NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

1. Corporate Information

Hindustan Oil Exploration Company Limited ('the Company' or "HOEC") was incorporated in India on September 22, 1983 under the provisions of the Companies Act, 1956. The Company's shares are listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'). HOEC 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 joint operation through Production Sharing Contracts ('PSC') entered by the Company with Government of India along with other entities. The details of Company's participating interests and of the other entities are as follows:

Sl. No.	Unincorporated Joint Ventures	Participants	Share (%)	
			As at March 31, 2020	As at March 31, 2019
1	PY-1	Hindustan Oil Exploration Company Limited (O)	100	100
2	CY-OS-90/1 (PY-3)	Hardy Exploration & Production (India) Inc. (O)	18	18
		Oil and Natural Gas Corporation Limited	40	40
		Hindustan Oil Exploration Company Limited	21	21
		Tata Petrodyne Limited	21	21
3	Asjol	Hindustan Oil Exploration Company Limited (O)	50	50
		Gujarat State Petroleum Corporation Limited	50	50
4	North Balol	Hindustan Oil Exploration Company Limited (O)	25	25
		Gujarat State Petroleum Corporation Limited	45	45
		Gujarat Natural Resources Limited (GNRL)	30	30
5	CB-ON/7 (Palej)	Hindustan Oil Exploration Company Limited (O)	35	35
		Gujarat State Petroleum Corporation Limited	35	35
		Oil and Natural Gas Corporation Limited	30	30
6	CB-OS/1*	Oil and Natural Gas Corporation Limited (O)	55.26	55.26
		Hindustan Oil Exploration Company Limited	38.07	38.07
		Tata Petrodyne Limited	6.67	6.67
7	AAP-ON-94/1 (Assam)	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
8	MB/OSDSF/ B80/2016	Hindustan Oil Exploration Company Limited (O)	50	50
		Adhboot Estates Private Limited	50	50
9	AA/ONDSF/ KHEREM/2016	Hindustan Oil Exploration Company Limited (O)	40	40
		Oil India Limited	40	40
		Prize Petroleum Company Limited	20	20
10	AA-ONHP-2017/19	Hindustan Oil Exploration Company Limited (O)	100	100
11	AA/ONDSF/ Umatara/2018	Hindustan Oil Exploration Company Limited	10	10
		Indian Oil Corporation Limited	90	90

(O) Operator

** Government of India has issued a termination on September 5, 2018. However, the Company requested to withdraw the termination notice as it is not in accordance with the provisions of the PSC.*

The Company has wholly owned subsidiaries M/s. Hindage Oilfield Services Limited ("Hindage") (formerly known as, HOEC Bardahl India Limited) and Geopetrol International Inc,("GPII") which has a wholly owned subsidiary Geopetrol Mauritius Limited ("GML"). GML has an associate company Geoenpro Petroleum Limited.

2. Significant accounting policies

i) Statement of compliance and basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015(as amended) and Guidance note on Accounting for oil and gas producing activities (Ind AS) issued by the Institute of Chartered Accountants of India. These financial statements for the year ended March 31, 2020 for the Company has been prepared in accordance with Ind AS.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

For all periods up to and including the year ended March 31, 2020, the Company had prepared its financial statements under historical cost convention on accrual basis in accordance with the generally accepted accounting principles and the accounting standards notified under section 133 of the Companies Act 2013.

The Financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

As the operating cycle cannot be identified in normal course due to the nature of industry, the same has been assumed to have a duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS 1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.

The financial statements are presented in Indian Rupees, unless otherwise stated.

Fair value measurement

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

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

(c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

ii) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

The Company has entered into Unincorporated Joint Ventures (UJVs) with other oil and gas companies and executed Production Sharing Contracts ("PSC") and Revenue Sharing Contracts ("RSC") with the Government of India. These UJVs are in the form of joint arrangements wherein the participating entity's assets and liabilities are proportionate to its participating interest.

The UJVs entered into by the company are joint operations wherein the liabilities are several, not joint, and not joint and several and therefore do not come under the category of Joint Venture as defined under the Ind AS. In accounting for these joint operations, the company recognizes its assets and liabilities in proportion to its participating interest in the respective UJV. Likewise, revenue and expenses from the UJV are recognized for its participating interest only. The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in the UJVs in accordance with the Ind AS.

The financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Unincorporated Joint Ventures ("UJV") which are accounted, based on the available information in the audited financial statements of UJV on line by line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the various PSCs and RSCs. The financial statements of the UJVs are prepared by the respective Operators in accordance with the requirements prescribed by the respective PSCs. Hence, in respect of these UJV's, certain disclosures required under the relevant accounting standards have been made in the financial statements.

iii) Investment in subsidiaries, associates and joint ventures

The Company records the investments in subsidiaries, associates and joint ventures at cost less impairment loss, if any. On disposal of investment in subsidiaries, associates and joint ventures, the difference between the net disposal proceeds and the carrying amounts (including corresponding value of dilution in deemed investment) are recognized in the Statement of Profit and Loss.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

iv) Foreign exchange transactions

The functional currency of the Company is Indian Rupee which represents the currency of the primary economic environment in which it operates.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using mean exchange rate prevailing on the last day of the reporting period.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable at the transacted price.

(i) Revenue from the sale of crude oil, condensate and natural gas, net of value added tax and profit petroleum to the Government of India, is recognized on transfer of custody to customers, and the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. The Company adopted Ind AS 115 effective April 1, 2018 and the impact thereon is Nil.

(ii) Income from service if any is recognized on accrual basis on its completion and is net of taxes.

Other income

(iii) Interest income is recognized on the basis of time, by reference to the principal outstanding and at effective interest rate applicable on initial recognition.

(iv) Dividend Income from investments is recognized when the right to receive has been established.

(v) Rental income arising from operating leases is accounted on straight-line basis over the lease term.

vi) Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

The tax rates and tax laws used to compute are the laws that are enacted or substantively enacted as on the reporting date. The management evaluates and makes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income taxes

The current income tax expense includes income taxes payable by the Company. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount. It is recognized only to the extent it is probable that the taxable profit will be available against which the deductible temporary differences and the carry forward losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

vii) Property plant and equipment (other than Oil and Gas Assets)

Land and buildings held for use in the production and supply of goods or services, or for administrative purposes are stated in the balance sheet at cost less accumulated depreciation and the accumulated impairment losses. Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation.

Historical cost comprises the purchase price and any attributable cost of bringing the asset for its intended use. It includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs for acquisition of fixed assets are capitalized till such assets are ready to be put to use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

(i) Useful lives used for depreciation:

The Company follows the useful lives set out under Schedule II of the Companies Act 2013 for the purpose of determining the useful lives of respective blocks of property plant and equipment. The following are the useful lives followed:

- Buildings : 60 years
- Office Equipment : 05 years
- Computers : 03 years
- Furniture and Fixtures : 10 years
- Vehicles : 08 years

Depreciation is recognized so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the written down value method.

(ii) De-recognition of property, plant and equipment

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continuous use of the asset. Any gain or loss arising from such disposal, retirement or de-recognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item. Such gain or loss is recognized in the statement of profit and loss.

In case of de-recognition of a revalued asset, the corresponding portion of the revaluation surplus as is attributable to that asset is transferred to retained earnings on such de-recognition. Such transfers to retained earnings are made through Other Comprehensive Income and not routed through profit or loss.

viii) Oil and gas assets

Oil and gas assets are stated at historical cost less accumulated depletion and impairment. These are accounted in respect of an area / field having proved oil and gas reserves, when the wells in the area / field is ready to commence commercial production.

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

Expenditure incurred on acquisition of license interest is initially capitalized on license by license basis as Intangible Assets. Costs are not depleted within exploratory and development work in progress until the exploration phase is completed or commercial oil and gas reserves are discovered.

(a) Cost of surveys and studies relating to exploration activities are expensed as and when incurred.

(b) Cost of exploratory/appraisal well(s) are expensed when it is not successful and the cost of successful well(s) are retained as exploration expenditure till the development plan is submitted. On submission of development plan, it is transferred to capital work in progress. On commencement of commercial production, the capital work in progress is transferred to producing property as tangible assets.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

(c) Cost of temporary occupation of land and cost of successful exploratory, appraisal and development wells are considered as development expenditure. These expenses are capitalized as producing property on commercial production.

(d) Development costs on various activities which are in progress are accounted as capital work in progress. On completion of the activities the costs are moved to respective oil and gas assets.

Depletion to oil and gas assets

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

ix) Site restoration

Provision for decommissioning costs are recognized as and when the Company has a legal or constructive obligation to plug and abandon a well, dismantle and remove plant and equipment to restore the site on which it is located. The estimated liability towards the costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the well is completed, and the plant and equipment are installed.

The amount recognized is the present value of the estimated future expenditure determined using existing technology at current prices and escalated using appropriate inflation rate till the expected date of decommissioning and discounted up to the reporting date using the appropriate risk-free interest rate.

The corresponding amount is also capitalized to the cost of the producing property and is depleted on unit of production method. Any change in the estimated liability is dealt with prospectively and is also adjusted to the carrying value of the producing property.

Any change in the present value of the estimated decommissioning expenditure other than the periodic unwinding of discount is adjusted to the decommissioning provision and the carrying value of the asset. In case reversal of provision exceeds the carrying amount of the related asset, the excess amount is recognized in the Statement of Profit and Loss. The unwinding of discount on provision is charged in the Statement of Profit and Loss as finance cost.

Provision for decommissioning cost in respect of assets under joint operations is considered as per the participating interest of the Company in the block/field.

x) Investment property

Properties held to on rentals and / or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs.

Depreciation is recognized using the Written Down Value Method, so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful lives are determined by technical evaluation, over the useful lives so determined. Depreciation method, useful life and the residual values are reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property and the value thereon. The effect of any change in the estimates of useful lives / residual value is accounted on a prospective basis.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognized in the Statement of Profit and Loss in the same period.

xi) Intangible assets (other than Oil and Gas Assets)

Intangible assets with a finite useful life acquired separately are measured on initial recognition, at costs. Intangible assets are carried at cost less accumulated amortization and impairment losses if any.

The Company amortizes intangible assets with a finite useful life using the straight-line method. The useful life considered for computer software is 6 years.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

xii) Impairment

The carrying values of assets/cash generating units are assessed for impairment at the end of every reporting period. If the carrying amount of an asset exceeds the estimated recoverable amount, an impairment is recognized as expense in the statement of profit and loss. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In that case, the carrying amount of the asset is increased to its recoverable amount. However, such reversal shall not exceed the carrying amount had there been no impairment loss.

xiii) Inventories

The accounting treatment in respect of recognition and measurement of inventory is as follows:

(i) Closing stock of crude oil and condensate in saleable condition is valued at the estimated net realizable value in the ordinary course of business.

(ii) Stores, spares, capital stock and drilling tangibles are valued at cost on first in first out basis and estimated net realizable value, whichever is lower.

Inventories are periodically assessed for restatement at lower of cost and net realizable value. On restatement, any write-down of inventory to net realizable value is recognized as an expense in the period the write-down or loss occurs. In case of increase in the net realizable value, the increase is recognized and reversed to the extent of write-down.

xiv) Employee benefits

Employee benefits include salaries, wages, provident fund, gratuity, leave encashment towards un-availed leave, compensated absences and other terminal benefits.

All short-term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.

a) Defined contribution plan

The Company's contribution to provident fund is considered as defined contribution plan and are recognized as and when the employees have rendered services entitling them to contributions.

b) Defined benefit plan

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by the Life Insurance Corporation of India. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date using the Projected Unit Credit method.

Re-measurement comprising actuarial gains and losses are reflected immediately in the balance sheet with a charge or credit recognized in the Other Comprehensive Income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is recognized the Statement of Profit and Loss except those included in cost of assets as permitted.

Defined benefit costs are categorized as Service cost, Net interest expense and re-measurement cost.

c) Long term employee benefit

The liability for long term compensated absences which are not expected to occur within 12 months after the end of the period in which the employee rendered related service are recognized as liability based on actuarial valuation as at the balance sheet date.

d) Other Employee Benefits including allowances, incentives etc. are recognized based on the terms of the employment.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

xv) Employee share based payment

Equity settled share-based payments to employees are measured at fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share-based payment is expensed on straight line basis over the vesting period based on the Company's estimate of the equity instrument that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that cumulative expense reflects the revised estimate, with corresponding adjustment to the equity-settled employee benefits reserve.

xvi) Financial instruments

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are initially measured at fair value except for trade receivables which are initially measured at a transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular purchases or sales of financial assets are recognized and derecognized on the trade date. Recognized financial assets are subsequently measured in their entirety at the fair value. In case of investments in wholly owned subsidiary, the investments are considered at cost subject to impairment if any.

A financial asset is de-recognized only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Financial assets held with the objective to collect contractual cash flows and the terms give rise on specified dates to cash flows that are solely payments of principal and interest are subsequently measured at amortized cost except for financial assets that are designated at fair value through profit or loss on initial recognition.

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition.

Financial liabilities

All financial liabilities are recognized initially at fair value. In the case of loans, borrowings and payables, recognition is net of directly attributable transaction and other costs. The Company's financial liabilities may include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. The measurement of financial liabilities is at fair value and adjustment thereon is routed through profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

xvii) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits, compensated absences and decommissioning liability) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

In case of contingent liabilities, where there is no certainty of outflow or the amount of obligation cannot be measured reliably, disclosure is made in the notes forming part of the financial statements. Contingent assets are not recognized in the financial statements. However, where the realization of income is reasonably certain, a disclosure of the fact is provided.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

xviii) Leases

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases. Operating lease payments for land are recognized as prepayments and amortized on a straight-line basis over the term of the lease. Contingent rentals, if any, arising under operating leases are recognized as an expense in the period in which they are incurred.

xix) Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

xx) Statement of cash flow

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

xxi) Cash and cash equivalents

Cash comprises for the purposes of cash flow statement comprise cash on hand and demand deposits with banks. Cash equivalents are short-term balances with a maturity of not exceeding three months, highly liquid investments that are readily convertible in to known amounts of cash which are subject to insignificant risk of change in value.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

3. Critical accounting judgments, assumptions and key sources of estimation uncertainty

Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of judgments, assumptions and estimation uncertainty in the preparation of the Financial Statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of oil and gas reserves, impairment, useful lives of property, plant and equipment, depletion of oil and gas assets, decommissioning provision, employee benefit obligations, provisions, provision for income tax, measurement of deferred tax assets and contingent assets & liabilities.

3.1 Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (Refer note 4.2), that the Management have made in the process of applying the Company's accounting policies and that have the significant effect on the amounts recognized in the Financial Statements.

(a) Determination of functional currency

Currency of the primary economic environment in which the Company operates ("the functional currency") is Indian Rupee (₹) in which the company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (₹).In case of foreign subsidiaries in United States Dollar, it is converted using the year end exchange rates.

(b) Evaluation of indicators for impairment of oil and gas assets

The evaluation of applicability of indicators of impairment of assets requires assessment of external factors such as significant decline in asset's value, significant changes in the technological, market, economic or legal environment, market interest rates etc. and internal factors such as obsolescence or physical damage of an asset, poor economic performance of the asset etc. which could result in significant change in recoverable amount of the oil and gas assets.

3.2 Assumptions and key sources of estimation uncertainty

a) Estimation of provision for decommissioning

The Company estimates provision for decommissioning for the future decommissioning of oil & gas assets at the end of their economic lives. Most of these decommissioning activities would be in the future, the exact requirements that may have to be met when the occurrence of removal events are uncertain. Technologies and costs for decommissioning are varying constantly. The timing and amounts of future cash flows are subject to significant uncertainty.

The timing and the future expenditures are reviewed at the end of each reporting period, together with rate of inflation for current cost estimates and the interest rate used in discounting the cash flows. The economic life of the oil & gas assets is estimated based on the economic production profile of the relevant oil & gas asset.

b) Estimation of reserves

Management estimates production profile (proved and developed reserves) in relation to all the oil and gas assets determined as per the industry practice. The estimates so determined are used for the computation of depletion and loss of impairment if any.

The year-end reserves of the Company have been estimated by the Geological & Geophysical team which follows the guidelines for application of the petroleum resource management system consistently. The Company has adopted the reserves estimation by following the guidelines of Society of Petroleum Engineers (SPE) which defines "Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: They must be discovered, recoverable, commercial and remaining (as of a given date) based on development project(s) applied". Volumetric estimation is made which uses reservoir rock and fluid properties to calculate hydrocarbons in-place and then estimate the recoverable reserves from it. As the field gets matured with production history the material balance, simulation, decline curve analysis are applied to get more accurate assessments of reserves.

The annual revision of estimates is based on the yearly exploratory and development activities and results thereof. In addition, new in- place volume and ultimate recoverable reserves are estimated for any new discoveries or new pool of discoveries in the existing fields and the appraisal activities may lead to revision in estimates due to new sub-surface data. Similarly, reinterpretation is also carried out based on the production data by updating the static and dynamic models leading to change in reserves. New interventional technologies, change in classifications and contractual provisions may also necessitate revision in the estimation of reserves.

c) Defined Benefit Obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

3.3 Estimation uncertainty relating to COVID-19 outbreak

The company is in the business of exploration, development and production of crude oil and natural gas in India. Production of crude oil and gas is classified as essential commodities as per Section 2 of the Essential Commodities Act, 1955. Presently, gas and oil production of the company at Dirok field in Assam, PY-1 field in cauvery offshore and three small fields in Gujarat are under production as per the offtakes of the buyers.

In assessing the recoverability of its assets including receivables and inventory, the Company has considered internal and external information up to the date of approval of these financial statements including economic forecasts. The Company has performed analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

4. Property, plant & equipment

Summary

Carrying amount of:	As at March 31, 2020	As at March 31, 2019
a) Oil and gas assets	**30,503.52**	**32,552.11**
b) Others		
- Freehold land	227.52	227.52
- Buildings	35.94	37.72
- Furniture & fixtures	6.09	3.57
- Vehicles	0.64	0.64
- Computers	10.44	8.18
- Office equipment	5.06	3.84
Total	**285.69**	**281.47**

Particulars	Oil and gas assets	Others						Total
		Freehold land	Buildings	Furnitures & fixures	Vehicles	Office equipment	Computers	
Cost								
Balance as at April 1, 2018	**2,49,415.01**	**227.52**	**760.93**	**58.38**	**12.86**	**96.89**	**100.17**	**2,50,671.76**
Additions	9,170.20	–	–	3.03	–	1.79	–	9,175.02
Transfer from Capital Work-in-progress	518.96	–	–	–	–	–	–	518.96
Transfer to investment property	–	–	(622.24)	–	–	–	–	(622.24)
Balance as at March 31, 2019	**2,59,104.17**	**227.52**	**138.69**	**61.41**	**12.86**	**98.68**	**100.17**	**2,59,743.50**
Additions	269.89	–	–	4.16	–	3.00	4.97	282.02
Balance as at March 31, 2020	**2,59,374.06**	**227.52**	**138.69**	**65.57**	**12.86**	**101.68**	**105.14**	**2,60,025.52**
Accumulated depletion, depreciation and impairment								
Balance as at April 1, 2018	**2,23,121.38**	**–**	**346.53**	**57.06**	**11.89**	**92.34**	**88.72**	**2,23,717.92**
Transfer to investment property	–		(247.41)	–	–	–	–	(247.41)
Depletion/Depreciation for the year	3,430.68	–	1.85	0.78	0.33	2.50	3.27	3,439.41
Balance as at March 31, 2019	**2,26,552.06**	**–**	**100.97**	**57.84**	**12.22**	**94.84**	**91.99**	**2,26,909.92**
Depletion/Depreciation for the year	2,318.48	–	1.78	1.64	–	1.78	2.71	2,326.39
Balance as at March 31, 2020	**2,28,870.54**	**–**	**102.75**	**59.48**	**12.22**	**96.62**	**94.70**	**2,29,236.31**
Carrying value as at March 31, 2020	**30,503.52**	**227.52**	**35.94**	**6.09**	**0.64**	**5.06**	**10.44**	**30,789.21**
Carrying value as at March 31, 2019	**32,552.11**	**227.52**	**37.72**	**3.57**	**0.64**	**3.84**	**8.18**	**32,833.58**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

5. **Capital work-in-progress**

Particulars	Development	Exploration	Total
Cost			
Balance as at April 1, 2018	**1,671.17**	**2,385.94**	**4,057.11**
Additions	169.26	–	169.26
Transfer to oil and gas assets	(518.96)	–	(518.96)
Balance as at March 31, 2019	**1,321.47**	**2,385.94**	**3,707.41**
Additions	13,712.09	–	13,712.09
Balance as at March 31, 2020	**15,033.56**	**2,385.94**	**17,419.50**
Accumulated impairment			
Balance as at April 1, 2018	**1,108.72**	**2,385.94**	**3,494.66**
Additions	–	–	–
Balance as at March 31, 2019	**1,108.72**	**2,385.94**	**3,494.66**
Additions	–	–	–
Balance as at March 31, 2020	**1,108.72**	**2,385.94**	**3,494.66**
Net book value			
Carrying value as at March 31, 2020	**13,924.84**	**–**	**13,924.84**
Carrying value as at March 31, 2019	**212.75**	**–**	**212.75**

6. **Investment property**

Particulars	Building
Cost	
Balance as at April 1, 2018	**282.39**
Transfer from property, plant & equipment	622.24
Balance as at March 31, 2019	**904.63**
Additions	–
Balance as at March 31,2020	**904.63**
Accumulated depreciation	
Balance as at April 1, 2018	**199.26**
Transfer from property, plant & equipment	247.41
Depreciation for the year	22.20
Balance as at March 31, 2019	**468.87**
Depreciation for the year	21.12
Balance as at March 31,2020	**489.99**
Carrying value as at March 31, 2020	**414.64**
Carrying value as at March 31, 2019	**435.76**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

6.1 Fair value of the Company's investment property

The following table gives details of the fair value of the Company's investment property as at March 31,2020 and March 31, 2019.

Particulars	Level 3 : March 31, 2020	Level 3 : March 31, 2019
Building	2,208.00	2,208.00

The fair values of the Company's investment properties are assessed every alternate year on the basis of a valuation carried out by an independent valuer not related to the Company. Fair value is derived using the market comparable approach based on the recent market/government prices without any significant adjustments being made to the market observable data. For the current year, the Management has done an internal assessment of the fair value as at 31 March 2020

7. Intangible assets

Particulars	Software	Exploration	Total
Cost			
Balance as at April 1, 2018	**526.67**	**814.72**	**1,341.39**
Additions	–	89.06	89.06
Balance as at March 31, 2019	**526.67**	**903.78**	**1,430.45**
Additions	–	–	–
Balance as at March 31,2020	**526.67**	**903.78**	**1,430.45**
Accumulated amortization and impairment			
Balance as at April 1, 2018	**358.64**	**–**	**358.64**
Amortization for the year	44.82	–	44.82
Balance as at March 31, 2019	**403.46**	**–**	**403.46**
Amortization for the year	44.82	–	44.82
Balance as at March 31,2020	**448.28**	**–**	**448.28**
Carrying value as at March 31, 2020	**78.39**	**903.78**	**982.17**
Carrying value as at March 31, 2019	**123.21**	**903.78**	**1,026.99**

8. Investments in wholly owned subsidiaries

Particulars	As at March 31, 2020	As at March 31, 2019
Unquoted equity shares of subsidiaries		
50,002 (PY: 50,002) equity shares of ₹ 100 each fully paid-up in Hindage Oilfield Services Limited	50.00	50.00
10,000,000 (PY: 10,000,000) equity shares of $1 each fully paid-up in Geopetrol International Inc (refer note below)	5,895.83	5,895.83
Total	**5,945.83**	**5,945.83**

Note: The Company has entered into a Share Purchase Agreement with Geofinance Petroleum SA for the acquisition of the entire share capital of Geopetrol International Inc.("GPII"), a company registered and existing under the Laws of Panama. GPII is registered as a foreign company in India and operates through an Indian Project Office. The Company obtained an independent merchant bankers valuation report and the transaction has been completed in the previous financial year and the entire shares of GPII is transferred in the name of the Company and consequently, GPII has become the wholly owned subsidiary of the Company. GPII has entered into various production sharing contracts with Government of India including a producing oil field Kharsang in Arunachal Pradesh with 25% participating interest. Other parties to the Kharsang field are Oil India Limited ("OIL") with 40%, GeoEnpro Petroleum Limited ("GPL") with 10%, and JEKPL private ltd with 25%, a company which is under the Insolvency and Bankruptcy Code ("IBC") process. GPII has a wholly owned subsidiary Geopetrol Mauritius Limited ("GML") which holds 50% share capital of GPL. GPL is the Operator to the Kharsang Block.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

9. Deposit under site restoration fund scheme

Particulars	As at March 31, 2020	As at March 31, 2019
Site restoration deposit with bank with maturity period in excess of 12 months	6,241.30	5,897.88
Total	**6,241.30**	**5,897.88**

The above amount has been deposited with banks under section 33ABA of the Income Tax Act, 1961 and can be withdrawn only for the purposes of site restoration pursuant to an abandonment plan agreed with the Government of India. Therefore, this amount is considered as restricted cash and not considered as 'Cash and cash equivalents'.

10. Other financial assets

Particulars		As at March 31, 2020	As at March 31, 2019
(i)	**Unsecured and considered good**		
	Capital Advances	–	–
(ii)	**Unsecured and considered doubtful**		
	Capital advances	13.55	13.55
	Less: Provision for doubtful advances	(13.55)	(13.55)
Total		–	–

11. Other non-current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Capital advances	138.26	-
Pre-deposit - Service tax (refer note 45)	7.71	7.71
Total	**145.97**	**7.71**

12. Deferred tax asset

Particulars	As at March 31, 2020	As at March 31, 2019
Exploration expenses	3,021.37	3,076.31
Development expenses	750.19	763.83
Depreciation, depletion, amortization and impairment of assets	687.82	4,362.75
Unabsorbed business losses and depreciation	25,830.48	25,367.56
Others	3.90	3.65
Deferred tax assets	**30,293.76**	**33,574.10**
Less: Amounts not recognised (refer note below)	(30,293.76)	(33,574.10)
Deferred tax assets	–	–

Note: Deferred tax asset has not been recognized as it not probable that sufficient future taxable income could be available to utilize these assets.

There is no provision for tax in view of the brought forward losses / unabsorbed depreciation relating to earlier years available for set off while computing income under the provisions of the Income Tax Act, 1961.

The Company is entitled for a Minimum Alternate Tax credit of ₹ 4,237.27 lacs as on March 31, 2020.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

13. Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
Finished goods		
- Crude oil	12.92	26.76
- Condensate	163.79	137.51
Drilling and production stores, and spares	2,024.90	2,107.16
Total	**2,201.61**	**2,271.43**

14. Investments

Particulars	As at March 31, 2020		As at March 31, 2019	
	Quantity	₹ in lacs	Quantity	₹ in lacs
Financial assets carried at fair value through profit and loss.				
i) Quoted equity instruments				
Reliance Industries Limited Equity Shares @ ₹ 10 each	1,272	14.17	1,272	17.34
Reliance Communication Ventures Limited Equity Shares @ ₹ 10 each	318	0.00	318	0.01
Reliance Infrastructure Limited Equity Shares @ ₹ 10 each	23	0.00	23	0.03
Reliance Capital Limited Equity Shares @ ₹ 10 each	30	0.00	30	0.06
Reliance Power Limited Equity Shares @ ₹ 10 each	79	0.00	79	0.01
(i)		**14.17**		**17.45**
ii) Mutual Funds				
Units of Liquid/Liquid plus/Short Term/Medium Term schemes				
HDFC Credit Risk Debt Fund - Growth @ ₹ 10 each	33,66,776.65	560.44	33,66,776.65	513.61
HDFC Liquid Fund - Option-Growth @ ₹ 1000 each	–	–	65,639.38	2,402.60
HDFC Money market fund - Growth	34,112.34	1,423.86	–	–
HDFC Ultra Short Term Fund-Growth	51,61,367.37	578.36	–	–
ICICI Prudential Short Term Fund-Growth @ ₹ 10 each	99,10,166.66	4,179.05	99,10,166.66	3,828.87
ICICI Prudential Savings Fund - Growth	2,20,082.58	852.48	–	–
SBI Liquid Fund Regular Growth @1000 each	–	–	31,588.65	921.22
SBI Short Term Debt Fund - Regular Plan - Growth @ ₹ 10 each	14,76,784.94	344.35	14,76,784.94	315.95
SBI Banking & PSU Fund-Regular-Growth @1000 each	54,196.29	1,236.00	1,30,477.46	2,712.57
TATA Dynamic Bond Fund-Regular plan- Growth @ ₹ 10 each	–	–	14,81,577.56	416.52
(ii)		**9,174.54**		**11,111.34**
iii) Unquoted Equity Instruments				
Equity Shares of ₹ 10 each of Gujarat Securities Limited	1,00,000	10.00	1,00,000	10.00
Aggregate amount of impairment in value of investments		(10.00)		(10.00)
(iii)		**–**		**–**
Total (i) + (ii) + (iii)		**9,188.71**		**11,128.79**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at March 31, 2020	As at March 31, 2019
Aggregate amount (cost) of Quoted Investments	0.49	0.49
Market Value of Quoted Investments	**14.17**	**17.45**
Aggregate amount (cost) of Mutual Fund Investments	8,283.39	10,689.23
Fair value of Mutual Fund Investments	**9,174.54**	**11,111.34**
Aggregate Value of Unquoted equity Instruments	–	–
Total investments	**9,188.71**	**11,128.79**

15. Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured and considered good (unless otherwise stated)		
Other trade receivables	3,521.07	3,908.85
Total	**3,521.07**	**3,908.85**

The Company enters into long-term crude oil and gas sales arrangement with its customers. The average credit period on sale of products is varying from 7- 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice.

Accordingly, the Company assess the impairment loss on dues from the customers on facts and circumstances relevant to each transaction. Usually, Company collects all its receivables from its customers within 30 days.

The Company has less credit risk due to the fact that the Company has significant receivables from customers which are reputed and creditworthy public-sector undertakings (PSUs).

Age of receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Within the credit period	953.04	2,625.22
1-30 days past due	100.71	983.65
31-90 days past due	64.57	37.39
More than 90 days past due	2,402.75	262.59
Total	**3,521.07**	**3,908.85**

16. Cash and cash equivalents

For the purposes of statement of cash flow, cash and cash equivalents include cash on hand and balance with banks. cash & cash equivalents and term deposits not exceeding 3 months at the end of the reporting period can be reconciled to the related items in the balance sheet as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
Current accounts	1,549.72	910.87
Bank deposits- maturity < 3 months	3,321.16	829.45
Total	**4,870.88**	**1,740.32**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

17. Other bank balances

Particulars	As at March 31, 2020	As at March 31, 2019
Bank Deposits- maturity > 3 months < 12 months	1,524.77	779.45
Total	**1,524.77**	**779.45**

Fixed deposits with bank which are under lien for issue of bank guarantees.

18. Loan to subsidiary

Particulars	As at March 31, 2020	As at March 31, 2019
Loan to wholly owned subsidiary - GPII (refer note 44)	6,596.27	1,210.48
Total	**6,596.27**	**1,210.48**

19. Other Financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	80.14	81.94
Receivable from joint venture partners	191.90	431.55
Interest accrued on loan to GPII (refer note 44)	118.23	5.72
Other receivables	28.98	2.66
Total	**419.25**	**521.87**

20. Income tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax (net of provision-nil, previous year-nil)	435.12	450.78
Total	**435.12**	**450.78**

21. Other current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured and considered good		
Advances recoverable	2,849.70	9.97
Prepaid expenses	74.93	64.21
Others	2.62	–
Total	**2,927.25**	**74.18**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

22. Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorized		
50,00,00,000 (PY: 50,00,00,000) equity shares of ₹ 10 each	50,000.00	50,000.00
Issued		
132,313,363 (PY: 13,05,63,363) equity shares of ₹ 10 each	13,231.34	13,056.34
Subscribed and Fully Paid up		
132,243,289 (PY: 13,04,93,289) equity shares of ₹ 10 each	13,224.33	13,049.33
Add: Amount Paid-up on Shares Forfeited (32,975 shares)	1.60	1.60
Total issued, subscribed and fully paid-up share capital	**13,225.93**	**13,050.93**

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No.	Amount	No.	Amount
At the beginning of the year	13,04,93,289	13,049.33	13,04,93,289	13,049.33
Issued during the year*	17,50,000	17.50	–	–
Outstanding at the end of the year	**13,22,43,289**	**13,066.83**	**13,04,93,289**	**13,049.33**

* Approved Association Stock options converted into equity shares of the Company during the year.

Particulars	Options (Number)	Weighted average exercise price per option
Options outstanding at the beginning of the year	17,50,000	10
Options granted during the year	Nil	–
Options vested during the year	17,50,000	10
Options outstanding at the end of the year	–	–

(b) Terms/rights attached to equity shares

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

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

Name of shareholders	As at March 31, 2020		As at March 31, 2019	
	No.	% of holding	No.	% of holding
Ashok Kumar Goel	1,84,65,078	13.96	1,84,65,078	14.15
Housing Development Finance Corporation Limited	1,40,86,303	10.65	1,40,86,303	10.79
LCI Estates LLP	81,00,000	6.13	81,00,000	6.21

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

23. Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Capital reserve	96,084.50	96,084.50
Securities premium account	78,865.43	78,415.21
ASOP Reserve	–	450.21
Retained earnings		
Opening balance	**(1,35,767.17)**	**(150,647.45)**
Profit for the Year	14,083.39	14,896.46
Other comprehensive income (net of tax)	15.77	(16.17)
Closing balance	**(1,21,668.01)**	**(135,767.16)**
Total Reserves and Surplus	**53,281.93**	**39,182.76**

24. Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables (refer note below)	–	2,211.07
Total	**–**	**2,211.07**

Note: During the year write-back of liability for certain disputed invoices raised by Eni India Limited related to the period between 2010 to 2014. These liabilities are assessed by management as no longer payable considering the lapse of time under the period of limitation to make a valid claim and the liabilities are written back.

25. Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposit	30.50	30.50
Total	**30.50**	**30.50**

26. Non-current Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for decommissioning	10,308.80	9,790.41
Provision for compensated absences	33.69	37.41
Total	**10,342.49**	**9,827.82**

26.1 Movement of Provision for decommissioning

Particulars	2019-20	2018-19
Balance at beginning of the year	**9,790.41**	**9,662.67**
Adjusted/ reversal during the year	–	(12.09)
Unwinding of discount	518.39	139.83
Balance at end of the year	**10,308.80**	**9,790.41**

26.2 The Company estimates provision for decommissioning as per the principles of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' for the future decommissioning of oil & gas assets at the end of their economic lives. Most of these decommissioning activities would be in the future for which the exact requirements that may have to be met when the removal events occur are uncertain. Technologies and costs for decommissioning are constantly changing. The timing and amounts of future cash flows are subject to significant uncertainty. The economic life of the oil & gas assets is estimated on the basis of long term production profile of the relevant oil & gas asset. The timing and amount of future expenditures are reviewed annually, together with rate of inflation for escalation of current cost estimates and the interest rate used in discounting the cash flows.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

27. Other non-current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for gratuity	–	10.48
Total	**–**	**10.48**

28. Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of Micro enterprises and small enterprises (refer note (i))	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,269.03	1,075.64
Total	**1,269.03**	**1,075.64**

(i) Details of dues to micro, small & medium enterprises

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount payable (but not due) to suppliers as at year end	–	–
Interest accrued and due to suppliers 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 (other than Section 16)	–	–
Interest paid to suppliers (Section 16)	–	–
Interest due and payable to suppliers for payments already made	–	–
Interest accrued and remaining unpaid to suppliers 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.

29. Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Payable to joint venture partners	5,201.21	2,775.65
Payable towards capital expenditure	6,537.48	–
Total	**11,738.69**	**2,775.65**

30. Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for compensated absences	13.97	9.67
Total	**13.97**	**9.67**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

31. Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	226.35	245.47
Provision for gratuity	–	26.66
Total	**226.35**	**272.13**

32. Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of crude oil / condensate	3,792.21	6,017.40
Sale of Natural gas	14,342.59	17,851.48
Less: Profit petroleum to Government of India	(151.26)	(179.47)
Net sales	**17,983.54**	**23,689.41**

32.1 Details of sales

Product	UOM	For the year ended March 31, 2020		For the year ended March 31, 2019	
		Quantity	Value	Quantity	Value
Crude oil / Condensate	bbl	97,924	3,652.37	135,809	5,872.14
Natural gas	mmscf	5,247	14,331.17	6,976	17,817.27
Total			**17,983.54**		**23,689.41**

33. Other income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on bank deposits	128.01	144.87
Interest on site restoration deposits with banks	343.42	384.58
Interest income on loan to GPII (refer note 44)	105.88	5.72
Rental income	79.81	36.25
Dividend income	0.08	0.08
Net gain on sale or fair valuation of investments	1,060.20	397.44
Net gain on foreign exchange	425.82	–
Liabilities no longer required written back	–	9.09
Miscellaneous Income	14.51	28.29
Total	**2,157.73**	**1,006.32**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

34. Share of expenses from producing oil and gas blocks

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Share of expenses-producing oil and gas		
Manpower costs	824.24	807.26
Repairs and maintenance	1,138.13	1,314.62
Other statutory charges	190.52	310.04
Insurance	111.65	51.00
Other production expenses	98.34	113.82
Consumables	32.98	18.35
Transportation and logistics	203.68	207.91
	2,599.54	**2,823.00**
b) Royalty, cess & NCCD	2,063.68	1,968.63
Total	**4,663.22**	**4,791.63**

35. (Increase) / decrease in stock of crude oil and condensate

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year	176.71	164.27
Inventories at the beginning of the year	164.27	551.49
(Increase)/decrease in inventories	**(12.44)**	**387.22**
Less: Profit petroleum to Government of India	0.55	5.08
Net (Increase)/decrease in inventories	**(11.89)**	**392.30**

36. Employee benefits expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	487.07	363.05
Contribution to provident fund, gratuity and other funds	21.27	17.53
Staff welfare expenses	9.20	15.08
Total	**517.54**	**395.66**

37. Finance cost

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Unwinding of discount on decommissioning liability	518.38	139.83
Total	**518.38**	**139.83**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

38. Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Office and guest house rent	15.04	21.82
Power	3.21	4.04
Rates and taxes	6.01	21.68
Repairs and maintenance - others	13.96	14.78
General office expenses	0.06	1.47
Travelling and conveyance	32.14	36.33
Communication expenses	7.02	7.91
Membership and subscription	32.91	23.38
Legal and professional fees	240.11	356.71
Insurance	2.56	1.81
Directors' sitting fees	16.23	20.53
Directors' commission (refer note 44)	18.00	–
Printing and stationery	14.96	14.31
Bank charges	4.30	55.54
Expenditure for corporate social responsibility (refer note 47)	122.59	40.43
Net loss on foreign exchange	–	24.51
Miscellaneous expenses	34.04	39.73
	563.14	**684.98**
Payment to Auditor:		
Statutory audit fee	34.22	24.19
Tax audit fee	1.77	1.18
Reimbursements	0.66	0.78
	36.65	**26.15**
Total other expenses	**599.79**	**711.13**

39. Exceptional items

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Liability no longer required (refer note 24)	2,211.07	–
Income tax refund (Refer note below)	410.42	230.69
Income (net)	**2,621.49**	**230.69**

Note: Relates to the refund orders of Income-Tax along with interest for the Assessment Years 1996-97 for ₹ 242.65 lacs, 1997-98 for ₹ 108.64 lacs and ₹ 59.13 lacs for 2006-07

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

40. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit for the year as per statement of profit & loss	₹ 14,083.39 lacs	₹ 14,896.46 lacs
	No.	No.
Weighted average number of equity shares used in calculating basic EPS	13,15,30,134	13,04,93,289
Par value per share	₹ 10	₹ 10
Earnings per equity share in ₹ computed on the basis of profit for the year - Basic	**10.71**	**11.42**
Weighted average number of equity shares used in calculating diluted EPS	13,15,30,134	13,15,63,149
Earnings per equity share in ₹ computed on the basis of profit for the year - Diluted	**10.71**	**11.32**

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Weighted average number of equity shares used in the calculation of basic earnings per share	13,15,30,134	13,04,93,289
Shares deemed to be issued for no consideration in respect of: - employee options	–	10,69,860
Weighted average number of equity shares used in the calculation of diluted earnings per share	13,15,30,134	13,15,63,149

41. Significant Accounting Estimates, Assumptions and Judgements

(a) Site Restoration Costs

The Company estimates and provides for abandoning of wells, decommissioning of facilities and restoration of sites expected to be incurred at a future date. The same is capitalized as part of producing property in accordance with Ind AS 16. The estimation of liability is as per the industry practice and adjusted for inflation. The estimated cost is discounted to the reporting date by an appropriate discount factor. Accordingly, the difference in cost and depletion is adjusted.

(b) Employee Benefit Estimates

i. Defined contribution plan

The Company makes provident fund contribution under defined contribution plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to fund the benefits. The company recognized ₹ 88.27 lacs (PY: ₹ 81.86 lacs) for provident fund contribution in the statement of profit and loss. The contributions are payable to this plan by the company at rates specified in the rules of the scheme.

ii. Defined benefit plan

a) Gratuity

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Profit and loss account for current period

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Service cost:		
Current service cost	24.36	21.17
Past Service cost	–	–
Loss/(gain) on curtailments and settlement	–	–
Net interest cost	1.75	0.73
Total included in 'Employee Benefits Expense'	**26.11**	**21.90**

Other Comprehensive Income for the current period

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	7.38	(0.18)
Due to change in demographic assumptions	(0.09)	(6.03)
Due to experience adjustments	(23.28)	23.92
Return on plan assets excluding amounts included in interest income	0.22	(1.54)
Amounts recognized in Other Comprehensive Income	**(15.77)**	**16.17**

Changes in the present value of the defined benefit obligation ("DBO")

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Defined Benefit Obligation	121.64	79.91
Current service cost	24.35	21.17
Past service cost	–	–
Interest cost	8.34	5.02
Actuarial (gain)/loss due to change in financial assumptions	7.38	(0.18)
Actuarial (gain)/loss due to change in demographic assumptions	(0.09)	(6.03)
Actuarial (gain)/loss due to experience adjustments	(23.28)	23.92
Benefits paid	–	(2.17)
Closing defined benefit obligation	**138.34**	**121.64**

Changes in fair value of plan assets

Particulars	As at March 31, 2020	As at March 31, 2019
Opening value of plan assets	84.50	62.87
Interest Income	6.60	4.29
Return on plan assets excluding amounts included in interest income	(0.21)	1.54
Contributions by employer	50.07	17.97
Benefits paid	–	(2.17)
Closing value of plan assets	**140.96**	**84.50**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Net liability recognized in the balance sheet

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of the defined benefit obligation	138.34	121.64
Fair value of plan assets	140.96	84.50
Plan liability	**(2.62)**	**37.14**

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount rate	6.55%	7.35%
Future salary increase	5.00%	5.00%
Withdrawal rates	6% at younger ages reducing to 2% at older ages	6% at younger ages reducing to 2% at older ages

The estimates of future salary increase, 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.

The Company expects to contribute ₹ 26.64 lacs towards its gratuity plan during the year 2019-20.

Maturity profile of defined benefit obligation:

Year 1 %	Year 2 %	Year 3 %	Year 4 %	Year 5 %	Year 6 to 10 %
1.6	8.9	2.1	16.2	1.9	13.3

b) **Compensated absences**

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount rate	6.55%	7.35%
Future salary increase	5.00%	5.00%
Withdrawal rates	6% at younger ages reducing to 2% at older ages	6% at younger ages reducing to 2% at older ages

42. **Oil and Gas Reserves**

As at March 31, 2020, the internal estimates of the Management of Proved & Probable Reserves for the working interest as per the development plan approved by the Directorate General of Hydrocarbons is as follows:

Developed and Undeveloped:

	Unit of Measurement	As at April 1, 2019	Addition	Production	As at March 31, 2020
Proved reserves (1P)					
- Oil	MMBBL	3.17	–	0.08	3.09
- Gas	BCF	78.23	–	4.44	73.79
Proved and probable (2P)					
- Oil	MMBBL	4.37	–	0.08	4.29
- Gas	BCF	124.16	–	4.44	119.72

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Developed:

	Unit of Measurement	As at April 1, 2019	Addition	Production	As at March 31, 2020
Proved reserves (1P)					
- Oil	MMBBL	0.67	–	0.08	0.59
- Gas	BCF	68.98	–	4.43	64.55

Note 1 The above reserve estimates excludes the reserves of PY-3 as there is no viable plan for recommencement as on date. Regarding CB-OS-1, Government of India has issued a termination notice on September 5, 2018. However, the company requested to withdraw the termination notice as it is not in accordance with the provisions of the law. Therefore, no reserves of CB-OS/1 is included in the above estimates

Note 2 Unit of measurement is considered in barrels for oil and cubic feet for gas.

Developed and Undeveloped:

	Unit of Measurement	As at April 1, 2018	Addition	Production	As at March 31, 2019
Proved reserves (1P)					
- Oil	MMBBL	3.21	0.07	0.11	3.17
- Gas	BCF	84.22	1.02	7.01	78.23
Proved and probable (2P)					
- Oil	MMBBL	4.22	0.26	0.11	4.37
- Gas	BCF	128.99	2.18	7.01	124.16

Developed:

	Unit of Measurement	As at April 1, 2018	Addition	Production	As at March 31, 2019
Proved reserves (1P)					
- Oil	MMBBL	0.71	0.07	0.11	0.67
- Gas	BCF	62.57	13.42	7.01	68.98

Note 1: The above reserve estimates excludes the reserves of PY-3 as there is no approved plan for recommencement as on date. CB-OS-1 has no firm development plan in place.

Note 2: Unit of measurement is considered in barrels for oil and cubic feet for gas

43. Segmental reporting

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

44. Related Party Disclosures

a) a) Related Parties as of March 31, 2020:

i) Wholly owned subsidiaries:

a) Hindage Oilfield Services Ltd., ("Hindage")

b) Geopetrol International Inc ("GPII")

ii) Key management personnel:

Whole-time directors

- Mr. P. Elango - Managing Director
- Mr. R. Jeevanandam - Director & CFO

Non-Executive independent Directors

- Mr. Sunil Behari Mathur - Chairman (resigned effective April 17, 2019)
- Mr. Vivek Rae (appointment effective April 18, 2019)
- Ms. Sharmila H. Amin
- Mr. P.K. Borthakur

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Non-Executive, Non-Independent Directors

- Mr. Ashok Kumar Goel
- Mr. Rohit Rajgopal Dhoot

Company Secretary

- Ms.G.Josephin Daisy

b) Nature and volume of transactions during the year and outstanding balances as at the balance sheet date with the above parties:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on loan to GPII	105.88	5.72
Expenditure		
Subsidiary (Hindage) - Reimbursement of expenses	5.43	35.49
Key managerial personnel remuneration-		
1. Mr. P. Elango - Managing Director*	346.98	200.63
2. Mr. R. Jeevanandam - Director & CFO*	337.10	190.69
3. Ms. G. Josephin Daisy - Company Secretary	10.31	10.31
Sitting fee - Independent Directors	13.75	17.40
Commission - Independent Directors**	18.00	–
Advances - Wholly owned subsidiary company ***		
Advance paid to HOSL	4900.00	–
Advance recovered from HOSL	2060.00	–

* Includes one time additional performance Bonus of ₹ 150 lakhs for the year.

** which is within 1% of the net profit of the company for the year ended March 31, 2020.

*** Represents advance made for business purposes.

Loan and advances to wholly owned subsidiary

Particulars	Outstandind as at March 31, 2020	Maximum amount outstanding during the year	Outstanding as at March 31, 2019
Loan to GPII	6,596.27	6,596.27	1,210.48
Interest accrued on loan to GPII (including gain on foreign exchange)	118.23	118.23	5.72
Advance recoverable from HOSL	2,845.43	2,845.43	–

45. Commitments and Contingencies

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Contingent Liabilities		
(a) Claims not acknowledged as debts CY-OS-90/1 (refer note a)	3,112.00	3,112.00
(b) Royalty demand (refer note b)	1,301.11	1,097.00
(c) Claims not acknowledged as debts CB-OS/1 (refer note d)	1,245.00	1,245.00
(d) Service tax liability (refer note e)	168.92	168.92
(e) Service tax liability (refer note f)	17,353.70	–
(ii) Commitments		
Estimated value of contracts remaining to be executed on capital account and not provided for	2541.83	59.16

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

a) Hardy Exploration & Production (India) Inc., CY-OS-90/1 (PY-3) operator referred the dispute by all non-operators including the company to an arbitration for a total claim of ₹ 6,049 lacs (US$ 9.32 million) without interest. Accordingly, the claim against the company for its participating interest is ₹ 1,624 lacs (US$ 2.05 million). The non-operating parties have not accepted the claim and the company made a counter claim of ₹ 20,168 lacs (US $ 31.08 million). The dispute is being adjudicated by the arbitration tribunal. The claim not acknowledged as debt by the company includes ₹ 1,488 lacs for the participating interest of the company relating to the dispute between Aban Offshore Limited and the Operator "Hardy".

b) In block PY 1, The Ministry of Petroleum & Natural Gas (MOP&NG) has computed the royalty based on the price realized instead of well head value and made a demand of ₹ 1,301.11 lacs (US$ 1.72 million) with an interest claim for the period from 2009-10 to 2018-19. The Company has re-computed the royalty based on wellhead value in terms of the production sharing contract which results in an excess payment of ₹ 1,552.65 lacs (US$ 2.06 million) for the above period and made a request for refund.

c) With respect to block CB-OS/1 operated by Oil & Natural Gas Corporation Limited (ONGC), there were no operations during the year. Therefore, no expenditure is accounted in the financial statements. CB-OS-1 Block wherein HOEC holds 38.04% of Participating interest and Oil and Natural Gas Corporation Limited (ONGC) with 55.26% an operator of the block was terminated by Government of India (GOI) on September 5,2018. HOEC has issued a letter to GOI, to reconsider the termination of the block in term of PSC as HOEC is interested to take over participating interest of ONGC as well as the operatorship of the block. No value is carried in the books of accounts for the block.

d) With respect to block CB-OS/1, ONGC made a claim of ₹ 1,245 lacs which was disputed by the Company and the matter is referred to arbitration. The Company made a counter claim of ₹ 6,472 lacs and the matter is being adjudicated by the arbitration tribunal.

e) During the previous years, there was a demand for service tax for ₹ 77.09 lacs with an equivalent amount of penalty due to disallowance of Cenvat credit for the period from October 2007 to March 2011. An appeal has been filed after paying an amount of ₹ 7.71 lacs to the tax authorities. This dispute is before the Cestat for adjudication and no provision is made in the financial statements. The above amount also includes a demand of ₹ 14.74 lacs pertaining to one of the unincorporated joint ventures.

f) Service tax demand was made on cash call contributions, cost and profit petroleum share of the contractors and Government of India, for the year commencing from April 2010 to March 2015 for various unincorporated joint ventures under production sharing contract for is ₹ 8,676.85 lacs with equivalent amount as penalty with interest and for the participating interest of the Company is ₹ 6,638.24 lacs. Further, the statement of demand received from April 2015 to June 2017 is being dealt with.This being an industry issue, the above claim of the tax authority is disputed by the company and is being redressed at various appellate forum. This industry issue is taken up by the Ministry of Petroleum and Natural Gas with Finance Ministry of Government of India for appropriate clarification and redressal.

46. Effects of Changes in Foreign Exchange Rates

a) Expenditure in foreign currency (on accrual basis)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Operating expenditure	690.58	689.07

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

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Components and spare parts	3.41	13.35
Capital goods	–	4.93

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

47. Corporate Social Responsibility

Gross amount required to be spent towards CSR activities from the profits calculated as per Section 198 of the Companies Act, 2013 during the year: ₹ 122.59 lacs (PY: ₹ 23.34). Amount spent during the year on:

Particulars	2019-20	2018-19
Construction of asset	40.04	28.05
Others	22.55	12.38
Total	**62.59**	**40.43**

48. Fair Value Measurements of financial assets

The following table gives information about how the fair value of these financial assets are determined.

As at March 31, 2020	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
Assets measured at fair value (refer note 14)				
- Quoted equity instruments	14.17	14.17	–	–
- Mutual fund investments	9,174.54	9,174.54	–	–

As at March 31, 2019	Fair Value Measurements using			
	Total	Level 1	Level 2	Level 3
Assets measured at fair value (refer note 14)				
- Quoted equity instruments	17.45	17.45	–	–
- Mutual fund investments	11,111.34	11,111.34	–	–

* **Note:** Level 1: Quoted market prices in active markets, where available.
Level 2: Valuation techniques where fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques where fair value measurement is unobservable.

49. Financial instrument disclosure - Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern by optimizing the shareholder's value with the right balance of debt and equity. The Company maintains the debt free status as on date and would raise capital as required by maintaining an appropriate gearing. The Risk Management committee of the company periodically reviews the capital to ensure the capital adequacy. Currently, the capital structure of the Company consists of total equity and the company has no borrowings.

50. Financial Risk Management Objectives

The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured, managed and mitigated in accordance with the Company's policies.

(i) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The primary commodity price risks that the company is exposed to include oil and natural gas prices that could adversely affect the value of the company's financial assets, liabilities or expected future cash flow. Market risk comprises the risk of interest rate, currency risk and the other commodity price.

- **Interest rate risk**

  This risk causes the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not availed borrowings, hence is not exposed to interest rate risk.

- **Foreign currency risk**

  Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities and operational contracts with the rates payable in foreign currencies. The Company manages its foreign currency risk by having natural hedge as the revenue on sale of oil and gas is determined and paid in equivalent US dollars.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

Details of Unhedged Foreign Currency Exposure

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

Particulars	As at March 31, 2020		As at March 31, 2019	
Trade receivables	$86,277	₹ 62.57 lacs	$141,295	₹ 98.07 lacs

- **Commodity price risk**

  The Company is exposed to volatility in the oil and gas prices since the Company does not undertake any oil price hedge. The impact of a falling oil price is however partly mitigated via the production sharing formula in the PSCs, whereby the share of gross production to the company increases in a falling oil price environment and the recovery of costs. Gas prices are fixed for certain duration and the same are based on policy guidelines issued by the Government.

(ii) Credit risk

Credit risk is the risk that counterparty for sale of its products will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is not exposed to credit risk as its sale of oil and gas is to Government Nominees.

(iii) 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. Financing plans are approved based on end utilization of proceeds and cost of capital.

51. Events after the reporting period

There is no material event after the reporting period.

52. Approval of financial statements

The financial statements were approved for issue by the board of directors on May 31, 2020.

53. Previous year figures

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

See accompanying notes forming part of the standalone financial statements

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

Bhavani Balasubramanian
Partner

Place : Chennai
Date : May 31, 2020

For and on behalf of the Board of Directors

P. Elango
Managing Director
DIN No 06475821

R. Jeevanandam
Director & CFO
DIN No 07046442

Josephin Daisy
Company Secretary