

## INDEPENDENT AUDITOR'S REPORT

To the Members of Geopetrol International Inc. (incorporated in Panama with limited liability)

### Opinion

We have audited the Consolidated financial statements of Geopetrol International Inc. ("the Group"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit Loss (including Other Comprehensive Income) and the Cash Flow Statement and the Statement of Changes in Equity for the year ended, and a summary of the significant accounting policies and other explanatory information. These financial statements incorporate the India Project Office's interests in Block Kharsang oil field.



Without qualifying our opinion:

- (i) We report that the accounts include the assets of Rs. 292,058,411 and liabilities of Rs. 67,911,899 of Kharsang block based on the Unaudited source and Application of Funds as on 31 March 2019, certified by the Operator GeoEnpro Limited. We are not the Auditors to the block accounts and any changes in the unaudited accounts as on 31 March 2019 shall be adjusted in the subsequent year.
- (ii) We further report that we have placed reliance on technical/ commercial evaluation done by the management of the Geopetrol International Inc. in consultation with the management of GeoEnpro Petroleum Limited in respect of categorization of wells under various stages, depletion of properties on the basis of proved developed reserves and liability for abandonment costs.

Subject to our remarks above, in our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the group as at 31<sup>st</sup> March, 2019 and its Profits, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's Responsibility for the Consolidated Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, other comprehensive income, consolidated cash flows and consolidated Statement of Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

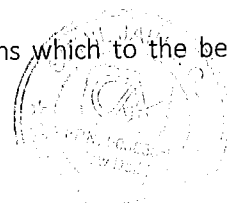
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" statement on the matters Specified in paragraphs 3 and 4 of the Order.

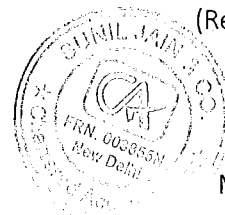
As required by section 143(3) of the Act, we further report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

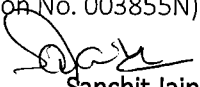


- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the consolidated financial position, consolidated financial performance, other comprehensive income, consolidated cash flows and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid consolidated financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- e. Section 164(2) of the Act is not applicable to the foreign company; and
- f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements -Refer Notes to account;
  - (ii) The Company has disclosed the material foreseeable losses on long-term contracts including derivative contracts- Refer Notes to accounts; and
  - (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund; as such the question of delay in transferring such sums does not arise.

Place: Chennai  
Date : April 26, 2019



For Sunil Jain & Co.  
Chartered Accountants  
(Registration No. 003855N)

  
Sanchit Jain

Partner

Membership No. 511714



# Geopetrol International Inc.

(Subsidiary of Hindustan Oil Exploration Company Limited)

FCRN : F02830

Indian Project Office: 'Lakshmi Chambers', 192, St. Mary's Road, Alwarpet, Chennai – 600018, India

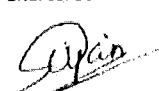
☎ 91 (044) 66229000 / 48535008 📠 91(044) 66229011 ✉ contact@geopetrol.net 🌐 www.geopetrol.net

## Consolidated Balance Sheet as at March 31, 2019

Particulars	Notes	As at March 31, 2019		As at March 31, 2018	
		₹	US\$	₹	US\$
<b>ASSETS</b>					
<b>1 Non-current assets</b>					
Property, plant & equipment	4				
a) Oil and gas assets	4 (a)	30,19,51,847	46,91,150	35,87,30,562	55,13,673
b) Others	4 (b)	10,40,91,707	16,22,169	12,94,59,911	19,89,793
Investment in associates		17,22,12,944	26,34,325	15,79,73,919	24,28,052
Capital work-in-progress	5	24,05,14,750	34,81,755	50,39,897	77,463
Intangible assets	6			58,388	1,075
Financial assets					
Site restoration deposit	7(a)	2,61,77,785	3,78,456	2,44,06,334	3,75,124
Other financial assets	7(b)	5,54,118	8,011	12,12,887	18,642
<b>Total non-current assets</b>		<b>84,55,03,146</b>	<b>1,28,15,866</b>	<b>67,68,81,898</b>	<b>1,04,03,822</b>
<b>2 Current assets</b>					
Inventories	8	5,11,43,301	7,39,386	5,49,98,338	8,53,362
Financial assets					
Trade receivables	9	1,84,47,609	2,66,700	3,64,52,393	5,60,272
Cash and cash equivalents	10	8,89,18,090	12,85,500	68,06,774	1,04,620
Other financial assets	11	5,38,08,213	7,77,913	9,69,313	14,898
Other current assets	12	14,02,928	20,282	1,07,16,442	1,64,711
Income tax assets (Net)	13	5,06,38,131	7,32,082	7,30,39,017	11,22,606
<b>Total current assets</b>		<b>26,43,58,272</b>	<b>38,21,863</b>	<b>18,29,82,277</b>	<b>28,20,469</b>
<b>TOTAL ASSETS</b>		<b>1,10,98,61,418</b>	<b>1,66,37,729</b>	<b>85,98,64,175</b>	<b>1,32,24,291</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>Equity</b>					
Equity share capital	14	65,06,20,000	1,00,00,000	65,06,20,000	1,00,00,000
Other equity	15	2,53,69,117	3,65,171	(5,65,52,426)	(8,60,992)
<b>Total equity</b>		<b>67,59,89,117</b>	<b>1,03,65,171</b>	<b>59,40,67,574</b>	<b>91,39,008</b>
<b>Liabilities</b>					
<b>1 Non-current liabilities</b>					
Provisions	16	3,18,15,335	4,59,959	3,00,90,403	4,62,488
Deferred tax liability (net)	17	3,95,30,691	5,71,501	9,17,28,567	14,09,864
<b>Total non-current liabilities</b>		<b>7,13,46,026</b>	<b>10,31,460</b>	<b>12,18,18,970</b>	<b>18,72,352</b>
<b>2 Current liabilities</b>					
Financial liabilities					
Trade payables	18	5,34,02,070	7,72,048	1,06,30,950	1,63,397
Loan	19	23,86,36,500	34,50,000		
Provisions	20	6,71,39,743	9,70,648	6,38,78,976	9,81,817
Other current liabilities	21	33,47,962	48,402	6,94,67,705	10,67,717
<b>Total current liabilities</b>		<b>36,25,26,275</b>	<b>52,41,098</b>	<b>14,39,77,631</b>	<b>22,12,931</b>
<b>Total liabilities</b>		<b>43,38,72,301</b>	<b>62,72,558</b>	<b>26,57,96,601</b>	<b>40,85,283</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,10,98,61,418</b>	<b>1,66,37,729</b>	<b>85,98,64,175</b>	<b>1,32,24,291</b>

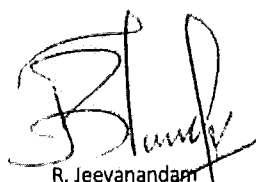
The accompanying notes forming part of the standalone financial statements  
In terms of our report attached

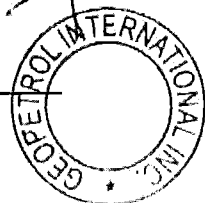
Sunil Jain & Co  
Chartered Accountants

  
Sanchit Jain  
Partner  
Place: Chennai  
Date: April 26, 2019

For and on behalf of the Board of Directors

  
P. Elango  
Director

  
R. Jeevanandam  
Director





## Geopetrol International Inc.

(Subsidiary of Hindustan Oil Exploration Company Limited)

FCRN : F02830

Indian Project Office: 'Lakshmi Chambers', 192, St. Mary's Road, Alwarpet, Chennai – 600018, India

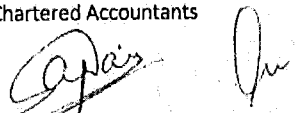
☎ 91 (044) 66229000 / 48535008 📠 91(044) 66229011 ✉ contact@geopetrol.net 🌐 www.geopetrol.net

### Consolidated Statement of Profit and loss for the year ended March 31, 2019

Particulars	Notes	For the year ended March 31, 2019		For the year ended March 31, 2018	
		₹	US\$	₹	US\$
<b>Income</b>					
Revenue from operations	22	28,24,66,156	40,91,933	24,73,20,787	38,37,465
Other income	23	75,72,248	1,09,695	1,19,98,014	1,86,163
<b>Total income</b>		<b>29,00,38,404</b>	<b>42,01,628</b>	<b>25,93,18,801</b>	<b>40,23,628</b>
<b>Expenses</b>					
Share of expenses from producing oil and gas blocks	24	8,97,84,220	13,00,655	16,22,48,602	25,17,473
Royalty, Cess and NCCD	24	1,15,15,274	1,66,816	2,58,39,548	4,00,930
(Increase) / decrease in stock of crude oil and condensate	25	25,83,815	37,430	(90,90,119)	(1,41,044)
Employee benefits expense	26	1,36,28,768	1,97,433	1,52,81,674	2,37,113
Finance cost	27	12,99,904	18,831	65,551	1,017
Finance cost-others		17,33,465	25,111	17,65,622	27,396
Depreciation, depletion and amortization	4 & 6	8,65,88,155	12,54,585	8,34,84,229	12,95,353
Other expenses	28	2,64,18,609	3,43,073	19,56,88,201	30,00,077
<b>Total expenses</b>		<b>23,35,52,210</b>	<b>33,43,934</b>	<b>47,52,83,308</b>	<b>73,38,315</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>5,64,86,194</b>	<b>8,57,695</b>	<b>(21,59,64,507)</b>	<b>(33,14,687)</b>
Exceptional items		31,47,050	45,590	-	-
<b>Profit/(loss) before tax</b>		<b>5,96,33,244</b>	<b>9,03,284</b>	<b>(21,59,64,507)</b>	<b>(33,14,687)</b>
(1) Current tax		4,41,48,603	6,39,557	14,35,420	22,272
(2) Adjustment of tax relating to earlier periods		-	-	-	-
(3) Deferred tax	17	(5,21,97,876)	(7,56,162)	(2,47,94,339)	(3,84,713)
<b>Total tax expense</b>		<b>(80,49,273)</b>	<b>(1,16,605)</b>	<b>(2,33,58,919)</b>	<b>(3,62,441)</b>
<b>Profit / (loss) for the year</b>		<b>6,76,82,518</b>	<b>10,19,890</b>	<b>(19,26,05,588)</b>	<b>(29,52,246)</b>
Share of profit from investment		1,42,39,025	2,06,273	1,31,45,985	2,03,975
<b>Total income/ (loss) for the year</b>		<b>8,19,21,543</b>	<b>12,26,263</b>	<b>(17,94,59,603)</b>	<b>(27,48,271)</b>

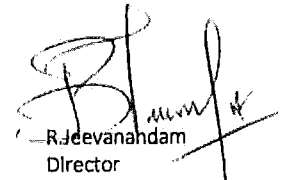
The accompanying notes forming part of the standalone financial statements  
In terms of our report attached

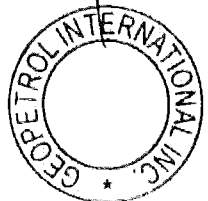
Sunil Jain & Co  
Chartered Accountants

  
Sanchit Jain  
Partner  
Place: Chennai  
Date: April 26, 2019

For and on behalf of the Board of Directors

  
P. Elango  
Director

  
R. Jeevanandam  
Director





## Geopetrol International Inc.

(Subsidiary of Hindustan Oil Exploration Company Limited)  
FCRN : F02830

Indian Project Office: 'Lakshmi Chambers', 192, St. Mary's Road, Alwarpet, Chennai – 600018, India

☎ 91 (044) 66229000 / 48535008 📠 91(044) 66229011 ✉ contact@geopetrol.net 🌐 www.geopetrol.net

### Consolidated Statement of changes in equity for the year ended March 31, 2019

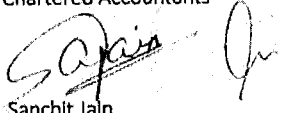
#### a) Equity Share Capital

Particulars	Amount in ₹	Amount in US\$
Balance as at March 31, 2018	65,06,20,000	10,000,000
Balance as at March 31, 2019	65,06,20,000	10,000,000

#### b) Other Equity


Particulars	Reserves and surplus	
	Retained earnings in ₹	Retained earnings in US\$
Balance as at April 1, 2017	12,29,07,177	18,87,280
Profit for the year	(17,94,59,603)	(27,48,271)
Other comprehensive income	-	-
Total comprehensive income for the year	(17,94,59,603)	(27,48,271)
Balance as at March 31, 2018	(5,65,52,426)	(8,60,992)
Profit for the year	8,19,21,543	12,26,163
Other comprehensive income	-	-
Total comprehensive income for the year	8,19,21,543	12,26,163
Balance as at March 31, 2019	2,53,69,117	3,65,171

Sunil Jain & Co  
Chartered Accountants

  
Sanchit Jain  
Partner  
Place: Chennai  
Date: April 26, 2019

For and on behalf of the Board of Directors

  
P. Elango  
Director

  
R. Jeevanandam  
Director





# Geopetrol International Inc.

(Subsidiary of Hindustan Oil Exploration Company Limited)  
FCRN : F02830

Indian Project Office: 'Lakshmi Chambers', 192, St. Mary's Road, Alwarpet, Chennai – 600018, India

☎ 91 (044) 66229000 / 48535008 📠 91(044) 66229011 ✉ contact@geopetrol.net 🌐 www.geopetrol.net

## Consolidated Statement of cash flow for the year ended March 31, 2019

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	₹	US\$	₹	US\$
<b>Cash flow from operating activities</b>				
Profit before tax	7,38,72,269	11,09,557	(20,28,18,522)	(31,10,712)
Adjustments for:				
Depreciation, depletion and amortization	8,65,88,155	12,54,585	8,34,84,229	12,95,353
Unwinding of discount on decommissioning liability	17,33,465	25,112	17,65,622	27,396
Provision for compensated absences	(7,36,522)	(10,648)	-	-
Share of profit from associates	(1,42,39,025)	(2,06,273)	(1,31,45,985)	(2,03,975)
Interest income	(27,30,926)	(39,561)	(26,05,032)	(40,420)
<b>Operating profit before working capital changes</b>	<b>14,44,87,416</b>	<b>21,32,772</b>	<b>(13,33,19,688)</b>	<b>(20,32,358)</b>
Working capital adjustments for:				
Trade payables and other liabilities	(1,87,85,547)	(4,30,524)	(2,50,05,007)	(3,44,712)
Trade receivables	1,80,04,784	2,93,572	9,90,97,043	14,95,858
Inventories	38,55,037	1,13,977	2,46,93,758	3,55,376
Loans and advances and other current assets	(4,52,12,388)	(6,19,589)	(5,14,97,488)	(7,31,058)
<b>Cash Generated from operations</b>	<b>10,23,49,302</b>	<b>14,90,208</b>	<b>(8,60,31,382)</b>	<b>(12,56,894)</b>
Direct taxes refunds (net of payments)	(2,17,47,717)	(3,31,234)	(7,44,66,587)	(11,17,556)
<b>Net cash generated by operating activities</b>	<b>8,06,01,585</b>	<b>11,58,974</b>	<b>(16,04,97,969)</b>	<b>(23,74,450)</b>
<b>Cash flow from Investing activities</b>				
Purchase of Property, plant and equipment	(23,98,57,696)	(34,67,655)	(7,61,931)	(11,711)
Investment in subsidiary	-	-	1,37,29,804	1,48,952
Loan received	23,86,36,500	34,50,000	-	-
Interest received	27,30,926	39,561	26,05,032	40,420
<b>Net cash flows used in Investing activities</b>	<b>15,09,730</b>	<b>21,906</b>	<b>1,55,72,905</b>	<b>1,77,661</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,21,11,315</b>	<b>11,80,880</b>	<b>(14,49,25,064)</b>	<b>(21,96,789)</b>
Cash and cash equivalents at the beginning of the year	68,06,774	1,04,620	15,17,31,838	23,01,409
<b>Cash and cash equivalents at the end of the year</b>	<b>8,89,18,089</b>	<b>12,85,500</b>	<b>68,06,774</b>	<b>1,04,620</b>

Components of cash and cash equivalents	For the year ended March 31, 2019		For the year ended March 31, 2018	
	₹	US\$	₹	US\$
Balances with banks				
In current accounts	8,89,18,090	12,85,500	68,06,774	1,04,620
<b>Total cash and cash equivalents</b>	<b>8,89,18,090</b>	<b>12,85,500</b>	<b>68,06,774</b>	<b>1,04,620</b>

The accompanying notes forming part of the standalone financial statements

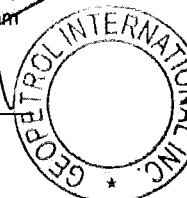
In terms of our report attached  
Sunil Jain & Co  
Chartered Accountants

Sanchit Jain  
Partner  
Place: Chennai  
Date: April 26, 2019

For and on behalf of the Board of Directors

P.Elango  
Director

R.Jeevanandhan  
Director.



## Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

### 1. Corporate Information

Geopetrol International Inc. ("Geopetrol"), is a company established under the laws of Panama and was incorporated on 25 May 1993. Geopetrol is engaged in the exploration, development and production of crude oil and natural gas in India

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, 2019	As at March 31, 2018
1	Kharsang (Assam)	Geoenpro Petroleum Limited (O)	10	10
		Geopetrol International Inc.,	25	25
		JEKPL Private Limited	25	25
		Oil India Limited	40	40

(O)-Operator

The Company has various Coal Bed Methane blocks in India which were surrendered. Similarly, the Production Sharing Contract for the blocks AA-ONN-2003/2 and MZ-ONN-2004/2 were surrendered without any cost incurred during the year.

The Company has a wholly owned subsidiary Geopetrol Mauritius Limited as at the year end.

### 2. Significant accounting policies

#### Background

Geopetrol International Inc. (Geopetrol), established under the laws of Panama having its registered office at MMG Tower, 23<sup>rd</sup> Floor, Paseo del Mar Avenue, Costal del Este, Panama, Republic of Panama. Geopetrol has entered into various Production Sharing Contracts ("PSC") with Government of India along with the other parties for exploration, development and production of oil and gas in India. Accordingly, an Indian Project Office (IPO) has been established for executing contracts with Government of India to explore, develop and produce crude oil, natural gas and coal bed methane (CBM). The Registrar of Companies approved the establishment of the India Project Office under the Companies Act, 1956, on 18 September 1996.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to 31 March each year. Control is achieved where the Group has the power to govern the financial and-operating policies of an enterprise so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control. As management consider the acquisition of the subsidiaries upon inception of GIH as a reorganisation of the structure of a sub consolidation group, management have elected to measure the cost at the carrying amounts prior to acquisition.

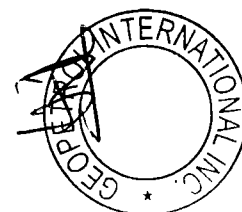
Minority interests represent the profit or loss and net assets, presented as a separate component of equity, in subsidiaries that are not held by the Group.

#### Business combinations

The Group has a number of contractual arrangements with other parties which represent joint ventures.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

The group's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis





## Geopetrol International Inc.

### Notes to consolidated financial statements for the year ended March 31, 2019

with similar items in the Consolidated financial statements. The group recognizes the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other ventures. The group does not recognize its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture until it re-sells the assets to an independent party. However, a loss on the transaction is recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets, or an impairment loss.

#### Interests in joint ventures/subsidiary/associates

The Group has a number of contractual arrangements with other parties which represent joint ventures.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Geopetrol International Inc. (GPI) has the following interests in the following companies and joint ventures namely:

- ✓ Geopetrol Mauritius Ltd, Mauritius, 100% interest as from 27 September 1995 onwards which holds 50% of Geoenpro Petroleum Limited, India, which in turn has a 10% interest in the Kharsang Oil field contract; India Project office, India (these accounts are included in GPI);
- ✓ Geopetrol has entered into various Production Sharing Contracts such as Kharsang Oil Field, AA-ONN-2003/2, MZ-ONN-2004/2 and Coal Bed Methane blocks such as BS(4)-CBM-2005/III, BS(5)-CBM-2005/III, SP(N)-CBM-2005/III, KG(E)-CBM-2005/III. After carrying out various exploration activities in the blocks, the Kharsang is the only block successfully developed and is on continuous production.

The PSC's are operated through an Unincorporated Joint Venture (UJV) under the Joint Operating Agreement (JOA) executed among the contracting parties to the PSC with Government of India. All costs and expenses incurred in respect of joint operations are charged to the joint operative expenditure account maintained by the India Project Office. All expenditure and revenue of the blocks is shared by the consortium members in their respective participating interests in the PSC and is accounted for by the members in their respective books of account.

For consolidation purposes the books of account of Geopetrol International Inc and its subsidiaries are closed on 31 March of each year. All intercompany balances and transactions between GPI and its subsidiaries have been eliminated for consolidation purposes. Intercompany advances are normally made on an interest free basis within the needs of the subsidiaries. There is no reimbursement schedule but reimbursement takes place within the possibilities of the subsidiaries.

Geopetrol is the non-operator in two blocks namely Kharsang Oil Field and Block MZ-ONN-2004/2 and Geopetrol accounts its share of expenses and revenue from the sale of crude oil and natural gas in proportion to its participating interest no expenditure is incurred in the block MZ-ONN-2004/2 in the current financial year.

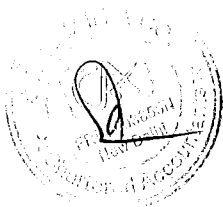
### 3. SIGNIFICANT ACCOUNTING POLICIES

#### i) Basis of Accounting

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting under the 'Successful Efforts Method' as per the Guidance Note on Accounting for Oil and Gas Producing Activities ('Guidance Note') issued by the Institute of Chartered Accountants of India and in accordance with the Generally Accepted Accounting Principles in India ('GAAP'). The financial statements comply with the requirements under the mandatory accounting standards as notified under the Companies Act, 2013.

#### ii) Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of financial statements, and the reported amounts of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant



## Geopetrol International Inc.

### Notes to consolidated financial statements for the year ended March 31, 2019

facts and circumstances as of the date of the financial statements. Instances of such estimations include estimates of oil reserves, site restoration cost and useful life of fixed assets. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### iii) Current and Non-current classification

All assets and liabilities are classified into current and non-current.

##### *Assets*

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the Project Office's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

##### *Liabilities*

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in Project Office's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Project Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

##### *Operating cycle*

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

#### iv) Financial reporting of interests in Joint Venture

The Unincorporated Joint Venture is in the nature of jointly controlled assets as defined in the Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures'. The India Project Office incorporates in its financial statements the revenue, expenditure, assets and liabilities in respect of the unincorporated joint venture, in proportion to its participating interest in the PSC. The balances in the financial statements include Geopetrol's participating interest in various Production Sharing Contracts.



## Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

### v) Basis of allocation and classification

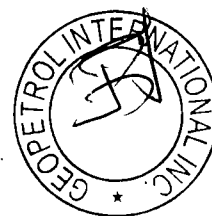
The basis of allocation of exploration costs, development costs, joint operative expenditure, current assets and liabilities of the PSC's in the financial statements of Geopetrol is as given below:

Nature	Item	Basis of Allocation
Production and Exploration cost	Joint operative and exploration Costs	Expense transferred to Statement of Profit and loss in proportion of respective participating interests in the PSC, except for drilling costs, provision for site restoration costs and fixed assets, which are capitalised.
Development Cost	Development drilling Work-in-progress, development wells	Capitalised as capital work in progress and transferred to fixed assets when commercial production commences, in proportion of respective participating interest in PSC.
Other assets and liabilities	Inventories, cash and bank balances; loans and advances; sundry creditors; and liabilities and provisions.	Transferred to respective account head in proportion of respective participating interests in the PSC.

### vi) Exploration cost, development cost and abandonment sinking fund.

Under the Successful Efforts' Method:

- (i) Geological and Geophysical ('G&G') studies and any other G&G costs are written off in the year in which these are incurred;
- (ii) Costs relating to the acquisition of properties are capitalised. Costs relating to drilling of exploratory wells are included in the wells-in-progress (intangible assets under development/capital work in progress) and transferred to producing properties when determined by the management to be successful or expensed when it is unsuccessful. All other exploration costs are expensed when incurred. Cost of successful exploratory wells in progress are not carried over for more than 2 years from the date of completion of drilling, unless it is reasonably demonstrated that the development of the field is being planned with adequate resources to prove its commerciality.
- (iii) Producing properties are created in respect of an area/ field when ready to commence commercial production. Cost of drilling, completion, testing of wells and other development costs incurred in carrying out development operations are transferred to producing properties.
- (iv) Producing properties are depleted using the unit of production method, with reference to the estimated proved developed reserves as assessed by the management, which are based on annual estimates made by the Operator or independent expert's evaluation. Impact of changes in estimate, if any, is dealt prospectively, i.e. in the current and future periods;
- (v) Development costs, representing all direct and allocated indirect expenditure incurred in respect of the development operations, are included in capital work-in-progress until drilling or construction is completed; and
- (vi) Geopetrol recognizes the full eventual liability for costs relating to dismantling, site restoration and restoring well sites and other facilities, net of estimated salvage value in the period of installation of well sites and other facilities. The estimated liability is capitalized and is added to the cost of producing properties with a corresponding provision for site restoration.



## Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

### Inventories

Stores and spares and goods in transit	At cost which includes all applicable costs incurred in bringing the goods to their present location and is determined on a First-in first-out ('FIFO') basis. As per the inventory valuation policy of the joint venture, approved by its Operating Committee, inventories older than 4 years or more are valued at a nominal value.
Crude oil	Valued at net realisable value which is the estimated selling price in the ordinary course of business less estimated cost to make the sale.

### vii) Fixed assets, depreciation and depletion

#### Tangible fixed assets

- Fixed assets are stated at cost less accumulated depreciation and impairment loss (if any). The cost of fixed assets includes inward freight, duties, taxes and incidental expenses related to acquisition and installation incurred upto the date of commissioning of the assets.
- Oil and Gas assets are evaluated by Gaffney Cline Associates and based on the estimated recoverable reserves and the contingent resources the fair value is in excess of the historical cost. Accordingly, the fixed assets which are in US\$ are converted into closing exchange rates as on 31 March 2018.

#### Intangible fixed assets

Intangible assets include software. The cost of such assets include purchase price, import duties, other taxes and any directly attributable expenditure to bring the assets to their working condition for intended use.

#### Depreciation / Amortisation

Depreciation on fixed assets except leasehold improvement is charged on pro rata basis over the useful life of the asset on straight-line method. Useful lives of assets considered for various assets, which are greater than or equal to the lives prescribed in Schedule II of the Companies Act, 2013 are as follows:

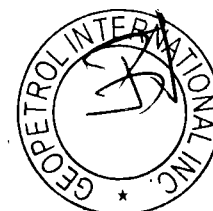
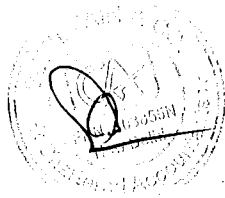
Fixed asset	Life of Asset (years)
Building	60
Fire safety facility	8
Plant and machinery	8
Office equipment	8
Computer	3
Furniture and fixture	10
Vehicle	10

Leasehold improvements are amortized over the period of lease. Assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase. Intangible assets are amortised on a straight-line basis over their estimated useful lives of 5 years as determined by the management.

The appropriateness of depreciation/amortisation period and depreciation/amortisation method is reviewed by the management each financial year.

#### Depletion

Producing properties are depleted using the unit of production method, with reference to the estimated proved developed reserves as assessed by the management, which are based on annual estimates made by the Operator or independent expert's evaluation. Impact of changes in estimate, if any, is dealt prospectively, i.e. in the current and future periods.



## Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

### viii) Impairment

The carrying values of assets are reviewed at each reporting date to determine if there exists any impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or depletion, if no impairment loss had been recognized.

### ix) Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. Gains/ losses arising on account of realisation/ settlement of foreign exchange transactions and on translation of foreign currency assets and liabilities are recognised in the Statement of Profit and loss.

The results and financial position of all the group subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- ✓ assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
- ✓ income and expenses for each income statement are translated at average exchange rates

### x) Revenue recognition

#### *Sale of Crude Oil*

Revenue from sale of crude oil is recognised on transfer of custody. Geopetrol's share of crude oil sold is determined after allocation of profit petroleum payable to the Ministry of Petroleum and Natural Gas, Government of India, as per the provisions of the Production Sharing Contract.

#### *Interest*

Interest on deployment of surplus fund is recognised using the time-proportion method, based on the interest rate implicit in the transaction.

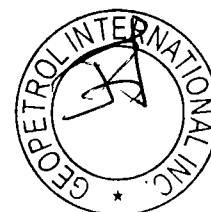
### xi) Profit petroleum

The amount payable to the Government of India under the PSC is based on the profit sharing statement prepared on a quarterly basis by the operators of the respective PSC's and are recognised on accrual basis.

### xii) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Consequent to the take-over by Hindustan Oil Exploration Company Limited in the current financial year, the company becomes the Domestic Company under the Indian Income Tax Act. The register of members are maintained in India, the centralized control and the management including the board meeting and the annual general meetings are conducted in



## Geopetrol International Inc.

### Notes to consolidated financial statements for the year ended March 31, 2019

India. The company has made no arrangement to declare dividend outside India. Therefore, the tax rates as applicable to domestic companies are considered for current tax as well as deferred tax.

#### xiii) Employee benefits

The following policy pertains to accounting for employee benefits for employees of the India Project Office.

##### *Short term employee benefits*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, bonus, etc, are recognised in the Statement of Profit and loss in the period in which the employee renders the related service.

##### *Long term employee benefits*

###### *i) Defined Contribution Plan*

The employees' provident fund scheme is a defined contribution plan. The India Project Office's contribution paid/payable under this scheme is recognised as an expense in the Statement of Profit and loss during the period in which the employee renders the related service.

###### *ii) Defined Benefit Plan*

The India Project Office's gratuity plan is a defined benefit plan. The benefit is as per the provisions of Gratuity Act, 1972. Payment of Gratuity to employees is covered by the Geopetrol International Inc Employees Group Gratuity Scheme of the LIC of India, which is a defined benefit scheme. The India Project Office makes contribution to Life Insurance Corporation of India ("LIC") of an amount payable by the trusts to LIC, which is charged to the Statement of Profit and loss.

###### *iii) Other Long term employee benefits*

Benefits under the India Project Office's compensated absence policy constitute other long term employee benefits, recognised as an expense in the Statement of Profit and loss for the period in which the employee renders services. The benefit is calculated annually by the management on estimate basis.

#### xiv) Leases

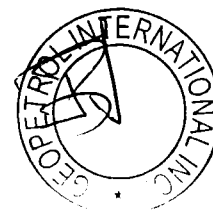
Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor, are recognized as operating lease. Lease payments under an operating lease are recognised as an expense in the Statement of Profit and loss on a straight-line basis over the lease term, considering the renewal terms, if appropriate.

#### xv) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Geopetrol has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Geopetrol does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the financial statements of the year in which the change occurs.

#### xvi) Borrowing costs

Borrowing costs are expressed in the income statement in the period in which they are incurred.



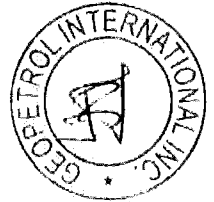
Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

4. Property, plant & equipment

Summary

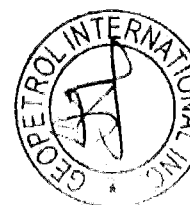
Carrying amount of:	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
a) Oil and gas assets	30,19,51,847	46,91,150	35,87,30,562	55,13,673
b) Others				
- Plant and machinery	9,36,17,588	14,54,942	11,19,22,707	17,20,247
- Fire Safety facilities	74,83,934	1,16,369	90,02,432	1,38,367
- Buildings	4,52,483	7,514	10,85,494	16,684
- Furniture & fixtures	3,77,025	6,327	9,79,480	15,055
- Vehicles	7,65,329	12,466	15,60,566	23,986
- Office equipment	2,57,121	5,472	19,77,360	30,392
- Computers	11,38,222	19,079	29,31,872	45,063
	10,40,91,702	16,22,169	12,94,59,911	19,89,793



Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

Carrying Amount of	Oil and gas assets ₹	Others							Total ₹
		Plant and Machinery ₹	Fire safety facilities ₹	Buildings ₹	Furnitures & Fixtures ₹	Vehicles ₹	Office equipment ₹	computers ₹	
Cost or deemed cost									
Balance as at April 1, 2017	1,01,58,27,418	12,64,56,404	92,82,078	20,63,372	21,69,963	13,78,820	73,07,277	86,96,588	1,17,31,81,920
Additions		71,13,182			47,011		27,070	1,62,073	73,49,336
Adjustment (refer note 3 (vii))	39,68,36,833	4,94,24,481	36,27,818	8,06,451	8,48,075	5,38,900	28,55,980	33,98,916	45,83,37,454
Balance as at March 31, 2018	1,41,26,64,251	18,29,94,067	1,29,09,896	28,69,823	30,65,049	19,17,720	1,01,90,327	1,22,57,577	1,63,88,68,710
Additions		43,77,220			5,623				43,82,843
Balance as at March 31, 2019	1,41,26,64,251	18,73,71,287	1,29,09,896	28,69,823	30,70,672	19,17,720	1,01,90,327	1,22,57,577	1,64,32,51,553
Accumulated depreciation and impairment									
Balance as at April 1, 2017	80,64,24,081	5,23,98,181	27,87,120	14,54,988	15,68,892	1,26,027	65,79,973	71,75,250	87,85,14,512
Depreciation for the year	7,42,76,460	74,15,928	5,21,558	16,751	1,79,615	2,04,051	2,19,350	6,08,921	8,34,42,634
Adjustment (refer note 3 (vii))	17,32,33,149	1,12,57,250	5,98,786	3,12,590	3,37,061	27,075	14,13,645	15,41,534	18,87,21,091
Balance as at March 31, 2018	1,05,39,33,690	7,10,71,359	39,07,464	17,84,329	20,85,568	3,57,153	82,12,968	93,25,705	1,15,06,78,237
Depreciation for the year	5,67,78,714	2,26,82,340	15,18,498	6,33,011	6,08,079	7,95,238	17,20,238	17,93,650	8,65,29,767
Balance as at March 31, 2019	1,11,07,12,404	9,37,53,699	54,25,962	24,17,340	26,93,647	11,52,391	99,33,206	1,11,19,355	1,23,72,08,004
Net book value									
Balance as at March 31, 2018	35,87,30,562	11,19,22,707	90,02,432	10,85,494	9,79,480	15,60,566	19,77,360	29,31,872	48,81,90,473
Balance as at March 31, 2019	30,19,51,847	9,36,17,588	74,83,934	4,52,483	3,77,025	7,65,329	2,57,121	11,38,222	40,60,43,549





Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

Carrying Amount of	Oil and gas assets US\$	Others							Total US\$
		Plant and Machinery US\$	Fire safety facilities US\$	Buildings US\$	Furnitures & Fixtures US\$	Vehicles US\$	Office equipment US\$	computers US\$	
<b>Cost or deemed cost</b>									
Balance as at April 1, 2017	2,17,12,586	27,03,280	1,98,425	44,109	46,388	29,475	1,56,209	1,85,908	2,50,76,379
Additions	-	1,09,331	-	-	722	-	416	2,490	1,12,959
Balance as at March 31, 2018	2,17,12,586	28,12,611	1,98,425	44,109	47,110	29,475	1,56,625	1,88,398	2,51,89,338
Additions	-	63,282	-	-	81	-	-	-	63,363
Balance as at March 31, 2019	2,17,12,586	28,75,893	1,98,425	44,109	47,191	29,475	1,56,625	1,88,398	2,52,52,701
<b>Accumulated depreciation and impairment</b>									
Balance as at April 1, 2017	1,50,46,429	9,77,297	51,965	27,165	29,268	2,323	1,22,829	1,33,887	1,63,91,163
Depreciation for the year	11,52,484	1,15,067	8,093	260	2,787	3,166	3,403	9,448	12,94,708
Balance as at March 31, 2018	1,61,98,913	10,92,364	60,058	27,425	32,055	5,489	1,26,233	1,43,336	1,76,85,872
Depreciation for the year	8,22,523	3,28,587	21,998	9,170	8,809	11,520	24,920	25,984	12,53,510
Balance as at March 31, 2019	17,021,436	14,20,950	82,055	36,595	40,864	17,010	1,51,153	1,69,319	1,89,39,382
<b>Net book value</b>									
Balance as at March 31, 2018	55,13,673	17,20,247	1,38,367	16,684	15,055	23,986	30,392	45,063	75,03,466
Balance as at March 31, 2019	46,91,150	14,54,942	1,16,369	7,514	6,327	12,466	5,472	19,079	63,13,319

5. Capital work-in-progress

Particulars	Development Expenditure in ₹	Plant and Machinery in ₹	Total in ₹	Development Expenditure In US\$	Plant and Machinery In US\$	Total in US\$
<b>Cost</b>						
Balance as at April 1, 2017	97,24,229	-	97,24,229	1,90,853	-	1,90,853
Deletions	(73,07,868)	-	(73,07,868)	(1,13,390)	-	(1,13,390)
Adjustment (refer note 3 (vii))	26,23,536	-	26,23,536	-	-	-
Balance as at March 31, 2018	50,39,897	-	50,39,897	77,463	-	77,463
Additions	2,96,853	23,51,78,000	23,54,74,853	4,292	34,00,000	34,04,292
Balance as at March 31, 2019	24,05,14,750	-	24,05,14,750	81,755	34,00,000	34,81,755
<b>Net book value</b>						
Balance as at March 31, 2018	50,39,897	-	50,39,897	77,463	-	77,463
Balance as at March 31, 2019	24,05,14,750	-	24,05,14,750	81,755	34,00,000	34,81,755



Geopetrol International Inc.

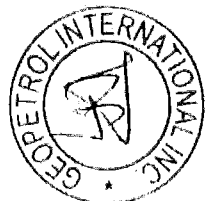
Notes to consolidated financial statements for the year ended March 31, 2019

6. Intangible assets

Particulars	Computer software in ₹	Computer software in US\$
	<b>Cost</b>	
Balance as at April 1, 2017	77,84,387	1,69,794
Additions	39,41,926	-
Balance as at March 31, 2018	1,17,26,313	1,69,794
Additions	-	-
Balance as at March 31, 2019	1,17,26,313	1,69,794
<b>Accumulated amortization</b>		
Balance as at April 1, 2017	76,84,404	1,68,074
Amortization for the year	41,595	645
Adjustment (refer note 3 (vii))	39,41,926	-
Balance as at March 31, 2018	1,16,67,925	1,68,719
Amortization for the year	58,388	1,075
Balance as at March 31, 2019	1,17,26,313	1,69,794
<b>Net book value</b>		
Balance as at March 31, 2018	58,388	1,075
Balance as at March 31, 2019	-	-

7. Financial assets

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
(a) Deposit under site restoration fund scheme				
Site restoration deposit with bank- maturity excess of 12 months	2,61,77,785	3,78,456	2,44,06,334	3,75,124
<b>Total</b>	<b>2,61,77,785</b>	<b>3,78,456</b>	<b>2,44,06,334</b>	<b>3,75,124</b>
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 specified in the Scheme i.e. towards removal of equipment's and installations in a manner agreed with Central Government pursuant to an abandonment plan to prevent hazards to life, property, environment etc. This amount is considered as restricted cash and hence not considered as 'Cash and cash equivalents'.				
(b) Other financial assets – non current				
i) Unsecured and considered good				
Capital Advances			17,884	275
Security Deposits	5,54,118	8,011	11,95,003	18,367
	5,54,118	8,011	12,12,887	18,642



Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

8. Inventories

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Finished goods				
- Crude oil	1,46,21,421	2,11,384	1,72,05,236	2,66,959
Drilling and production stores, and spares	3,65,21,880	5,28,002	3,77,93,102	5,86,403
	51,143,301	7,39,386	54,998,338	853,362

9. Trade receivables – current

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Unsecured and considered good (unless otherwise stated)				
Other trade receivables	1,84,47,609	2,66,700	3,64,52,393	5,60,272
Within the credit period				
	1,84,47,609	2,66,700	3,64,52,393	5,60,272

10. 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, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Cash on hand	8,084	116	-	-
Balances with banks:				
Current accounts	8,89,10,006	12,85,384	68,06,774	1,04,620
Bank deposits- maturity < 3 months	-	-	-	-
	8,89,18,090	12,85,500	68,06,774	1,04,620

11. Other Financial assets - current

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Advances recoverable in cash or kind	72,20,078	1,04,382	9,04,687	13,905
Joint venture receivable	4,65,29,105	6,72,678	-	-
Interest Accrued – Loan	-	-	-	-
Interest Accrued	59,030	853	64,626	993
	5,38,08,213	7,77,913	9,69,313	14,898



Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

12. Other current assets

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Unsecured and considered good				
Prepaid expense	8,02,558	11,602	18,66,216	28,683
Others	6,00,370	8,680	88,50,226	1,36,028
	<b>14,02,928</b>	<b>20,282</b>	<b>1,07,16,442</b>	<b>1,64,711</b>

13. Income tax assets (net) – current

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Advance income tax (net of provision)	5,06,38,131	7,32,082	7,30,39,017	11,22,606
	<b>5,06,38,131</b>	<b>7,32,082</b>	<b>7,30,39,017</b>	<b>11,22,606</b>

14. Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Authorised				
10,000,000 ordinary shares of 1US\$ each	6,50,62,0000	10,000,000	6,50,62,0000	10,000,000
Allotted, called up and fully paid	6,50,62,0000	10,000,000	6,50,62,0000	10,000,000

15. Other equity

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Retained earnings				
Opening balance	(5,65,52,426)	(8,60,992)	12,29,07,177	18,87,280
Profit for the Year	8,19,21,543	12,26,163	(17,94,59,603)	(27,48,271)
Net profit and loss	<b>2,53,69,117</b>	<b>3,65,171</b>	<b>(5,65,52,426)</b>	<b>(8,60,992)</b>



Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

16. Provisions-Non current

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Provision for site restoration	3,00,25,938	4,34,089	2,82,92,505	4,34,855
Provision for Employee benefits	17,89,397	25,870	17,97,898	27,633
	<b>3,18,15,335</b>	<b>4,59,959</b>	<b>3,00,90,403</b>	<b>4,62,488</b>

17. Deferred tax liability net

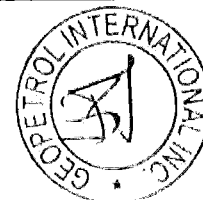
Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Deferred tax liability				
Depreciation, depletion, amortization assets	3,95,30,691	5,71,501	9,21,24,170	14,15,944
Deferred tax asset				
Provision for leave encashment	-	-	(3,11,886)	(4,794)
Expenses disallowed under section 43B of the income tax act 1961	-	-	(83,717)	(1,287)
Net deferred tax liability	<b>3,95,30,691</b>	<b>5,71,501</b>	<b>9,17,28,567</b>	<b>14,09,864</b>
Deferred tax expense/ (Income) for the year	<b>(5,21,97,876)</b>	<b>(7,56,162)</b>	<b>(2,47,94,339)</b>	<b>(384,713)</b>

18. Financial liabilities - current

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Trade payables				
Micro, small & medium enterprises	8,77,770	12,690	-	-
Others	5,25,24,300	7,59,358	1,06,30,950	1,63,397
	<b>5,34,02,070</b>	<b>7,72,048</b>	<b>1,06,30,950</b>	<b>1,63,397</b>

19. Loan

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Loan received from Parent company	12,10,47,500	17,50,000	-	-
Loan from others	11,75,89,000	17,00,000	-	-
	<b>23,86,36,500</b>	<b>34,50,000</b>	<b>-</b>	<b>-</b>
The above loan carries the rate of interest Libor+1% per annum and it is repayable on demand with in the maximum period of 1 year				



Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

20. Provisions-Current

Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Provision for unfinished work programme	6,71,39,743	9,70,648	6,31,50,955	9,70,627
Provision for employee benefits	-	-	7,28,021	11,190
	6,71,39,743	9,70,648	6,38,78,976	9,81,817

21. Other current liabilities

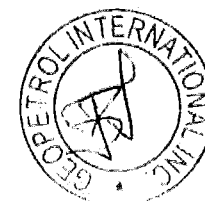
Particulars	As at March 31, 2019		As at March 31, 2018	
	₹	US\$	₹	US\$
Statutory dues payable	21,02,556	30,397	-	-
Accruals	-	-	2,91,152	4,475
Interest payable	12,45,406	18,005	-	-
Others	-	-	6,91,76,553	10,63,242
	33,47,962	48,402	6,94,67,705	10,67,717

22. Revenue from operations

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	₹	US\$	₹	US\$
Sale of crude oil / Condensate	302,768,507	43,86,042	268,852,077	41,71,548
Less: Profit petroleum to Government of India	(20,302,351)	(294,109)	(21,531,290)	(3,34,083)
Net sales	28,24,66,156	40,91,933	24,73,20,787	38,37,465

23. Other income

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	₹	US\$	₹	US\$
Interest income on bank deposits	27,30,926	39,561	26,05,032	40,420
Interest on tax refund	-	-	-	-
Miscellaneous Income	48,41,322	70,134	93,92,982	1,45,743
	75,72,248	1,09,695	1,19,98,014	1,86,163



**Geopetrol International Inc.**

Notes to consolidated financial statements for the year ended March 31, 2019

**24. Share of expenses from producing oil and gas blocks**

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	₹	US\$	₹	US\$
Manpower costs	3,27,23,880	4,74,053	4,31,88,216	6,70,115
Repairs and maintenance	19,14,984	27,741	49,32,879	76,539
Insurance	5,88,822	8,530	9,20,275	14,279
Other production expenses	4,85,63,627	7,03,515	10,45,11,500	16,21,616
Consumables	54,18,964	78,502	79,87,217	1,23,931
Transportation and logistics	5,73,943	8,315	7,08,515	10,993
	<b>8,97,84,220</b>	<b>13,00,655</b>	<b>16,22,48,602</b>	<b>25,17,473</b>
Royalty	37,39,165	54,167	1,63,95,692	2,54,398
Cess	77,76,109	1,12,648	94,43,856	1,46,532
	<b>1,15,15,274</b>	<b>1,66,816</b>	<b>2,58,39,548</b>	<b>4,00,930</b>
<b>Total</b>	<b>10,12,99,494</b>	<b>14,67,471</b>	<b>18,80,88,150</b>	<b>29,18,403</b>

**25. (Increase)/decrease in stock of crude oil**

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	₹	US\$	₹	US\$
Inventories at the end of the year	14,621,421	211,813	17,205,236	266,959
Less: Inventories at the beginning of the year	17,205,236	249,243	8,115,117	125,915
<b>Net (Increase)/decrease in Inventories</b>	<b>2,583,815</b>	<b>37,430</b>	<b>(90,90,119)</b>	<b>(1,41,044)</b>

**26. Employee benefits expense**

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	₹	US\$	₹	US\$
Salaries, wages and bonus	1,21,62,512	1,76,193	1,42,93,168	2,21,775
Contribution to provident fund and other funds	9,79,427	14,188	3,76,878	5,848
Staff welfare expenses	4,86,829	7,052	6,11,628	9,490
	<b>1,36,28,768</b>	<b>1,97,433</b>	<b>1,52,81,674</b>	<b>2,37,113</b>

**27. Finance cost**

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	₹	US\$	₹	US\$
Interest- Intercompany loan	570,809	8,269	-	-
Interest- Others	7,29,095	10,562	65,551	1,017
	<b>12,99,904</b>	<b>18,831</b>	<b>65,551</b>	<b>1,017</b>



**Geopetrol International Inc.**

Notes to consolidated financial statements for the year ended March 31, 2019

**28. Other expenses**

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	₹	US\$	₹	US\$
Office and guest house rent	3,517,106	50,950	2,367,563	36,735
General office expenses	376,617	5,456	542,926	8,425
Travelling and conveyance	715,343	10,363	4,027,224	62,488
Communication expenses	57,519	833	1,448,905	22,481
Legal and professional fees	26,11,693	37,834	42,44,107	65,852
Printing and stationary	62,150	900	96,630	1,499
Inventory written off	-	-	24,849,582	385,570
Corporate expenses	1,40,37,389	2,03,352	15,05,97,056	23,44,542
Miscellaneous expenses	13,67,563	19,812	34,42,891	53,420
Forex difference	28,46,152	1,592	28,42,636	-
	<b>2,55,91,532</b>	<b>3,31,092</b>	<b>19,44,59,520</b>	<b>29,81,012</b>
<b>Payment to Auditor :</b>				
Audit fee	6,50,077	9,417	5,40,131	8,381
Tax audit fee	1,18,000	1,709	59,000	915
Other services	59,000	855	6,29,550	9,768
	<b>8,27,077</b>	<b>11,981</b>	<b>12,28,681</b>	<b>19,064</b>
<b>Total other expenses</b>	<b>2,64,18,609</b>	<b>3,43,073</b>	<b>19,56,88,201</b>	<b>30,00,077</b>

**29. Allocation of expenses**

Employee costs are allocated to the blocks based on the times sheets of employees and the other costs are allocated at actuals. Geopetrol accounts for its participating interest as per audited financial statements of the blocks.

**30. Lease payments of assets on operating lease**

Geopetrol has an operating lease for its office premises which is cancellable and the lease charges for the year is Rs.3,517,106 (previous year Rs.1,585,680).

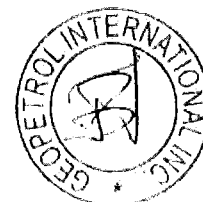
**31. Lease obligations**

Geopetrol has an operating lease for rentals entered towards office premises which is cancellable. The obligations of the lease charges payable within the next year is Rs.49,17,228.

**32. CIF Value of imports**

(i) CIF value of imports for the share Geopetrol

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	₹	US\$	₹	US\$
Stores and Spares	28,73,969	31,442	32,05,279	49,959
Capital Equipment	25,03,291	35,003	17,06,831	26,592





Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

(ii) Value of stores and spares both imported and indigenous consumed for the share of Geopetrol

Stores and Spares	Year ended 31 March 2019			Year ended 31 March 2018		
	%	Rs.	USD	%	Rs.	USD
Imported	22%	23,12,923	35,011	30%	41,81,888	66,885
Indigenous	78%	81,58,136	1,17,005	70%	96,85,344	1,51,208
	100%	1,04,71,059	1,52,016	100%	1,38,67,232	2,18,092

33. Related Party Disclosures:

Hindustan Oil Exploration Company Limited: Holding Company

Transactions during the year:

Particulars	31 March 2019		31 March 2018	
	USD	INR	USD	INR
Loan taken during the year	1,750,000	12,10,47,500	-	-
Interest on loan	8,269	570,809	-	-

Outstanding balance at the end of the year:

Particulars	31 March 2019		31 March 2018	
	USD	INR	USD	INR
Loan repayable including interest	1,758,269	12,16,18,309	-	-

34. Expenditure in foreign currency

Description	Year ended 31 March 2019		Year ended 31 March 2018	
	Rs.	USD	Rs.	USD
Professional and technical services	26,43,583	38,197	2,84,77,724	4,41,366
Others	Nil	Nil	2,82,248	4,419

*(Handwritten signature)*



## Geopetrol International Inc.

### Notes to consolidated financial statements for the year ended March 31, 2019

#### 35. Oil and Gas Reserves

As at 31 March 2019, the proved and probable reserves for the Kharsang Block as estimated by the Operator are as follows:

##### Proved Reserves (Crude Oil in KL):

Particulars	JV 100%		Geopetrol share 25%	
	As on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018
Opening reserve	91,485	1,39,814	22,871	34,954
Production for the year	(38,441)	(48,329)	(9,610)	(12,082)
Closing balance	53,044	91,485	13,261	22,872
Proved undeveloped reserves as on April 1, 2019	49,917	49,917	12,479	12,479

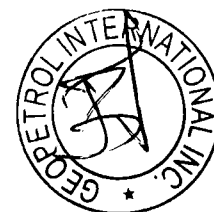
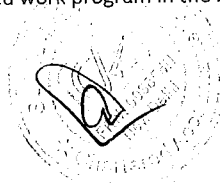
#### 36. Income Tax Matters:

- (i) The Assessing Officer has charged an amount of Rs 6,333,588 under section 234 B of the Income Tax Act for the financial year 2007-08, which was appealed before the Commissioner of Income Tax and the appeal was allowed in favour of Geopetrol. This was again brought before the Income Tax Appellate Tribunal ("ITAT") by the department and the Hon'ble tribunal also passed an order on 3<sup>rd</sup> July 2012 in favour of Geopetrol. However, the department has again filed an appeal before the Hon'ble High Court of Delhi and is being adjudicated. Considering the above facts, no liability is provided in the books of accounts.
  - (ii) In case of financial year 2010-11, the assessing officer has disallowed certain development expenses and charged interest under section 234(B) & 234 (C) of the Income Tax Act. This was appealed before the Commissioner of Appeals which was not allowed, and an order was passed on 9 January 2015. The demand of Rs 13,915,816 was made and has already been paid under protest. Geopetrol has appealed before the Hon'ble Income Tax Appellate Tribunal stating that the interest charged is incorrect and is not tenable under the Act, which is pending for adjudication. Accordingly, no liability is considered.
37. The Coal Bed Methane (CBM) blocks KG(E), BS (4) and BS (5), KG(E)-CBM-2005/III Blocks were surrendered and accepted by the Government of India.
38. In case of the CBM block SP(N)-CBM-2005/III, wherein the 10% Participating Interest of Geopetrol was assigned to Reliance Infrastructure Limited which was duly approved by the GOI. Therefore, the books of accounts have no assets or liabilities for the block SP(N) CBM-2005/III.

#### 39. Commitments and Contingent liabilities

##### Contingent liabilities

- (i) In respect of Block AA ONN 2003/2, Geopetrol has estimated the liability of unfinished work program as US\$ 3,197,713 (INR 221,185,808) in terms of the PSC. Out of which an amount of US\$ 2,227,205 (Rs 14,456,516) was realised by GOI by invocation of bank guarantee provided by Geopetrol and for the balance US\$ 970,508 (Rs. 67,130,038) liability was created. However, DGH has made a claim of US\$ 5,637,020 (Rs. 389,912,673) which has no basis and is being disputed. Accordingly, no liability is created for the disputed amount of US\$ 2,439,307 (INR 168,726,865).
- (ii) MZ-ONN-2004/2 block was terminated by the GOI, as M/s Naftogaz as the Operator to the block has made certain misrepresentation to GOI while awarding the contract. Therefore, no basis exists to claim any costs by DGH for the share of unfinished work program from Geopetrol as the Production Sharing Contract itself is void. Accordingly, no liability is considered for the unfinished work program in the block.



## Geopetrol International Inc.

Notes to consolidated financial statements for the year ended March 31, 2019

### Commitments

- (i) Geopetrol share of estimated value of contracts to be executed for the Kharsang block is estimated as Rs.130,091,477 (previous year Rs.35,078,440).

40. PSC Extension- The primary duration of the PSC for Kharsang Field is for a period of twenty five (25) years from the Effective Date, i.e. till June 15, 2020, and may be extended by the Government of India.

Policy for the Grant of Extension to the Production Sharing Contracts signed by the Government awarding small, medium size and discovered fields to private Joint Ventures dated March 28, 2016 (Extension Policy) announced by the Government of India, has provision for the extension of duration of the PSC for Kharsang Field by ten (10) years for both oil and gas fields or economic life of the field, whichever is earlier and also the necessary framework for granting of such extension.

Application for Extension of Production Sharing Contract for Kharsang Field under the GOI Policy dated March 28, 2016 has been submitted to MoPNG/DGH on June 14, 2018 along with the Field Development Plan (FDP). The Field Development Plan has been approved by Management Committee in the MCM held on February 20, 2019, which clearly establishes the intent of the Government of India on the extension of the PSC. Operator is taking the necessary steps to expedite the PSC extension approval process.

41. Geopetrol's project office in India is engaged in a single business segment of Oil & Gas in one geographic segment in India. Therefore, there are no separate reportable segments for Segment Reporting.

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

For Sunil Jain & Co.

Chartered Accountants

Firm Registration No. 003855N



Sanchit Jain

Partner

Membership No. 511714

For and on behalf of the Board of Directors



P. Elango  
Director



R. Jeevanandam  
Director



Place: Chennai

Date: April 26, 2019

