



Hindustan Oil Exploration Company Limited

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

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May 30, 2014

By Fax / Courier/Email

The Listing Department

The National Stock Exchange of India Ltd.,
"EXCHANGE PLAZA",
Bandra Kurla Complex
Bandra (East), MUMBAI – 400 051
FAX # 022-26598237 / 38 / 66418125 / 26

The Corporate Relationship Department

Bombay Stock Exchange Limited
1st Floor, P. Jeejeebhoy Towers
Dalal Street, MUMBAI – 400 013
Fax # 022-22723121 / 2037/2041/2061

SUB: AUDITED FINANCIAL RESULTS

Dear Sir,

In compliance with Clause 41 and other applicable provisions, if any, of the Listing Agreement entered into with your stock exchange, please find enclosed herewith the Statement of Standalone Audited Results for the Quarter Ended March 31, 2014 and Audited Standalone and Consolidated Results for the Year Ended March 31, 2014 duly reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 30, 2014.

Kindly take note of the above results and circulate the same amongst your members.

Thanking you,

Yours faithfully,
For **Hindustan Oil Exploration Company Limited**


Minesh Bhatt
Assistant Company Secretary

Encl : Audited Financial Results.

PART I

Statement of Audited Standalone Results for the Quarter Ended March 31, 2014 and Audited Standalone and Consolidated results for the Year Ended March 31, 2014.

Sr. No.	Particulars	Standalone					(Rupees in Lacs)	
		Quarter ended 31.03.2014 (Audited)	Quarter ended 31.12.2013 (Unaudited)	Quarter ended 31.03.2013 (Audited)	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)
1	Income From Operations							
a)	Net Sales / Income from Operations (See Note 3 & 4)	1,323.38	1,699.53	3,336.57	5,984.59	10,861.38	7,912.28	12,875.82
b)	Other Operating Income	-	-	-	-	-	-	-
c)	(Decrease) / Increase in Stock of Crude Oil, Condensate and Natural Gas	(77.30)	75.68	100.72	(288.79)	16.96	(288.79)	16.96
	Total Income From Operations (Net)	1,246.08	1,775.21	3,437.29	5,695.80	10,878.34	7,623.49	12,892.78
2	Expenses							
a)	Purchase of Stock in Trade	-	-	-	-	-	1,093.71	1,068.83
b)	(Increase) / Decrease in inventories of stock-in-trade	-	-	-	-	-	60.49	30.87
c)	Employee Benefit Expenses	212.87	265.45	246.06	1,006.38	994.35	1,195.51	1,191.67
d)	Other Expenses							
-	Operating Expenditure	351.64	609.87	145.48	2,804.50	3,223.67	2,804.50	3,223.67
-	Net (Gain) / Loss on Foreign Exchange	(252.53)	(57.61)	33.82	437.07	585.32	461.74	594.69
-	Administrative and other Expenses	141.46	248.28	747.14	896.55	1,487.57	1,277.26	1,948.34
e)	- Recovery of Expenses	(232.32)	(316.22)	(361.28)	(1,234.45)	(1,857.13)	(1,234.45)	(1,857.13)
f)	Depreciation, Depletion and Amortisation	3,328.37	2,422.17	5,386.86	10,305.05	8,745.00	10,313.01	8,752.73
g)	Exploration Costs (See Note 8)	4,461.22	-	-	4,461.22	-	4,461.22	-
	Total Expenses	8,050.71	3,171.94	6,198.08	18,676.33	13,178.78	20,433.00	14,953.67
3	Profit / (Loss) from Operations before Other Income, Finance Cost and Exceptional Items (1-2)	(6,804.64)	(1,396.73)	(2,760.79)	(12,980.52)	(2,300.44)	(12,809.50)	(2,060.89)
4	Other Income (Net)	115.89	155.18	189.43	578.39	1,163.36	563.14	814.71
5	Profit / (Loss) from Operations before Finance Cost and Exceptional Items (3+4)	(6,688.74)	(1,241.55)	(2,571.36)	(12,402.13)	(1,137.08)	(12,246.36)	(1,246.18)
6	Finance cost	550.30	261.41	262.02	1,365.23	1,057.30	1,369.76	1,060.30
7	Profit / (Loss) from Operations after Finance Cost but before Exceptional Items (5-6)	(7,239.04)	(1,502.96)	(2,833.38)	(13,767.37)	(2,194.38)	(13,616.12)	(2,306.48)
8	Exceptional Items-Impairment Loss/Additional Depletion (See Note 6)	-	-	-	-	57,197.44	-	57,197.44
9	Profit / (Loss) from Ordinary Activities before Tax (7-8)	(7,239.04)	(1,502.96)	(2,833.38)	(13,767.37)	(59,391.82)	(13,616.12)	(59,503.92)
10	Tax Expenses							
a)	Provision for Current Income Tax	-	-	-	-	-	43.47	64.04
b)	Provision for Deferred Tax / (Write-back)	-	-	-	-	(4,308.52)	(0.52)	(4,308.92)
c)	Reversal of MAT Credit	4,363.62	-	-	4,363.62	-	4,363.62	-
d)	Write-back of provision for income tax (See Note 9)	-	-	-	(5,650.00)	-	(5,650.00)	-
11	Net Profit / (Loss) from Ordinary Activities after Tax (9-10)	(11,602.67)	(1,502.96)	(2,833.38)	(12,480.99)	(55,083.30)	(12,372.69)	(55,259.04)
12	Extraordinary Items (net of tax expenses)	-	-	-	-	-	-	-
13	Net Profit / (Loss) for the Period (11-12)	(11,602.67)	(1,502.96)	(2,833.38)	(12,480.99)	(55,083.30)	(12,372.69)	(55,259.04)
14	Paid up Equity Share Capital (Face Value of Rs. 10/- each)	13,050.93	13,050.93	13,050.93	13,050.93	13,050.93	13,050.93	13,050.93
15	Reserves excluding Revaluation Reserve as per Balance Sheet of Previous Accounting Year	-	-	-	52,639.90	1,07,723.21	53,270.07	1,08,585.90
16	Basic and Diluted EPS (Rs.) - Not Annualised	Rs. (8.89)	Rs. (1.15)	Rs. (2.17)	Rs. (9.56)	Rs. (42.21)	Rs. (9.48)	Rs. (42.34)

PART II

A PARTICULARS OF SHAREHOLDING								
1	Public Shareholding							
	Number of Shares	6,89,24,155	6,89,24,155	6,89,24,155	6,89,24,155	6,89,24,155	6,89,24,155	6,89,24,155
	Percentage of Shareholding	52.82%	52.82%	52.82%	52.82%	52.82%	52.82%	52.82%
2	Promoters and Promoter Group Shareholding (See Note 8)							
a)	Pledged / Encumbered							
	Number of shares	-	-	-	-	-	-	-
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-	-
	Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-	-
b)	Non - encumbered							
	Number of shares	6,15,69,134	6,15,69,134	6,15,69,134	6,15,69,134	6,15,69,134	6,15,69,134	6,15,69,134
	Percentage of shareholding (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Percentage of shareholding (as a % of the total share capital of the company)	47.18%	47.18%	47.18%	47.18%	47.18%	47.18%	47.18%

	Particulars	For the Quarter ended March 31, 2014
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the period	Nil
	Received during the period	1
	Disposed of during the period	1
	Remaining unresolved at the end of the period	Nil



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Notes:

1 Statement of Assets and Liabilities as per clause 41(1)(eaa) of the Listing Agreement for the Year ended March 31, 2014 on Standalone and Consolidated basis.

(Rupees in Lacs)

Particulars	Audited Standalone		Audited Consolidated	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
A EQUITY AND LIABILITIES				
1 Shareholders' Funds				
a. Share Capital	13,050.93	13,050.93	13,050.93	13,050.93
b. Reserves and Surplus	39,804.57	52,592.83	40,543.02	53,223.00
Sub-total - Shareholders funds	52,855.50	65,643.76	53,593.95	66,273.93
2 Non - current liabilities				
a. Long-term borrowings	70,168.40	81,665.05	70,168.40	81,665.05
b. Deferred tax liabilities (net)	-	-	-	-
c. Long-term provisions	10,620.91	9,643.54	10,629.83	9,653.68
Sub-total - Non-current liabilities	80,789.31	91,308.59	80,798.23	91,318.73
3 Current liabilities				
a. Trade payables	1,648.17	1,278.26	1,936.28	1,645.99
b. Other current liabilities	29,855.80	16,533.57	29,864.18	16,571.29
c. Short-term provisions	5.88	13.75	5.88	13.75
Sub-total - Current liabilities	31,509.85	17,825.58	31,806.34	18,231.03
TOTAL - EQUITY AND LIABILITIES	1,65,154.66	1,74,777.93	1,66,198.52	1,75,823.69
B ASSETS				
1 Non-current assets				
a. Fixed assets	1,39,476.01	1,41,773.50	1,39,508.40	1,41,808.61
b. Non-current Investment	50.00	50.00	0	0
c. Deferred tax assets (Net)	-	-	12.60	12.07
d. Long-term loans and advances	11,720.81	10,679.08	11,767.32	10,714.07
e. Other bank balances	4,753.93	3,730.60	4,753.93	3,730.60
f. Other non-current assets	-	10.87	-	10.87
Sub-total - Non - current assets	1,56,000.76	1,56,244.05	1,56,042.25	1,56,276.22
2 Current assets				
a. Current investments	2,670.94	2,710.49	3,055.16	3,014.47
b. Inventories	3,686.52	3,917.60	3,979.17	4,277.33
c. Trade receivables	635.56	1,488.76	865.04	1,785.80
d. Cash and Bank Balances	1,272.22	8,727.06	1,316.70	8,751.94
e. Short-term loans and advances	853.85	1,609.84	905.39	1,637.80
f. Other current assets	34.81	80.13	34.81	80.13
Sub-total - Current assets	9,153.90	18,533.88	10,156.27	19,547.47
TOTAL ASSETS	1,65,154.66	1,74,777.93	1,66,198.52	1,75,823.69



Notes:

- 1 The Company is primarily engaged in a single business segment of "Hydrocarbons and Other Incidental Services". All the activities of the Company are 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".
- 2 The Company has capital requirements to implement its business plans and commitments under the Production Sharing Contracts (PSC) in the foreseeable future, which cannot be met through internal accruals alone. As a strategic exercise initiated pursuant to appointment of a Financial Advisor, discussions are underway between the Promoter and prospective investors. Notwithstanding uncertainties which may be attached to the outcome of any such process, 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 commitments under the Production Sharing Contracts and to transform the reserves from the existing discoveries to production in the near to mid-term. Based on the foregoing, the Financial Statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.
- 3 (a) While the EBITDA of Rs.2,364.15 lacs for FY 2013-14 has been positive, the Company has reported negative EBIT of Rs.12,402.13 lacs and PBT of Rs. 13,767.37 lacs for the same period, primarily due to high depletion, depreciation and amortization (DDA) charge in an offshore producing property, PY-1, located in the Cauvery Basin. The Company, as Operator, has commissioned a comprehensive geological and reservoir study by an independent 3rd party for PY-1 Field, the results and recommendations of which are still awaited. Pending the results of the Study, the Company has relied on the last independent reserve report of January 2013 and the capital allocation assumption considered towards drilling additional producer wells at the time of the Impairment Test for the year ended March 2013. Should the findings of the Study and the capital allocation assumptions undergo revision, there may be uncertainty in the recoverability of the carrying value of PY-1 Asset, which as of March 31, 2014 is approximately Rs. 116,571 lacs.
- 3 (b) The Auditors have qualified their opinion in this regard and the Company's position is as explained above.
- 4 PY-3 Field, operated by Hardy Exploration & Production (India) Inc., remains shut since July 31, 2011. The Full Field Development Plan submitted by the Operator during May 2013 has been technically reviewed by all the JV Partners. Discussions are ongoing amongst the Joint Venture Partners with respect to the proposal to proportionately share cess and royalty on a cost recoverable basis.
- 5 PY-1 Field was shut in for a period of 102 days in the FY 2014 primarily on account of non evacuation of gas by GAIL (Buyer). Following the Amendment to the Gas Sales Contract which had been executed in July 2013, GAIL has been evacuating gas through the low pressure pipeline connecting PY-1 Gas Terminal to alternate consumers on a nearly continuous basis.
- 6 Exceptional item for the previous year ended March 31, 2013 represented additional depletion and impairment loss aggregating to Rs 57,197 lacs charged to the statement of profit and loss due to reduction in the Proved Reserves of PY-1 Field pursuant to an independent third party certification of PY-1 Field Reserves based on information available subsequent to the drilling of Surya Well. While estimating the future cash flows for determining the value-in-use of PY-1 Asset as per AS 28, the Company had considered a natural gas price of USD 5/MMBtu from 2015 onwards.
- 7 The figures for the quarters ended March 31, 2014 and March 31, 2013 are balancing figures between audited figures in respect of the full financial year ended March 31, 2014 and March 31, 2013 respectively and the un-audited published year-to-date figures upto December 31, 2013 and December 31, 2012 respectively, being the end of the third quarter of the respective financial years which was subject to limited review.
- 8 In compliance with SEBI directions with respect to previous audit qualification 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 Rs. 4,461 lacs (Rs 3,410 lacs pertaining to previous years and Rs.4,414 Lakhs relating to earlier quarters) in the Statement of Profit and Loss which were initially capitalized as 'Exploration Expenditure'.
- 9 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 Rs 5,650 lacs had been written back during the FY 2014.
- 10 The details of Promoter's Shareholding is based on their declarations giving the status that no share has been pledged for respective periods.
- 11 Figures for previous period/year have been regrouped / reclassified to make them comparable with the current period, wherever necessary.
- 12 The above results and notes thereto were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 30, 2014.

BY ORDER OF THE BOARD
For Hindustan Oil Exploration Company Limited

M Manish

Place: New Delhi
Date : May 30, 2014



**Auditor's Report On Quarterly Financial Results and Year to Date Results of the Company
Pursuant to the Clause 41 of the Listing Agreement**

To
Board of Directors of
Hindustan Oil Exploration Company Limited,

1. We have audited the quarterly financial results of Hindustan Oil Exploration Company Limited ('the Company') for the quarter ended March 31, 2014 and the financial results for the year ended March 31, 2014, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. The quarterly financial results are the derived figures between the audited figures in respect of the year ended March 31, 2014 and the published year-to-date figures up to December 31, 2013, being the date of the end of the third quarter of the current financial year, which were subject to limited review. The financial results for the quarter ended March 31, 2014 have been prepared on the basis of the financial results for the nine-month period ended December 31, 2013, the audited annual financial statements as at and for the year ended March 31, 2014, and the relevant requirements of Clause 41 of the Listing Agreement and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31, 2013 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2014; and the relevant requirements of Clause 41 of the Listing Agreement.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. Basis for Qualified Opinion

Attention is invited to note 3(a) of the accompanying financial results which describes the uncertainty relating to the recoverability of the carrying value of Rs.116,571 Lacs in respect of a producing property of the Company. We are unable to obtain sufficient appropriate audit evidence in relation to the assessment of impairment loss, if any, in the carrying value of the producing property. In view of the significant uncertainties involved, we are unable to comment on the adjustments that may be required to be made in these financial results.



4. *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*, these quarterly financial results as well as the year to date results:

- i. are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
- ii. give a true and fair view of the net loss and other financial information for the quarter ended March 31, 2014 and for the year ended March 31, 2014.

5. *Emphasis of Matter*

Attention is invited to Note 2 of the accompanying financial results which describes the factors and conditions that indicate the existence of a material uncertainty that cast a substantial doubt on the Company's ability to continue as a going concern. Our opinion is not qualified for this matter.

6. *Other Matter*

We did not audit the Company's share of net fixed assets, current assets and current liabilities, expenses and cash flows aggregating to Rs.498,050,426, Rs.13,012,194, Nil and Rs.(443) respectively as at March 31, 2014 in respect of two of its unincorporated joint ventures ('UJV's') not operated by the Company, whose accounts and other financial information have been audited by the auditors of the respective UJV's and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such UJVs are based solely on the report of other auditors. Our opinion is not qualified in respect of this matter

The attached financial results and other financial information include Company's share of net fixed assets, current assets and current liabilities, expenses and cash flows aggregating to Rs.627,525,693, Nil, Nil and Nil respectively as at March 31, 2014 in respect of one of its UJV not operated by the Company, the accounts of which have not been audited by the auditors of the respective UJV's. The financial results and other financial information have been incorporated based on un-audited financial statements as provided by the Operator of respective UJV and relied upon by us. Our opinion is not qualified in respect of this matter.

7. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2014 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2014 and the published year-to-date figures up to December 31, 2013, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under Clause 41(I)(d) of the Listing Agreement.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

8. Further, read with paragraph 1 above, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the company in terms of clause 35 of the Listing Agreement and found the same to be correct.

For S R Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W



per Subramanian Suresh
Partner
Membership No.: 83673
Place : Delhi
Date : May 30, 2014

