidation into a single folio. The Company's equity shares are under compulsory demat trading by all investors. Members are requested to convert their shares from physical form to dematerialised form, if not already done, so as to avoid inconvenience in future.

13. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts.

14. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/the Registrar and Share Transfer Agent, Link Intime India Pvt. Limited, (Unit: Hindustan Oil Exploration Company Limited), B-102 & 103, Shangrila Complex, First Floor, Opp: HDFC Bank Limited, Nr. Radhakrishna Char Rasta, Akota, Vadodara – 390020 (Gujarat), Tel: 0265-2356573/2356794 Fax No. 0265-2356791, Email ID: vadodara@linkintime.co.in

15. Members who have not registered their e-mail addresses so far are requested to register their e-mail address with DP/ the Registrar and Share Transfer Agent, Link Intime India Pvt. Limited, for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

16. Members/Beneficial Owners are requested to quote their Ledger Folio No. / DP & Client ID Nos., as the case may be, in all correspondence with the Company. Members are also requested to quote their e-mail address, telephone, mobile and fax numbers for prompt reply to their communication.

17. Members who have not encashed their Dividend Warrants for the years ended March 31, 2008 and March 31, 2011 are requested to write to the Company, mentioning the relevant folio number(s) or DP ID & Client ID Number(s) for issuance of new payment instrument against the un-encashed Dividend Warrants. The amount remain unclaimed / un-encashed over a period of 7 years from the date they became due for payment have to be transferred by the Company to IEPF.

18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or Link Intime India Pvt. Limited.

19. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.

20. Non-Resident Indian Members are requested to inform Depository Participant (DP)/the Registrar and Share Transfer Agent, Link Intime India Pvt. Limited, immediately of (a) change in their residential status on return to India for permanent settlement; (b) particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

21. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by the Companies (Management and Administration) Amendment, Rules 2015, and Clause 35B of the Listing Agreement, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services Limited. The facility for voting, through ballot paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.

22. The Notice of the 31st AGM and instructions for e-voting, along with the Attendance slip and Proxy form, is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s), unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the documents are being sent by the permitted mode.

23. Members may participate in the AGM even after exercising their right to vote electronically, but shall not be eligible to vote again at the meeting.

24. The procedure for Members of the Company for voting electronically are as under:-

PROCEDURE FOR E-VOTING

Pursuant to Section 108 and all other applicable provisions, if any, of the Companies Act, 2013 read with the relevant Rules framed thereunder, the Company is pleased to provide e-voting facility through Central Depository Services Limited as an alternative for all Members of the Company to enable them to cast their votes electronically on the resolutions mentioned in the Notice of 31st Annual General Meeting of the Company scheduled to be held on September 25, 2015. The Company has appointed M/s. S. Sandeep & Associates, a Company Secretary-in-Practice as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

The E-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on 18 September, 2015 (end of day). The e-voting will commence at 9.00 a.m. on 21 September, 2015 and will end at 5.00 p.m. on 24 September, 2015. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter:

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on 21 September, 2015 at 9.00 a.m. and ends on 24 September, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 18 September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number indicated in the PAN Field. The Sequence Number is printed on Address stickers pasted on back side of Annual Report.
	• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.
	• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help Section or write an email to helpdesk.evoting@cdslindia.com.

ANNEXURE A

Statement pursuant to Section 102(1) of the Companies Act, 2013

As required by Section 102 of the Companies Act, 2013 (the "Act"), the following explanatory statement sets out all material facts relating to the Special Businesses mentioned in the accompanying notice.

Item No. 5:

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of Mr. K. Suryanarayanan, Cost Accountant, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) (ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

None of the Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution.

Accordingly your Directors recommend the Ordinary Resolution as set out in Item No. 5 of this notice in the best interests of the Company.

Item No. 6:

The Board of Directors had at its meeting held on 17th November 2014 appointed Mr. Sunil Behari Mathur (DIN: 00013239) as an Additional Director of the Company pursuant to Section 161 of the Companies Act, 2013 (the "Act"). The Board had also appointed him as Independent Director pursuant to Section 149 of the Act and the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Sunil Behari Mathur has given his consent to act as Independent Director of the Company and a declaration that he is not disqualified under Section 164 of the Act and that he meets the criteria of independence as prescribed under the Act and the Listing Agreement. In the opinion of the Board, Mr. Sunil Behari Mathur possesses the requisite qualities and fulfil the conditions under the Act and the Listing Agreement for appointment as an Independent Director.

A copy of the letter of his appointment setting out the terms and conditions of his appointment is available for inspection without any fee by the members at the registered office of the Company during normal business hours on working days up to the date of Annual General Meeting and is also available on the Company's website.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges the additional information required to be furnished in respect of the aforesaid Independent Director is set out in **Annexure B** to this notice.

Mr. Sunil Behari Mathur is interested in the resolutions set out at Item No. 6 of this Notice as it relates to his appointment.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Accordingly your Directors recommend the Ordinary Resolution as set out in Item No. 6 of this notice in the best interests of the Company.

Item No. 7:

The Board of Directors had at its meeting held on 17th December, 2014 appointed Ms. Sharmila Amin (DIN: 06770401) as an Additional Director of the Company pursuant to Section 161 of the Companies Act, 2013 (the "Act"). Also, as per the provisions of Section 149(1) of the Act and Clause 49 of the Listing Agreement, the Company should have at least one woman director on the Board of Directors of the Company. The said requirement is fulfilled by the appointment of Ms. Sharmila Amin as Independent Director of the Company.

Ms. Sharmila Amin has given her consent to act as Independent Director of the Company and a declaration that she is not disqualified under Section 164 of the Act and that she meets the criteria of independence as prescribed under the Act and the Listing Agreement. In the opinion of the Board, Ms. Sharmila Amin possesses the requisite qualities and fulfil the conditions under the Act and the Listing Agreement for appointment as an Independent Director.

A copy of the letter of her appointment setting out the terms and conditions of her appointment is available for inspection without any fee by the members at the registered office of the Company during normal business hours on working days up to the date of Annual General Meeting and is also available on the Company's website.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges the additional information required to be furnished in respect of the aforesaid Independent Director is set out in Annexure B to this notice.

Ms. Sharmila Amin is interested in the resolutions set out at Item No. 7 of this Notice as it relates to her appointment.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Accordingly your Directors recommend the Ordinary Resolution as set out in Item No. 7 of this notice in the best interests of the Company.

Item Nos. 8 & 9:

The Board of Directors at its Meeting held on 2nd February, 2015, appointed Mr. Elango Pandarinathan (Mr. P. Elango) (DIN: 06475821) as an Additional Director of the Company with effect from 2nd February, 2015, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 (the "Act") and the Rules framed thereunder and the Articles of Association of the Company. At the said meeting, the Board has, on the recommendation of the Nomination and Remuneration Committee also appointed Mr. P. Elango as the Managing Director of the Company for a period of three years with effect from 2nd February, 2015 under the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions if any of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, subject to the approval of the shareholders.

The Company has entered into an Employment Agreement with Mr. P. Elango dated 2nd February, 2015 and amendment thereon as approved by the Board of Directors and the material terms and conditions of the Employment Agreement are as under:

Remuneration: Remuneration with allowances of INR 7,66,500 per month.

Benefits: Gratuity and Provident Fund as per the statue and the superannuation funds as permitted under the rules of the Company.

Car with Driver: Car with driver, fuel and maintenance.

Annual Bonus: Annual cash bonus is at the absolute discretion of the board of directors.

Stock Option entitlement

As per the terms of employment and the amendment thereon, the number of share option to be granted under the ASOP-2015 (Scheme proposed for approval) is 3,250,000 will be vested over a period of three years from the date of employment subject to the performance of vesting conditions which is about 2.5% of the paid up share capital of the Company without dilution. The vesting conditions of the options, the duration of employment and the exercise price are as follows:

a) Capital infusion of not less than US$ 50 Million into the Company and being in continuous employment of not less than one year would entitle 1,250,000 share options for equity share of INR 10 each fully paid at an exercise price of INR 10 per share.

b) Bringing at least one of the major existing assets into the production stream or farm out of such asset or assets (with the exclusion of: Palej, Asjol, North Balol and GN-ON-90/3) and continuous employment of not less than two years would entitle 1,000,000 share option of equity shares of INR 10 each fully paid an exercise price of INR 10 per share.

c) Bringing yet another asset into the production stream or farm out of some asset (with the exclusion of: Palej, Asjol, North Balol and GN-ON-90/3) and continuous employment for 3 years would entitle with 1,000,000 share option of equity shares of INR 10 each fully paid up at an exercise price of INR 10 per share.

It is clarified that the Employees Stock Options will be as per the revised Associate Stock Option Scheme approved by the board of directors and submitted to the shareholders for their approval in this annual general meeting of the Company. This ASOP Scheme will be subject to compliance with the laws of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and all other applicable laws /regulations.

Performance based cash incentive:

The Company has agreed to grant the following performance based incentives which are as follows:

a) As and when the Company secured a capital infusion of (Debt & Equity) of not less than US$ 50 million or Equivalent of US$ 50 million and on completion of first year, the Company shall pay a cash compensation of INR 9,375,000 (Rupees Nine Million Three Hundred and Seventy Five Thousand only) after full ESOS 1,250,000 allotted are exercised at the revised price of INR 10 per share.

b) As and when the Company is able to bring at least one of the major existing assets into the production stream or farm out of such asset or assets (with the exclusion of: Palej, Asjol, North Balol and GN-ON-90/3) and on completion of second year, the Company shall pay a cash compensation of INR 7,500,000 (Rupees Seven Million Five Hundred Thousand only) after full ESOS 1,000,000 allotted are exercised at the revised price of INR 10 per share.

c) As and when the Company is able to bring yet another asset into the production stream or farm out of some asset other than the above (with the exclusion of: Palej, Asjol, North Balol and GN-ON-90/3) and on completion of third year, the Company shall pay a cash compensation of INR 7,500,000 (Rupees Seven Million Five Hundred Thousand only) after full ESOS 1,000,000 allotted are exercised at the revised price of INR 10 per share.

Severance Protection: In the event that there is a change in control and management results in loss of employment, the unexpired period of the term of employment shall be compensated. Either Party may terminate Employment Agreement and amendment theron by giving three months written notice.

Board of Directors of the Company shall have the authority to fix/revise the remuneration and other terms & conditions for the Managing Director from time to time, subject to the overall limits as agreed to at the meeting of the shareholders. Where in any financial year the Company has no profits or the profits are inadequate, remuneration by way of salary, perquisites, performance bonus as specified above, will be subject to such approvals as may be necessary.

Overall Remuneration: The aggregate of salary, allowances, perquisites and performance incentive in any one financial shall be subject to the limits prescribed under Sections 197, 198, Schedule V and other relevant provisions of the Companies Act, 2013 read with The Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 or any modifications or re-enactment for the time being in force.

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of the tenure of office of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, allowances and perquisites as specified above, subject to requisite approvals being obtained in that behalf.

Mr. P. Elango has given a declaration to the Company that he is not disqualified under Section 164 of the Act for appointment as a Director under the Act and has also given his consent to act as the Managing Director of the Company.

The Employment Agreement and amendment thereon entered into between the Company and Mr. P. Elango setting out the aforesaid terms of appointment and remuneration is available for inspection without any fee by the members at the registered office of the Company during normal business hours on working days up to the date of Annual General Meeting and is also available on the Company's website.

The additional information required to be furnished in respect of the aforesaid Director as required under Clause 49 of the Listing Agreement with the Stock Exchanges is set out in **Annexure B** to this notice.

As per the provisions of Section 196, 203 read with Schedule V of the Act, and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the terms of appointment and remuneration are required to be approved by the Members of the Company.

Mr. P. Elango is interested in the resolutions set out at Item Nos. 8 & 9 of this Notice as it relates to his appointment.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Accordingly your Directors recommend the Resolutions as set out in Item Nos. 8 & 9 of this notice in the best interests of the Company.

Item Nos. 10 & 11:

The Board of Directors at its Meeting held on 2nd February, 2015, appointed Mr. Ramasamy Jeevanandam (Mr. R. Jeevanandam) (DIN:07046442) as an Additional Director of the Company with effect from 2nd February 2015, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 (the "Act") and the Rules framed thereunder and the Articles of Association of the Company. At the said meeting, the Board has, on the recommendation of the Nomination and Remuneration Committee also appointed Mr. R. Jeevanandam as the Whole Time Director & Chief Financial Officer of the Company for a period of three years with effect from 2nd February 2015 under the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions if any of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, subject to the approval of the shareholders.

The Company has entered into an Employment Agreement with Mr. R. Jeevanandam dated 2nd February 2015 and amendment thereon as approved by the Board of Directors and the material terms and conditions of the Employment Agreement are as under:

Remuneration: Remuneration with allowances of INR 7,28,000 per month.

Benefits: Gratuity and Provident Fund as per the statue and the superannuation funds as permitted under the rules of the Company.

Car with Driver: Car with driver, fuel and maintenance.

Annual Bonus: Annual cash bonus is at the absolute discretion of the board of directors.

Stock Option entitlement

As per the terms of employment and the amendment thereon, the number of share option to be granted under the ASOP-2015 (Scheme proposed for approval) is 2,750,000 will be vested over a period of three years from the date of employment subject to the performance of vesting conditions which is about 2.1% of the paid up share capital of the Company without dilution. The vesting conditions of the options, the duration of employment and the exercise price are as follows:

a) Capital infusion of not less than US$ 50 Million into the Company and being in continuous employment of not less than one year would entitle 1,250,000 share options for equity share of INR 10 each fully paid at an exercise price of INR 10 per share.

b) Bringing at least one of the major existing assets into the production stream or farm out of such asset or assets (with the exclusion of: Palej, Asjol, North Balol and GN-ON-90/3) and continuous employment of not less than two years would entitle 750,000 share option of equity shares of INR 10 each fully paid an exercise price of INR 10 per share.

c) Bringing yet another asset into the production stream or farm out of some asset (with the exclusion of: Palej, Asjol, North Balol and GN-ON-90/3) and continuous employment for 3 years would entitle with 750,000 share option of equity shares of INR 10 each fully paid up at an exercise price of INR 10 per share.

It is clarified that the Employees Stock Options will be as per the revised Associate Stock Option Scheme approved by the board of directors and submitted to the shareholders for their approval in this annual general meeting of the Company. This ASOP Scheme will be subject to compliance with the laws of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and all other applicable laws /regulations.

Performance based cash incentive

The Company has agreed to grant the following performance based incentives which are as follows:

a) As and when the Company secured a capital infusion of (Debt & Equity) of not less than US$ 50 million or Equivalent of US$ 50 million and on completion of one year, the Company shall pay a cash compensation of INR 9,375,000 (Rupees Nine Million Three Hundred and Seventy Five Thousand only) after full ESOS 1,250,000 allotted are exercised at the revised price of INR 10 per share.

b) As and when the Company is able to bring at least one of the major existing assets into the production stream or farm out of such asset or assets (with the exclusion of: Palej, Asjol, North Balol and GN-ON-90/3) and on completion of second year, the Company shall a pay a cash compensation of INR 5,625,000 (Rupees Five Million Six Hundred and Twenty Five Thousand only) after full ESOS 750,000 allotted are exercised at the revised price of INR 10 per share.

c) As and when the Company is able to bring yet another asset into the production stream or farm out of some asset other than the above (with the exclusion of: Palej, Asjol, North Balol and GN-ON-90/3) and on completion of third year, the Company shall pay a cash compensation of INR 5,625,000 (Rupees Five Million Six Hundred and Twenty Five Thousand only) after full ESOS 750,000 allotted are exercised at the revised price of INR 10 per share.

Severance Protection: In the event that there is a change in control and management results in loss of employment, the unexpired period of the term of employment shall be compensated. Either Party may terminate Employment Agreement and amendment thereon by giving three months written notice.

Board of Directors of the Company shall have the authority to fix/revise the remuneration and other terms & conditions for the Whole Time Director & CFO from time to time, subject to the overall limits as agreed to at the meeting of the shareholders. Where in any financial year the Company has no profits or the profits are inadequate, remuneration by way of salary, perquisites, performance bonus as specified above, will be subject to such approvals as may be necessary.

Overall Remuneration: The aggregate of salary, allowances, perquisites and performance incentive in any one financial shall be subject to the limits prescribed under Sections 197,198, Schedule V and other relevant provisions of the Companies Act, 2013 read with the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 or any modifications or re-enactment for the time being in force.

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of the tenure of office of the Whole Time Director & CFO, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, allowances and perquisites as specified above, subject to requisite approvals being obtained in that behalf.

Mr. R. Jeevanandam has given a declaration to the Company that he is not disqualified under Section 164 of the Act for appointment as a Director under the Act and has also given his consent to act as the CFO of the Company.

The Employment Agreement and amendment thereon entered into between the Company and Mr. R. Jeevanandam setting out the aforesaid terms of appointment and remuneration is available for inspection without any fee by the members at the registered office of the Company during normal business hours on working days up to the date of Annual General Meeting and is also available on the Company's website.

The additional information required to be furnished in respect of the aforesaid Director as required under Clause 49 of the Listing Agreement with the Stock Exchanges is set out in **Annexure B** to this notice.

As per the provisions of Sections 196, 203 read with Schedule V of the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the terms of appointment and remuneration are required to be approved by the Members of the Company.

Mr. R. Jeevanandam is interested in the resolutions set out at Item Nos. 10 & 11 of this Notice as it relates to his appointment.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Accordingly your Directors recommend the Resolutions as set out in Item Nos. 10 & 11 of this notice in the best interests of the Company.

Item No. 12 & 13:

One of the prime objectives of the Company is to create high performance employees that create significant value for all stakeholders.

The Company had earlier implemented an Employee Stock Option Scheme named as HOEC ESOS 2005 which has no outstanding obligations.

The Company has decided to introduce a new Employees Stock Option Plan, namely ASOP-2015. The objective of this Associate Stock Option Plan (ASOP-2015) is to attract, retain, encourage and reward the associates, who are the drivers of Company's growth. The ASOP-2015 is intended to reward the associates for their performance, commitment and support for the growth of HOEC and to provide an incentive to continue contributing to the success of the Company. It is envisaged that the ASOP-2015 will enable HOEC to attract and retain the best available talent by making them partners in business and its growth.

Salient features of ASOP-2015:

The ASOP-2015 has been drafted in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable regulatory laws. The salient features of the scheme are as under:

a. The total number of options granted under ASOP-2015 shall not exceed 10 million (Ten Million only) (about 8 % of the existing paid-up share capital of the Company) or such number as may be required on account of any Corporate Action, with each of such Option conferring a right upon the Employee to apply for one equity share of the Company, in accordance with the terms and conditions of such issue.

   The options which are surrendered, cancelled or forfeited are eligible to be reissued as fresh grants as per the provisions of this scheme.

b. Identification of classes of associates entitled to participate in ASOP-2015:

   An ASOP Selection Committee may be constituted by the Nomination and Remuneration Committee, if necessary, to enable it to identify the associates eligible to participate in this ASOP-2015, to fix the targets, goals, events and other parameters based on which the options granted shall vest and to help in quantifying the options to be granted to associates.

c. Vesting, requirements of vesting and maximum period of vesting:

   The continuation of the Option Grantee in the service of the Company or its holding / subsidiaries / associate Company shall be a primary requirement of the vesting.

   Options granted may be vested based on

   1. Attaining goals and / or
   2. Achieving Targets and / or
   3. Occurrence of an Event and / or
   4. Other parameters as may be determined by the Nomination & Remuneration Committee from time to time.

   The Nomination and Remuneration Committee may specify the goals, targets, events, other parameters and vesting schedule and communicate the same through grant letter at the time of grant.

   These options shall vest not less than one year from the date of grant or the date of employment not later than 5 years from the date of grant

   The targets or goals or events or other parameters as may be fixed by the Nomination and Remuneration committee may be

   1. Either Individual or team or the organization as a whole and /or
   2. Financial or Event achievement and / or
   3. Other parameters as may be determined by the Nomination & Remuneration Committee from time to time.

   In case the option grantee goes on a continuous unpaid leave of 30 days or more during the vesting period, the vesting period will be automatically extended by such period of leave in excess of 30 days. The Nomination and Remuneration Committee may prescribe further terms and conditions for the vesting of such options considering the contribution of such option grantees for the performance. The Nomination and Remuneration Committee shall have the right to exempt any option grantee from the operations of the provisions of this clause. In cases where the vesting is based on performance or attainment of targets or goals or happening of an event, the Nomination and Remuneration Committee shall make suitable changes in vesting period or in vesting conditions in the event of option grantee going on a continuous unpaid leave of 30 days or more.

d. Exercise Price, Exercise Period and Process of exercise:

   Managing Director and Whole Time Director & CFO: In respect of the options granted to the Managing Director and Whole Time Director & CFO, the Exercise price per option shall be such price as may be agreed to between the Company and the Managing Director or the Whole Time Director & CFO, as the case may be or such other price as the Nomination and Remuneration Committee may decide from time to time, such exercise price being in conformity with the provisions of the SEBI regulations and other applicable laws and regulations.

   Other Associates: In respect of the options granted to other associates, the Exercise price per option shall be the market price or such other price as the Nomination and Remuneration Committee may decide from time to time, such exercise price being in conformity with the provisions of the SEBI regulations and other applicable laws and regulations.

   The option grantees can exercise rights to convert the options into shares either in full or in tranches by addressing a communication to the Nomination and Remuneration Committee in the form that may be prescribed by the Nomination and Remuneration Committee from time to time. The option grantee, shall, at the time of exercise of options send the prescribed form mentioning the number of options that he is willing to exercise, Demat Account details specifying Depository Participant (DP) ID No., Client ID No. and PAN, together with payment for an amount equal to the aggregate exercise price and tax payable in respect of the options exercised.

The exercise period shall commence from the date of vesting and expire not later than 60 (Sixty) calendar months from the relevant vesting date.

Options vested and not exercised by the option grantees before the exercise period of the said options, shall lapse.

Notwithstanding anything contained elsewhere in the Scheme, the Nomination and Remuneration Committee may:

1) if the exercise of options within the Exercise Period, is prevented by any law / regulation in force or order of any jurisdictional court, defer or not permit the exercise of options till such time as it is prohibited by the applicable laws or regulations and in such an event the Company shall not be liable to pay any compensation or other payment to the option grantee for any loss suffered due to such prohibitions and the exercise period shall stand extended by such period.

2) provided further, that the Committee shall have the power to cancel all or any of the options granted under the Scheme, if so required, under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, no compensation shall be payable to the option grantee for such cancelled options.

e. Appraisal process for determining the eligibility of associates for the scheme:

The Nomination and Remuneration Committee may from time to time determine the eligibility criteria under ASOP-2015 based on evaluation of various parameters, such as length of service, grade, commitment, performance (both financial and non-financial), technical knowledge, leadership qualities, merit, contribution and conduct, future potential, etc., and such other factors as may be deemed appropriate by it and delegate this power to ASOP Selection Committee.

f. Maximum number of options to be issued per associate and in aggregate:

The maximum number of options granted to any one associate over the life of the scheme shall not be more than 5 % of the issued equity share capital of the Company at the time of grant of the option.

The maximum number of options granted in aggregate to all the associates over the life of the scheme shall not be more than 13 million Options, subject to any increase or decrease in the number of options of ASOP-2015 due to any Corporate Action(s) such as issue of Bonus Shares, Split or Consolidation of Shares of the Company.

g. Administration of the Scheme is to be made by Board of Directors of the Company (which term shall be deemed to include any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution).

h. The scheme involves issue of new shares by the Company.

i. The Company shall conform to the accounting policies specified by SEBI (Share Based Employee Benefits) Regulations, 2014, from time to time.

j. The Company shall follow the intrinsic method for valuations of options unless otherwise required by the Accounting Standards followed by the Company.

k. In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the Company shall also be disclosed in the Directors' report.

The Directors, Key Managerial Personnel of the Company and their relatives are interested to the extent of their shareholding in the Company and to the extent they may be covered by the Schemes.

Further, the Company may identify certain employee/s to whom it may be necessary to grant option exceeding one per cent in one year to ensure continuity of their service with the Company. The resolution as set out in Item No. 13 provides that the Company may grant option equal to or exceeding one per cent but not exceeding 5 per cent in one year to identified employee/s or director/s of the Company.

The draft copies of the Scheme are made available at the Registered Office of the Company for inspection.

Accordingly your Directors recommend the Special Resolutions as set out in Item Nos. 12 & 13 of this notice in the best interests of the Company.

Item Nos. 14 & 15

As per the provisions of Section 180 of the Companies Act, 2013, approval of Members of the Company by way of a Special Resolution is required to borrow monies exceeding the aggregate of its paid up capital and free reserves apart from temporary loans obtained from the Company's bankers in the ordinary course of business.

The Company has adequate working capital which predominantly consists of tax refunds due to the Company. The Company can manage its on-going capital funding for development of Assam on-shore block with the existing working capital with internal accruals. However, the Company needs to pursue its growth opportunities with minimum risk on a continuous basis. The Company is also pursuing the potential opportunity to participate in the tender of Marginal field development to be offered by Government of India in the coming months. The Company would like to fund those minimum risk projects through debt funding. It is therefore proposed the resolution for the approval of the shareholders for debt funding of INR 350 Crores with a right to the Board or Committee thereof to borrow and to create charge, pledge, mortgage on the assets of the Company, which will be used only for development capital expenditure of the Company.

The approval of the members is therefore sought accordingly.

None of the Directors and Key Managerial Personnel and their relatives is concerned or interested in these items of business.

Accordingly your Directors recommend the Special Resolution as set out in Item Nos. 14 & 15 of this notice in the best interests of the Company.

Item No. 16:

As per Section 42 and 62 (1) (c) of the Companies Act 2013 and other legislations including guidelines prescribed by the Securities and Exchange Board of India ("SEBI") the approval by the shareholders by way of special resolution is required to raise any additional equity capital in the Company. The Company is embarking on scouting varies opportunities within and outside India to increase the equity oil in and outside India by way of participating in acquisition of marginal oil and gas assets. The Company also need to maintain its reserve replacement to continue as an exploration and development Company. This endeavour needs equity capital which can be supported by the existing shareholders or new shareholder or investors by way of preferential allotment, private placement or by qualified institutional buyers as the case may be subject to adhering to all regulations by the board to raise the capital to the tune of US$ 100 Million (US Dollar One Hundred Million Only) or its equivalent currencies on such terms and conditions including pricing as the Board may decide to facilitate the growth of the Company.

None of the Directors and Key Managerial Personnel and their relatives is in any way concerned or interested in the resolution.

Accordingly your Directors recommend the Special Resolution as set out in Item No. 16 of this notice in the best interests of the Company.

Item No. 17:

Mr. Manish Maheshwari as Managing Director of the Company has resigned on 8 October 2014. Due to the losses incurred during the financial year ended 31 March 2015, the managerial remuneration paid to Mr. Manish Maheshwari was considered in excess of the maximum permissible limit as prescribed under Section 197 read with Schedule V of the Companies Act 2013. The excess remuneration paid was INR. 21,38,382 (Rupees Twenty One Lac Thirty Eight Thousand Three Hundred & Eighty Two only) for the period from 1st April 2014 to 8th October 2014. Any remuneration paid to a director in excess of the maximum remuneration payable to him in accordance with the provisions of Schedule V of the Companies Act 2013 is required to be refunded by the Director to the Company, unless such requirement is waived by the Company pursuant to receipt of permission from the Central Government.

The Board of Directors at its meeting held on 28 May 2015, have noted the foregoing and approved the remuneration paid to Mr. Manish Maheshwari, subject to the approval of the shareholders and of the Central Government. An application in this regard will be made to Central Government for seeking its approval for waiver of the requirement for recovery of excess remuneration paid to Mr. Manish Maheshwari.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the resolution.

Accordingly your Directors recommend the Special Resolution as set out in Item No. 17 of this notice in the best interests of the Company.

ANNEXURE B

Brief profile of the Directors proposed to be appointed / re-appointed, as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

Name of the Director	**Mr. Guido Papetti (Non- Executive)**	**Mr. Paolo Ceddia (Non-Executive)**	**Mr. Sunil Behari Mathur (Independent & Non-Executive Chairman)**	**Ms. Sharmila Amin (Independent)**	**Mr. P. Elango Managing Director**	**Mr. R. Jeevanandam Whole Time Director & CFO**
Director Identification Number (DIN)	06616547	06638260	00013239	06770401	06475821	07046442
Date of Birth	01 June 1962	12 December 1960	11 October 1944	06 February 1962	18 July 1961	04 April .1958
Nationality	Italian	Italian	Indian	Indian	Indian	Indian
Date of Appointment	30 May 2013	30 May 2013	17 November 2014	17 December 2014	02 February 2015	02 February 2015
Experience in Specific Functional Area	Geological Science	Finance & Compliance	Finance	Shipping & Finance	Oil & Gas business management	Finance
Qualification & Profile	Doctorate in Geological from University of Milan.	Graduated in Business Administration from Bocconi University in Milan.	Chartered Accountant. Trained on housing finance at the Wharton Business School of the University of Pennsylvania.	Graduate in Commerce and Shipping Management from the Indian Institute of Management, Ahmedabad.	Post Graduate in Management.	CPA (USA), CGMA (USA), CFA, CMA, CS and BL.
Shareholding in HOEC	Nil	Nil	8,215	—	—	—
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies) & Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	—	—	• National Stock Exchange of India Limited (Chairman, Stakeholder Relations Committee) • IDFC Trustee Company Limited • National Collateral Management Services Ltd • Havells India Ltd. (Member, Audit Committee & Stakeholder Relations Committee) • DCM Shriram Industries Ltd (Member, Audit Committee & Stakeholder Relations Committee) • ITC Limited (Chairman, Audit Committee) • Infrastructure Leasing and Financial Services Ltd. • UltraTech Cement Ltd. • Minda Corporation Ltd. • Janalakshmi Financial Services Private Ltd. • Munich Re India Services Private Limited • India Mortgage Guarantee Corporation Private Limited	South Asia Regional Director and Managing Director for Bertling Logistics.	Non-executive Chairman of HOEC Bardahl India Limited (Wholly owned subsidiary of HOEC)	Non-executive Director of HOEC Bardahl India Limited (Wholly owned subsidiary of HOEC)

Statement of information for the Members pursuant to Section II Part II of Schedule V to the Companies Act, 2013.

I. GENERAL INFORMATION

(1) **Nature of Industry:** The Company belongs to the Exploration & Production (E&P) industry in the oil and gas sector.

(2) **Due or expected date of commencement of commercial production:** The Company is in production phase.

(3) **Financial performance based on given indicators:** The financial performance of the Company based on the indicators is detailed in the Annual Report sent along with this Notice. The same is not repeated here for the sake of brevity. Further, the Company has not made any default in payment of debt or interest payable thereon.

(4) **Export Performance and net foreign exchange collaborations:** The Company contributes to the domestic production of oil & gas and thus substitutes import, and reduces dependency on foreign sources of hydrocarbons.

(5) **Foreign investments or collaborators, if any:** Eni Group, a major integrated multinational energy Company, is the promoter of the Company. The Company has not entered into any material foreign collaboration.

II. INFORMATION ABOUT THE MANAGERIAL PERSON

(1) Background Details:

(a) Mr. P. Elango

Mr. P. Elango, 54 years, is a Post Graduate in Management and has substantial experience in managing oil and gas independents. He has acquired vast knowledge in Oil & Gas operations and he worked with ONGC for about 10 years before he joined Cairn Energy. Before the current assignment he was the Whole time Director and CEO of the Cairn India Limited. Mr. P. Elango is a recipient of many awards and his accomplishments in Oil & Gas Industry is noteworthy including many policy initiatives by the Government of India. He is also the Chairman (Non-Executive) of HOEC Bardahl India Limited, the wholly owned subsidiary of the Company.

(b) Mr. R. Jeevanandam

Mr. R. Jeevanandam, 57 years, is a Certified Public Accountant (USA), Chartered Global Management Accountant (USA), Chartered Financial Analyst, Cost Accountant, Company Secretary and has a Bachelor Degree in Law. He has acquired substantial knowledge in oil and gas finance, accounts and taxation and raising of funds. He had worked in ONGC for about 14 years before he joined Hardy Exploration & Production (India) Inc., wherein he was a Director and CFO. He had a short tenure in Aban Offshore Limited before this assignment. He is also a Director of HOEC Bardahl India Limited, the wholly owned subsidiary of the Company.

(c) Mr. Manish Maheshwari

Mr. Manish Maheshwari, 47 years, holds Bachelor (Hons.) degree in Chemical Engineering and Masters in Business Administration from Strathclyde University, U.K. and received the Danida Fellowship. He has business experience of more than 26 years. Prior to his appointment in this Company he worked as Senior Investment Manager, Danish International Investment Fund.

(2) Past Remuneration:

(In INR)

Sr. No.	Particulars	2014-2015	2013-2014
1	Mr. P. Elango (from 2nd February 2015)	1,695,379	—
2	Mr. R. Jeevanandam (from 2nd February 2015)	1,603,862	—
3	Mr. Manish Maheshwari (1 April 2014 to 8 October 2014)	10,696,366	20,194,705

Above remuneration includes contribution to Provident Fund and Superannuation Fund.

(3) Recognition or awards:

(1) **Mr. P. Elango** is a recipient of many awards and his accomplishments in Oil & Gas Industry is noteworthy including many policy initiatives by the Government of India.

(2) **Mr. R. Jeevanandam:** Certificate of Merit and Young Executive of the year by ONGC Board.

(3) **Mr. Manish Maheshwari:** Nil

(4) Job Profile and his suitability:

(a) Mr. P. Elango, Managing Director

Mr. P. Elango, Managing Director of the Company, is highly experienced and manages the affairs of the Company under the directions of the board of directors of the Company. He is a Post Graduate in Management and has substantial experience in managing oil and gas independents. Before this assignment he was the Whole time Director and CEO of the Cairn India Limited.

(b) Mr. R. Jeevanandam

Mr. R. Jeevanandam, Whole Time Director & Chief Financial Officer of the Company is a Certified Public Accountant (USA), Chartered Global Management Accountant (USA), Chartered Financial Analyst, Cost Accountant, Company Secretary and has a Bachelor Degree in Law. He has a rich experience in oil and gas finance, accounts, taxation and raising of funds.

(c) Mr. Manish Maheshwari

Mr. Manish Maheshwari, the then Managing Director, resigned on 8 October 2014, holds B.E. (Hons.) in Chemical Engineering, and Masters in Business Administration from Strathclyde University, U.K. Prior to Hindustan Oil Exploration Company Limited, he has worked with a Danish Development Financial Institution and Tata Group including upstream oil and gas venture.

Remuneration proposed to be approved: Remuneration of INR 21,38,382 paid for the period April 01, 2014 to October 08, 2014 being in excess of the limits specified is proposed to be approved by the members as per provisions of the Companies Act, 2013.

(5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

The current remuneration being paid or already paid to the Managing Directors and Whole Time Director looking at the profile of the position and person is equal or lower than the remuneration being paid by the companies, comparable size in the industry in which the Company operates.

(6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Directors do not have and pecuniary relationship with the Company except remuneration paid to them as Managing Directors / Whole Time Director.

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits:

   Due to reduction in the production in the PY-1 field and shutting down of PY-3 field coupled with the low oil prices resulted in loss for the year.

2. Steps taken or proposed to be taken for improvement:

   The Company is in the process of monetising the discovery in the block AAP-ON-94/1. PY-1 block data is being revisited and a rig less intervention through coil tubing is planned for arresting the decline.

3. Expected increase in productivity and profits in measurable terms: The Company has made a profit of INR 4.50 million during the quarter ended 30 June 2015 and the Company is expected to do better in the years to come.

   The Remuneration package of the managerial person: The remuneration of the Managing Director as recommended by the Nomination and Remuneration Committee and the Board is as follows:

(In INR)

	Mr. P. Elango	Mr. R. Jeevanandam	Mr. Manish Maheshwari (1 April 2014 to 8 October 2014)
Basic Salary & allowance	9,198,000	8,736,000	4,238,325
Contribution to Gratuity, PF & Superannuation Fund	1,318,044	1,251,180	1,214,990
Others	—	—	5,243,051
Total	10,516,044	9,987,180	10,696,366

All elements of the remuneration package such as basic salary, perquisites, allowances, bonus (if any), and stock options (if any) have been disclosed in the Directors' Report and the Report on Corporate Governance.

IV. DISCLOSURES

The disclosures as required on all elements of remuneration package such as salary, benefits, pensions and performance linked incentives such as stock option, contract details, notice period, severance fees, etc. have been detailed in Annexure – A to this Notice.

Board recommends the Resolutions as set out at Item numbers 8, 9, 10, 11 & 17 of the Notice as resolutions for approval of the Members.

None of the directors or Key Managerial Personnel or their relatives other than Mr. P. Elango, the Managing Director and Mr. R. Jeevanandam Whole Time Director and CFO of the Company and their relatives in respect of their own appointments only, are concerned or interested in this resolution.

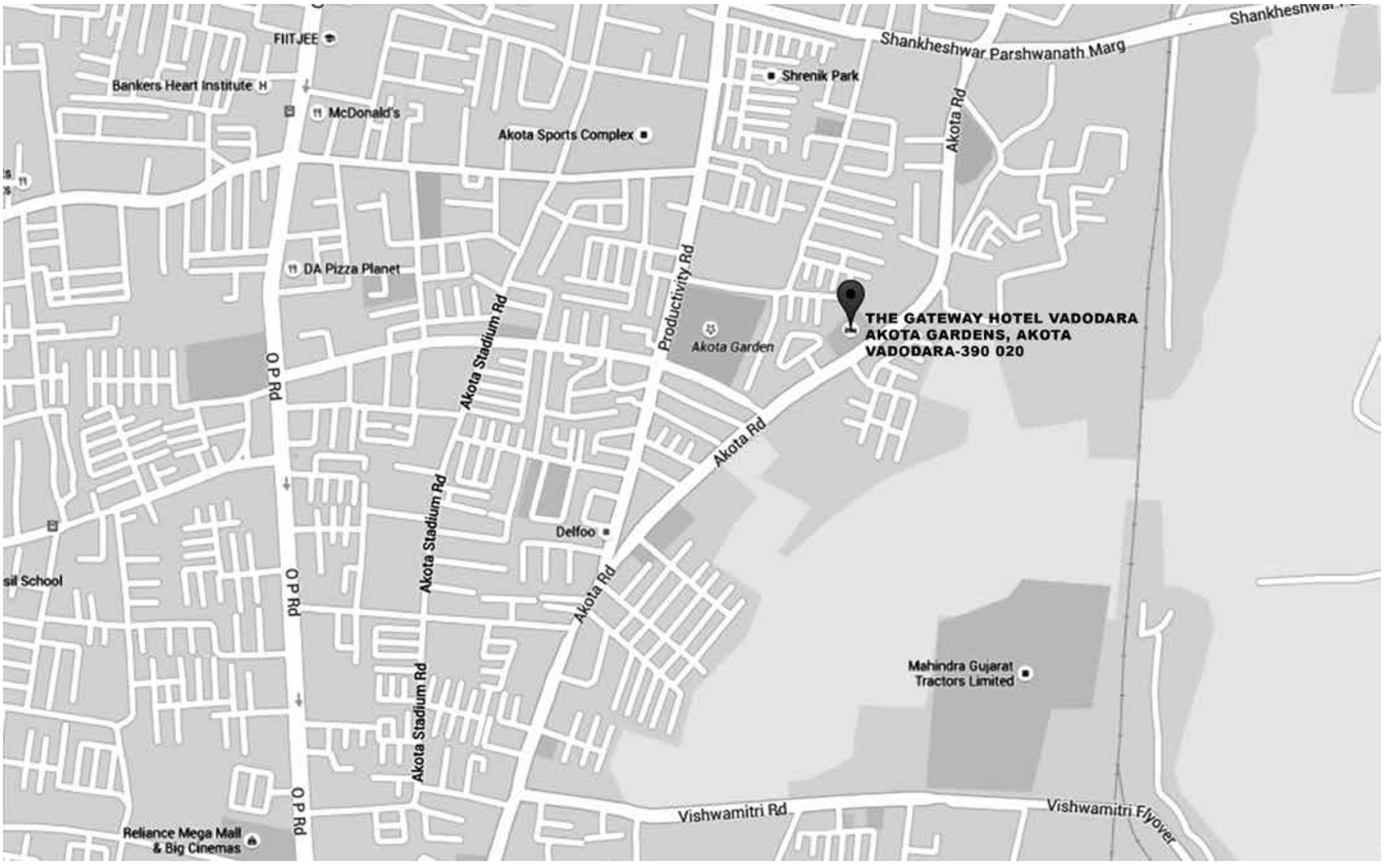
By Order of the Board of Directors
For Hindustan Oil Exploration Company Limited

Place: Chennai
Date : August 10, 2015

K. Premnatha
Company Secretary &
Compliance Officer

Registered Office:
'HOEC House', Tandalja Road
Vadodara - 390020
CIN : L11100GJ1996PLC029880
Email: hoecshare@hoec.com

Route Map to the venue of the AGM



HOEC

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

Regd. Office: 'HOEC House', Tandalja Road, Vadodara - 390 020
CIN:L11100GJ1996PLC029880 • E-mail: hoecshare@hoec.com

ATTENDANCE SLIP

[To be presented at the entrance]

Folio No. :.. DP ID No. : ....

Client ID No. :.. No. of Shares : ....

I hereby record my presence at the 31st ANNUAL GENERAL MEETING of the Company held on Friday, the 25th day of September 2015 at 10:30 A.M. at 'Tropicana Hall', The Gateway Hotel Vadodara, Akota Gardens, Akota, Vadodara- 390020 (Gujarat) India.

Name and Address of the Member/the Proxy	Signature of the Member/the Proxy

1. Only Member/Proxy holder can attend the Meeting.
2. Member/Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.

TEAR HERE

TEAR HERE

HOEC

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

Regd. Office: 'HOEC House', Tandalja Road, Vadodara - 390 020
CIN:L11100GJ1996PLC029880 • E-mail: hoecshare@hoec.com

PROXY FORM

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

Name of the Member(s) :..

Registered address :..

....

....

E-mail ID :..

Registered Folio No :..

DP ID/Client Id :..

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

1. Name: ....

   Address: ....

   Email ID: .... Signature .... or failing him/her,

2. Name: ....

   Address: ....

   Email ID: .... Signature .... or failing him/her,

3. Name: ....

   Address: ....

   Email ID: .... Signature ....

as my/our proxy to attend and vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held on Friday, the 25th day of September 2015 at 10:30 A.M. at 'Tropicana Hall', The Gateway Hotel Vadodara, Akota Gardens, Akota, Vadodara- 390020 (Gujarat) India, and at any adjournment thereof in respect of such Resolutions as are indicated on the reverse of this page:

Sr. No.	Resolutions	For	Against
Ordinary Business			
1	Adoption of the Audited Financial Statements of the Company for the financial year ended March 31, 2015 together with the reports of the Directors' and Auditor's thereon and the Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2015		
2	To appoint a Director in place of Mr. Guido Papetti (DIN: 06616547), who retires by rotation and being eligible offers himself for re-appointment		
3	To appoint a Director in place of Mr. Paolo Ceddia (DIN: 06638260), who retires by rotation and being eligible offers for re-appointment		
4	To appoint Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors and authorise the board to fix their remuneration		
Special Business			
5	To approve and ratify the remuneration of the Cost Auditor for the year ending March 31, 2016		
6	To appoint Mr. Sunil Behari Mathur (DIN: 00013239) as an Independent Director for a period of 5 years		
7	To appoint Ms. Sharmila Amin (DIN: 06770401) as an Independent Director for a period of 5 years		
8	To appoint Mr. Elango Pandarinathan (DIN: 06475821) as a Director		
9	To appoint Mr. Elango Pandarinathan (DIN: 06475821) as Managing Director for a period of 3 years		
10	To appoint Mr. Ramasamy Jeevanandam (DIN: 07046442) as a Director		
11	To appoint Mr. Ramasamy Jeevanandam (DIN: 07046442) as Whole-time Director & Chief Financial Officer for a period of 3 years		
12	To consider and approve the Associate Stock Option Plan 2015		
13	To consider and approve the grant of Employee Stock Options to issue securities of exceeding 1% of the issued capital of the Company during any one financial year to eligible associates under ASOP 2015		
14	To consider fixing of borrowing limits for the Company		
15	To consider the creation of charges		
16	To consider the raising Capital		
17	To consider ratification of the remuneration paid to Mr. Manish Maheshwari in his capacity as a Managing Director		

Signed this ______________________ day of ______________________ 2015.

Affix
Revenue
Stamp

(..Signature..)

Signature of Shareholder(s)

Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 24 hours before the commencement of the Meeting.
2. A proxy need not be a member of the Company.
3. A person can act as a Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or a Member.
4. Please put a ' √ ' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he/she wishes.
6. In the case of Joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.