HINDUSTAN OIL EXPLORATION COMPANY LIMITED

Registered Office: 'HOEC HOUSE' Tandalja Road, Off Old Padra Road, Vadodara 390 020

PART I

Statement of Standalone Unaudited Results for the Quarter Ended March 31, 2012 and Audited Standalone and Consolidated Results for the Year Ended March 31, 2012

Rupees in Lacs

Sr No	Particulars	Unaudited for three Months			Audited standalone for the Year		Audited Consolidated for the Year	
		Ended on 31.03.2012	Ended on 31.03.2011	Ended on 31.12.2011	Ended on 31.03.2012	Ended on 31.03.2011	Ended on 31.03.2012	Ended on 31.03.2011
1	**Income From Operations**							
	a) Net Sales / Income from Operations (See Note 3 & 4)	2,597.42	8,344.36	3,270.03	15,139.23	32,984.95	16,926.86	34,583.03
	b) Other Operating Income							
	c) (Decrease) / Increase in Stock of Crude Oil, Condensate and Natural Gas	17.71	84.14	115.29	(739.23)	(138.95)	(739.23)	(138.95)
	Total Income From Operations (Net)	**2,615.13**	**8,428.50**	**3,385.32**	**14,400.00**	**32,846.00**	**16,187.63**	**34,444.08**
2	**Expenses**							
	a) Purchase of Stock in Trade						1,015.57	717.16
	b) (Increase) / Decrease in inventories of stock-in-trade						(147.15)	12.25
	c) Employee Benefit Expenses	367.44	329.89	235.64	1,083.06	1,264.26	1,257.94	1,439.26
	d) Other Expenses	-	-					
	- Operating Expenditure	1,517.41	1,897.16	1,109.96	5,349.31	7,909.27	5,349.31	7,909.27
	- Administrative and other Expenses	152.74	277.51	210.35	885.32	1,047.90	1,386.58	1,491.67
	e) - Recovery of Expenses	(472.65)	(457.25)	(365.51)	(1,471.52)	(1,751.51)	(1,471.52)	(1,751.51)
	f) Depreciation, Depletion and Amortisation (See Note 5)	988.05	2,938.52	1,787.18	5,545.98	12,228.80	5,554.21	12,232.89
	Total Expenses	**2,552.99**	**4,985.83**	**2,977.62**	**11,392.15**	**20,698.72**	**12,944.94**	**22,050.99**
3	Profit from Operations before Other Income, Finance Cost and Exceptional Items (1-2)	62.14	3,442.67	407.70	3,007.85	12,147.28	3,242.69	12,393.09
4	Other Income (Net) (See Note 6)	1,231.24	415.34	312.84	2,501.26	881.49	2,514.43	914.37
5	Profit from Operations before Finance Cost and Exceptional Items (3+4)	1,293.38	3,858.01	720.54	5,509.11	13,028.77	5,757.12	13,307.46
6	Finance cost	297.98	284.23	269.38	1,089.82	1,238.80	1,102.92	1,247.06
7	Profit from Operations after Finance Cost but before Exceptional Items (5-6)	995.40	3,573.78	451.16	4,419.29	11,789.97	4,654.20	12,060.40
8	Exceptional Items							
9	**Profit from Ordinary Activities before Tax (7-8)**	**995.40**	**3,573.78**	**451.16**	**4,419.29**	**11,789.97**	**4,654.20**	**12,060.40**
10	Tax Expenses							
	a) Provision for Current Income Tax	160.00	730.00	30.00	690.00	2,320.00	818.52	2,456.38
	b) Provision for Deferred Tax	240.00	1,130.00	(30.00)	1,070.00	3,770.00	1,071.52	3,770.44
	c) MAT Credit Entitlement (Net)	(160.00)	(730.00)	(30.00)	(690.00)	(2,320.00)	(690.00)	(2,320.00)
11	**Net Profit from Ordinary Activities after Tax (9-10)**	**755.40**	**2,443.78**	**481.16**	**3,349.29**	**8,019.97**	**3,454.16**	**8,153.58**
12	Extraordinary Items (net of tax expenses)	-	-	-	-	-	-	-
13	**Net Profit for the Period (11-12)**	**755.40**	**2,443.78**	**481.16**	**3,349.29**	**8,019.97**	**3,454.16**	**8,153.58**
14	Paid up Equity Share Capital (Face Value of Rs. 10/- each)	**13,050.93**	**13,050.93**	**13,050.93**	**13,050.93**	**13,050.93**	**13,050.93**	**13,050.93**
15	**Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year**				104,373.90	97,114.76	105,131.73	97,738.99
16	Basic and Diluted EPS (Rs.) - Not Annualised - before and after Extraordinary Items	**Rs. 0.58**	**Rs. 1.87**	**Rs. 0.37**	**Rs. 2.57**	**Rs. 6.15**	**Rs. 2.65**	**Rs. 6.25**
PART II								
A	**PARTICULARS OF SHAREHOLDING**							
1	Public Shareholding							
	Number of Shares	68,924,155	68,924,155	68,924,155	68,924,155	68,924,155	68,924,155	68,924,155
	Percentage of Shareholding	52.82%	52.82%	52.82%	52.82%	52.82%	52.82%	52.82%
2	Promoters and Promoter Group Shareholding (See Note 5)							
	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	61,569,134	61,569,134	61,569,134	61,569,134	61,569,134	61,569,134	61,569,134
	Percentage of shareholding (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Percentage of shareholding (as a % of the total share capital of the company)	47.18%	47.18%	47.18%	47.18%	47.18%	47.18%	47.18%

	Particulars	Three Months Ended March 31, 2012
B	**INVESTOR COMPLAINTS**	
	Pending at the beginning of the quarter	0
	Received during the quarter	4
	Disposed of during the quarter	4
	Remaining unresolved at the end of the quarter	0

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Notes:

1 Disclosure of assets and liabilities as per clause 41(1)(ea) of the Listing Agreement for the year ended March 31, 2012 on standalone and consolidated basis.

(Amount in Rupees Lacs)

Particulars	Audited Standalone		Audited Consolidated	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
A EQUITY AND LIABILITIES				
1 **Shareholders' Funds**				
a. Share Capital	13,050.93	13,050.93	13,050.93	13,050.93
b. Reserves and Surplus	107,723.21	104,373.90	108,585.90	105,131.73
Sub-total - Shareholders funds	120,774.14	117,424.83	121,636.83	118,182.66
2 **Non - current liabilities**				
a. Long-term borrowings	52,411.19	52,540.10	52,411.19	52,540.10
b. Deferred tax liabilities (net)	4,308.52	3,238.52	4,296.85	3,225.33
c. Long-term provisions	9,081.36	7,982.55	9,091.31	7,991.43
Sub-total - Non-current liabilities	65,801.07	63,761.17	65,799.35	63,756.86
3 **Current liabilities**				
a. Trade payables	1,820.11	1,808.82	2,107.19	2,113.72
b. Other current liabilities	10,802.87	9,998.50	10,824.49	10,002.93
c. Short-term provisions	17.19	33.89	20.06	37.81
Sub-total - Current liabilities	12,640.17	11,841.21	12,951.74	12,154.46
TOTAL - EQUITY AND LIABILITIES	**199,215.38**	**193,027.21**	**200,387.92**	**194,093.98**
B ASSETS				
1 **Non-current assets**				
a. Fixed assets	165,856.35	159,080.58	165,896.61	159,103.56
b. Non-current Investment	50.00	50.00	-	-
c. Long-term loans and advances	10,401.22	7,956.40	10,434.82	8,039.61
d. Other bank balances	3,708.13	3,056.16	3,708.13	3,056.16
e. Other non-current assets	39.89	71.26	39.89	71.26
Sub-total - Non - current assets	180,055.59	170,214.40	180,079.45	170,270.59
2 **Foreign Currency Monetary Item Translation Difference Account**	41.19	-	41.19	-
3 **Current assets**				
a. Current investments	7,129.08	10,979.07	7,717.03	11,516.89
b. Inventories	4,688.94	4,404.28	5,019.24	4,608.22
c. Trade receivables	1,996.53	4,739.81	2,176.83	4,955.25
d. Cash and Bank Balances	4,236.84	1,636.74	4,271.71	1,664.72
e. Short-term loans and advances	1,017.73	995.76	1,032.99	1,021.16
f. Other current assets	49.48	57.15	49.48	57.15
Sub-total - Current assets	19,118.60	22,812.81	20,267.28	23,823.39
TOTAL ASSETS	**199,215.38**	**193,027.21**	**200,387.92**	**194,093.98**

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

3 During the year ended March 31, 2012, the production from PY-1 Field was shut down for a cumulative of 159 days as Gail India Limited, the buyer of PY-1 Gas, was not able to off-take the gas supply due to shut down of downstream user plant.

4 Production from PY-3 Field, operated by Hardy Exploration & Production (India) Inc., remained shut since July 31, 2011.

5 Consequent to intermittent production shut downs in PY-1 Field (refer note 3 above), the Company has charged additional depreciation of Rs. 502.2 lacs for the year ended March 31, 2012 (over and above the Unit of Production "(UOP)" method) in line with the Company's Accounting Policy to comply with minimum rates of depreciation under Schedule XIV of the Companies Act, 1956.

6 Other Income for the year ended March 31, 2012, includes (a) interest on refund of Income Tax amounting to Rs. 738.12 lacs pursuant to a favorable award from Income Tax Appellate Tribunal; and (b) an amount of Rs. 260.70 Lacs towards interest and reversal of provisions pursuant to a favorable award from the Arbitration Tribunal pertaining to GN-ON-90/3 Block.

7 As per the Company's Accounting Policy and in compliance with GSR 225 (E) dated March 31, 2009 and notification dated December 29, 2011 by the Government of India, exchange differences arising on reporting of long term foreign currency monetary items including inter-alia long term foreign currency borrowing, as defined in the Accounting Standard - 11, relating to the acquisition of a depreciable capital asset, have been added to/deducted from the cost of the asset consistently since March 31, 2009. The Auditors in their report for the Financial Year 2011-12 have observed that the Company has not considered any part of the foreign exchange fluctuations on the underlying borrowing as interest cost, as required under AS-16. In this regard the Company has to state the following:
(a) Company's business is significantly denominated in United States Dollar (USD), which is also considered as a controlling currency under the Production Sharing Contracts with the Government of India. Company's decision to borrow in USD was never driven on the basis of interest cost arbitrage but to meet the end use of such borrowing to finance USD denominated capital expenditure. Consequently, any exchange difference is incidental and in the view of the Company the same should not be recognized as part of the interest cost. Accordingly, the applicability of para 4(e) of AS 16 does not arise in the present context and hence the Company believes its accounting treatment is appropriate.
(b) Even if para 4(e) of AS 16 was to be applied, the Company does not have any comparative interest rate in INR for a structured borrowing undertaken in 2009 to compute the interest rate differential given the fact that the Company never evaluated option to borrow in local currency in 2009 considering the end use of such borrowing as explained hereinabove.
(c) Finally, AS 16 states that borrowing costs ***may*** **include exchange differences to the extent they are regarded as an adjustment to interest costs** - it does not therefore mandate such specific adjustment to be effected to the borrowing cost.
In view of the explanation stated above, the Company does not regard such exchange differences as an adjustment to interest cost. Consequently, para 4 (e) of AS-16 is not applicable to the referred borrowing and the Company is in compliance with the Accounting Standards.
This may be treated as our response to the observations in the Auditor's report.

8 As per the Company's Accounting Policy, the survey costs are initially capitalized as "Exploration Expenditure" and subsequently either expensed if the exploration activity is determined as unsuccessful or transferred to "Producing Properties" in case the activities are determined to be successful. The Auditors, for the first time, have observed in their audit report dated May 18, 2012, non-adherence of Guidance Note (Accounting for Oil and Gas Producing Activities, issued by Institute of Chartered Accountants of India in 2003) 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 2011-12 and in the earlier Financial Years with reference to treatment of survey cost, is in compliance with international Oil and Gas Industry accounting practices and International Financial Reporting Standards, and has been accepted by the auditors in the past 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.
This may be treated as our response to the observations in the Auditor's report.

9 The details of Promoters Shareholding is based on their declarations giving the status that no share has been pledged for respective periods.

10 Figures for the previous period / year have been regrouped / reclassified to make them comparable with the current period, wherever necessary.

11 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 18, 2012.

BY ORDER OF THE BOARD
For Hindustan Oil Exploration Company Limited

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Manish Maheshwari
Managing Director
Place : New Delhi
Date : May 18, 2012