



Hindustan Oil Exploration Company Limited

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November 12, 2013
By Fax / Email/Courier

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
BSE Limited
1st Floor, P. Jeejeebhoy Towers
Dalal Street, MUMBAI – 400 013

Fax # 022-22723121 / 2037/2041/2061

**Sub: Submission of Statement of Standalone Unaudited Financial Results
for the Quarter and Six months ended September 30, 2013**

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 Unaudited Financial Results for the Quarter and Six months Ended September 30, 2013 and the Limited. Review Report thereon duly reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on November 12, 2013.

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

Thanking you,

Yours faithfully,
For Hindustan Oil Exploration Company Limited


Mitesh Bhatt
Assistant Company Secretary

Encl : a.a

Limited Review Report**Review Report to
The Board of Directors
Hindustan Oil Exploration Company Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Hindustan Oil Exploration Company Limited ('the Company') for the quarter ended September 30, 2013 (the "Statement"), 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 reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors/ committee of Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. The Company's proportionate share in the Unincorporated Joint Ventures where the Company is having participating interest has been considered in the unaudited standalone financial results and has been incorporated by the Company on the basis of the information obtained from the Operator of the respective Unincorporated Joint Ventures or the information available with the Company.
4. *As more detailed in Note 7 of the statement, the Company follows "Successful Efforts Method" method of accounting for its exploration and production activities, the Company has capitalised costs of INR 501.03 million (including INR 414.13 million to June 30, 2013 and INR 342.29 million to March 31, 2013), incurred in respect of surveys and studies relating to exploration activities.*

The "Guidance Note on Accounting for Oil and Gas Producing Activities" (Guidance Note) issued by the Institute of Chartered Accountants of India requires costs of surveys and studies relating to exploration activities to be expensed when incurred under the "Successful Efforts Method" of accounting. Had the Company followed the recommendation of the Guidance Note, survey costs of INR 501.03 million (including prior period charge of INR 414.13 million to June 30, 2013 and INR 342.29 million to March 31, 2013) would have been written off as an expense and the net loss for the quarter/year and reserves and surplus after considering the related tax effects would have been higher and lower by INR 501.03 million respectively. Our review opinion on the financial results for the quarter ended June 30, 2013 and our audit opinion on the financial statements for the year ended March 31, 2013 was also qualified in respect of the above matter.

5. Based on our review conducted as above, *except for the effect of the matter stated in paragraph 4* nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 (Interim Financial Reporting) notified under the provisions of the Companies Act, 1956, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP**Chartered Accountants**

ICAI Firm registration number: 101049W

**per Subramanian Suresh**
Partner
Membership No.: 083673

Place: Chennai

Date : November 12, 2013

PART I

Statement of Standalone Unaudited Results for the Quarter and Six Months Ended September 30, 2013

(Rupees in Lacs)

Sr. No.	Particulars	For the quarter			Year to date		For the year
		Ended on 30.09.2013	Ended on 30.06.2013	Ended on 30.09.2012	Current Period ended on 30.09.2013	Previous Period ended on 30.09.2012	Ended on 31.03.2013
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income From Operations						
a)	Net Sales / Income from Operations (See Note 4)	1,411.27	1,550.41	2,533.56	2,961.68	5,213.93	10,861.38
b)	Other Operating Income	-	-	-	-	-	-
c)	(Decrease) / Increase in Stock of Crude Oil, Condensate and Natural Gas	69.13	(356.31)	128.97	(287.17)	(38.39)	16.96
	Total Income From Operations (Net)	1,480.40	1,194.10	2,662.53	2,674.51	5,175.54	10,878.34
2	Expenses						
a)	Purchase of Stock in Trade	-	-	-	-	-	-
b)	(Increase) / Decrease in inventories of stock-in-trade	-	-	-	-	-	-
c)	Employee Benefit Expenses	288.67	239.40	257.23	528.07	512.29	994.35
d)	Other Expenses						
-	Operating Expenditure	1,208.48	594.50	954.46	1,802.98	1,911.65	3,223.67
-	Net (Gain) / Loss on Foreign Exchange	505.19	242.02	(138.00)	747.21	170.76	585.32
-	Administrative and other Expenses	275.53	231.28	362.04	506.81	459.14	1,487.57
e)	Recovery of Expenses	(335.64)	(350.27)	(503.59)	(685.91)	(1,056.31)	(1,857.13)
f)	Depreciation, Depletion and Amortisation	2,577.04	1,977.47	1,117.26	4,554.51	2,272.21	8,745.00
	Total Expenses	4,519.27	2,934.40	2,049.40	7,453.67	4,269.74	13,178.78
3	Profit / (Loss) from Operations before Other Income, Finance Cost and Exceptional Items (1-2)	(3,038.87)	(1,740.30)	613.12	(4,779.16)	905.80	(2,300.44)
4	Other Income (Net)	139.33	168.00	332.34	307.33	493.03	1,163.36
5	Profit / (Loss) from Operations before Finance Cost and Exceptional Items (3+4)	(2,899.54)	(1,572.30)	945.47	(4,471.83)	1,398.83	(1,137.09)
6	Finance Cost	292.07	261.45	258.19	553.52	543.89	1,057.30
7	Profit / (Loss) from Operations after Finance Cost but before Exceptional Items (5-6)	(3,191.61)	(1,833.75)	687.28	(5,025.35)	854.94	(2,194.38)
8	Exceptional Items-Impairment Loss/Additional Depletion (See Note 6)	-	-	-	-	-	57,197.44
9	Profit / (Loss) from Ordinary Activities before Tax (7-8)	(3,191.61)	(1,833.75)	687.28	(5,025.35)	854.94	(59,391.82)
10	Tax Expenses						
a)	Provision for Current Income Tax	-	-	120.00	-	130.00	-
b)	Provision for Deferred Tax	-	-	210.00	-	230.00	(4,308.52)
c)	MAT Credit Entitlement (Net)	-	-	(120.00)	-	(130.00)	-
d)	Write-back of provision for income tax (See Note 8)	(5,650.00)	-	-	(5,650.00)	-	-
11	Net Profit / (Loss) from Ordinary Activities after Tax (9-10)	2,458.39	(1,833.75)	477.28	624.65	624.94	(55,083.30)
12	Extraordinary Items (net of tax expenses)	-	-	-	-	-	-
13	Net Profit / (Loss) for the Period (11-12)	2,458.39	(1,833.75)	477.28	624.65	624.94	(55,083.30)
14	Paid up Equity Share Capital (Face Value of INR 10/- each)	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
16	Basic and Diluted EPS (INR) - Not Annualised - before Extraordinary Items	Rs. 1.88	Rs.(1.41)	Rs. 0.37	Rs. 0.48	Rs. 0.48	Rs.(42.21)
17	Basic and Diluted EPS (INR) - Not Annualised - after Extraordinary Items	Rs. 1.88	Rs.(1.41)	Rs. 0.37	Rs. 0.48	Rs. 0.48	Rs.(42.21)

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
	Percentage of Shareholding	52.82%	52.82%	52.82%	52.82%	52.82%	52.82%
2	Promoters and Promoter Group Shareholding (See Note 9)						
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
	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%
	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%

Particulars		Quarter Ended September 30, 2013	
B INVESTOR COMPLAINTS			
Pending at the beginning of the quarter		Nil	
Received during the quarter		4	
Disposed of during the quarter		4	
Remaining unresolved at the end of the quarter		Nil	



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Notes:

1 Statement of Assets and Liabilities as per clause 41(1)(ea) of the Listing Agreement for the half year ended September 30, 2013 on standalone basis.

Particulars	Rupees in Lacs	
	Unaudited As at Sep 30, 2013	Audited As at Mar 31, 2013
A EQUITY AND LIABILITIES		
1 Shareholders' Funds		
a. Share Capital	13,051	13,051
b. Reserves and Surplus	53,177	52,593
Sub-total - Shareholders funds	66,228	65,644
2 Non - current liabilities		
a. Long-term borrowings	87,121	81,665
b. Deferred tax liabilities (net)	-	-
c. Long-term provisions	11,061	9,644
Sub-total - Non-current liabilities	98,182	91,309
3 Current liabilities		
a. Trade payables	1,941	1,278
b. Other current liabilities	19,721	16,534
c. Short-term provisions	44	14
Sub-total - Current liabilities	21,706	17,826
TOTAL - EQUITY AND LIABILITIES	186,116	174,779
B ASSETS		
1 Non-current assets		
a. Fixed assets	154,218	141,774
b. Non-current Investment	50	50
c. Long-term loans and advances	16,057	10,679
d. Other bank balances	3,210	3,731
e. Other non-current assets	5	11
Sub-total - Non - current assets	173,540	156,245
2 Current assets		
a. Current investments	2,546	2,710
b. Inventories	3,663	3,918
c. Trade receivables	683	1,489
d. Cash and Bank Balances	4,334	8,727
e. Short-term loans and advances	975	1,610
f. Other current assets	375	80
Sub-total - Current assets	12,576	18,534
TOTAL ASSETS	186,116	174,779

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2 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".

3 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. JV Partners have proposed to share cess & royalty proportionate to the PI at the rates prevailing at the time of PSC effective date and response for the same is awaited from the Licensee.

4 PY-1 Field was shut in for a period of 25 days during Q2 FY 2014 as against 70 days during Q1 FY 2014 on account of non evacuation of gas by GAIL (Buyer). Following the Amendment to the Gas Sales Contract which has been executed in July 2013, GAIL has started evacuating gas through the low pressure pipeline connecting PY-1 Gas Terminal to alternate consumers, as a result the evacuation has been nearly continuous.

5 The Ministry of Petroleum and Natural Gas (MoPNG) and Directorate General of Hydrocarbons (DGH) have approved the commerciality of 'Dirok' hydrocarbon discovery in Block AAP-ON-94/1 with the mean Gas-Initially-In-Place (GIIP) of 254 BCF. HOEC as the Operator of the Block, is preparing the Field Development Plan for Dirok Discovery with the objective to bring the First Gas to the market in an accelerated manner, subject to timely receipt of various regulatory approvals for the development / production phase.

6

Exceptional item for the previous year ended March 31, 2013 represents additional depletion and impairment loss 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 in PY-1 Field.

The Company had carried out an impairment assessment as at Dec 31, 2012, based on procedures consistent with Accounting Standard 28 (AS 28) and recognised an impairment loss to the extent of INR 45,939 lacs and additional depletion amounting to INR 11,258 lacs for the production upto the date of assessment of impairment. The aggregate amount of INR 57,197 lacs is disclosed under exceptional items.

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. Company is in the process of analysing the impact of approval by the Cabinet Committee on Economic Affairs (CCEA), of increase in natural gas prices with effect from April 2014 as recommended by Dr. C. Rangarajan Committee, in respect of PY-1 Field.

7 As per the Company's Accounting Policy, the survey costs are initially capitalized as 'Exploration Expenditure' and are retained in exploration expenditure-work-in-progress and subsequently transferred to "Producing Properties" when the well is ready to commence commercial production or expensed off if the exploration activity is determined to be unsuccessful.

The Auditors, have observed in their Audit Report for Financial Year 2012-2013 and subsequently in their Limited Review Reports for the quarters ended June 30, 2013 and Sep 30, 2013, non-adherence of the Guidance Note (Accounting for Oil and Gas Producing Activities, issued by Institute of Chartered Accountants of India) requirement that costs of surveys relating to exploration activities is to be expensed in the year incurred. In this regard, the Company has to state that:

(a) the aforesaid Guidance Note is not mandatory and only recommendatory in nature;

(b) the Company's Accounting Policy, which has been followed consistently during the earlier quarters in the financial year 2013-14, 2012-2013 and in financial years prior to 2011-2012 with reference to treatment of survey costs, is in compliance with International Oil and Gas Industry accounting practices and has been accepted by the auditors in the past prior to FY 2011-12 without modification; and

(c) the accounting for the cost of surveys is in compliance with the terms of the Production Sharing Contract signed with the Government of India.

The above may be treated as our response to the observations in the Auditor's Limited Review Report for the quarter ended Sep 30, 2013.

8 The Hon'ble Mumbai ITAT has 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 has been decided in favour of the Company (consistent with Financial Years 2002-03 and 2003-04), the excess Income Tax provision made for the Financial Years 2004-05 to 2006-07 amounting to INR 5,650 lacs has been written back during the current period.



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- 9 The details of Promoter's Shareholding is based on their declarations giving the status that no share has been pledged for respective periods.
- 10 Figures for previous period/year have been regrouped / reclassified to make them comparable with the current period, wherever necessary.
- 11 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 November 12, 2013.



BY ORDER OF THE BOARD
For Hindustan Oil Exploration Company Limited

Manish Maheshwari
Manish Maheshwari
Managing Director
Place : New Delhi
Date : November 12, 2013