

**HINDUSTAN OIL EXPLORATION COMPANY LIMITED**  
**Regd. Office: Tandajja Road, Off Old Padra Road, Baroda 390 020.**  
**AUDITED FINANCIAL RESULTS FOR THE YEAR 2006-2007**

**Rs. in Lacs**

Sr. No.	Particulars	Unaudited for Nine Months Ended on 31.12.2006	Unaudited for the Quarter		Audited Standalone		Consolidated	
			Ended on 31.03.2007	Ended on 31.03.2006	For the year	For the year	For the year	For the year
					Ended on 31.03.2007	Ended on 31.03.2006	Ended on 31.03.2007	Ended on 31.03.2006
1	Net Sales/Income from Operations	8,963.79	2,487.66	3,006.79	11,451.45	9,424.42	12,555.87	10,051.28
2	Other Income	831.11	658.81	99.97	1,489.92	546.87	1,318.56	550.66
3	Increase/(Decrease) in Stock of Crude Oil	(263.30)	(71.21)	78.91	(334.51)	270.86	(334.51)	270.86
4	Total Income	9,531.60	3,075.26	3,185.67	12,606.86	10,242.15	13,539.92	10,872.80
5	Total Expenditure							
	a) Field Operating Expenses	1,286.46	391.14	401.46	1,677.60	1,706.24	1,677.60	1,706.24
	b) Cost of Goods for Resale	-	-	-	-	-	383.32	205.66
	c) Marketing and Distribution Cost	-	-	-	-	-	310.46	153.09
	d) Corporate Expenses							
	- Staff Expenses	480.53	50.75	237.72	531.28	667.68	606.26	721.90
	- Legal and Professional Expenses	221.82	80.94	103.71	302.76	346.68	304.01	349.09
	- Other Expenses	416.05	69.69	106.84	485.74	467.13	515.88	486.67
	- Recovery of Expenses	(781.71)	(255.33)	(281.66)	(1,037.04)	(729.42)	(1,037.04)	(729.42)
		1,623.15	337.19	568.07	1,960.34	2,458.31	2,760.49	2,893.23
6	Interest and Financing Charges	400.27	158.27	49.80	558.54	214.06	560.06	215.10
7	Depreciation, Depletion and Amortisation	680.86	84.06	503.20	764.92	779.51	770.31	782.47
8	Provisions and Write offs (See Note 2,3 & 4)	5,066.01	4,237.68	4,180.60	9,303.69	4,183.48	9,305.41	4,184.46
9	<b>Profit before Taxation ( 4-5-6-7-8)</b>	<b>1,761.31</b>	<b>(1,741.94)</b>	<b>(2,116.00)</b>	<b>19.37</b>	<b>2,606.79</b>	<b>143.65</b>	<b>2,797.54</b>
10	Provision for Current Income Tax	2,370.00	490.00	6.00	2,860.00	1,680.00	2,967.99	1,744.28
11	Provision for Deferred Tax	(1,850.00)	(1,260.00)	(759.50)	(3,110.00)	(850.00)	(3,112.22)	(849.53)
12	Provision for Wealth Tax	-	2.00	1.60	2.00	1.60	2.00	1.60
13	Fringe Benefit Tax	12.00	8.00	13.00	20.00	26.00	26.55	30.60
14	<b>Net Profit ( 9-10-11-12-13)</b>	<b>1,229.31</b>	<b>(981.94)</b>	<b>(1,377.10)</b>	<b>247.37</b>	<b>1,749.19</b>	<b>259.33</b>	<b>1,870.59</b>
15	Paid up Equity Share Capital (See Note 5) (Face Value of Rs. 10/- each)	7,832.87	7,832.87	5,876.09	7,832.87	5,876.09	7,832.87	5,876.09
16	Reserves excluding Revaluation Reserve				31,200.53	18,240.68	31,320.97	18,375.62
17	Basic and Diluted EPS (Rs.) (Not Annualised)	<b>1.80</b>	<b>(1.25)</b>	<b>(2.16)</b>	<b>0.35</b>	<b>2.74</b>	<b>0.37</b>	<b>2.93</b>
18	Aggregate of Public Shareholding							
	Number of Shares	57,040,460	57,040,460	43,457,557	57,040,460	43,457,557	57,040,460	43,457,557
	Percentage of Shareholding	72.84%	72.84%	73.98%	72.84%	73.98%	72.84%	73.98%

**Notes :**

- 1 The Company is engaged in a single business segment of Hydrocarbons and, therefore, Segment Reporting as defined in Accounting Standard 17 is considered not applicable.
- 2 During the Current Year Exploratory Wells Vinayaka-1 and Subhan-1 drilled in Block CY-OSN-97/1 did not encounter hydrocarbons of commercial interest and these wells have been plugged and abandoned.  
  
Consistent with the Company's Accounting Policies, the Company has written off the exploration expenditure (including survey and other costs) of Rs. 9,434.87 Lacs associated with the drilling of these two wells.
- 3 During the Financial Year 2005-06, the Company had written off the exploration cost of Rs. 3,140.01 Lacs for Lakhi-1 Exploratory Well in AAP-ON-2004/1 Block based on Operator's cost estimates. However, during the Current Year, the Company has received Audited Accounts of the Block as per which the cost of Lakhi-1 Exploratory Well is Rs. 3,052.65 Lacs. Hence, the differential amount of Rs. 87.36 Lacs has been written back during the Current Year.
- 4 During the Financial Year 2005-06, the Company had written off exploration cost of Rs. 396.57 Lacs for PRS-4 Exploratory Well in CB-ON-7. However, the Company has written back Inventory cost of Rs. 43.82 Lacs during the Current Year based on the Audited Accounts of the CB-ON-7 Joint Venture.
- 5 The Company's Rights Issue of 19,581,645 fully paid equity shares of Rs.10/- each at a premium of Rs.66/- per share aggregating to Rs.14,882.05 lacs closed on October 06, 2006. The Company has allotted 19,567,733 equity shares. EPS for the quarter/year ended March 31, 2006 has been restated as per Accounting Standard 20 " Earnings Per Share" to reflect the effect of the above Rights Issue.
- 6 Effective April 1, 2006, the Company adopted the revised Accounting Standard 15 (AS 15) on Employee Benefits, issued by the Institute of Chartered Accountants of India (ICAI), though not yet mandatory in nature. Consequent upon the change, Profit before Tax for the year ended March 31, 2007 is higher by Rs. 8.31 Lacs as estimated by the Management. In accordance with the transitional provision contained in the said Standard, the difference of Rs. 4.87 Lacs (net of Deferred Tax of Rs. 2.47Lacs) between the liability in respect of certain employee benefits existing on the date of adoption of the Standard and the liability that would have been recognised at the same date under the previous accounting policy has been adjusted against the opening balance in the General Reserve.
- 7 With reference to the observations made in the Auditors' Report regarding two Unaudited Joint Ventures' accounts, we have to state that the operators of the joint ventures have not yet submitted the Audited Accounts, as the time allowed to them is up to 30th September as per the Production Sharing Contracts signed with the Government of India. The said Unaudited Joint Ventures' have not entered the production phase and hence, no impact on the profit for the year is envisaged. The Company is making efforts to persuade such Joint Venture Operators to submit the Audited Accounts in requisite time.
- 8 Figures for the previous periods have been recast / regrouped to make them comparable with the current period, wherever necessary.
- 9 Details of Investors' Complaints for the quarter ended on March 31, 2007

Unresolved at the beginning of the quarter	Nil
Received during the quarter	89
Resolved during the quarter	89*
Unresolved at the end of the quarter	Nil

\* Includes 9 complaints for which the Company has sought additional / relevant information from the complainants.
- 10 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on May 14, 2007.

BY ORDER OF THE BOARD  
For Hindustan Oil Exploration Company Limited

**Sd/-**

Manish Maheshwari  
Joint Managing Director

Place : New Delhi  
Date : May 14, 2007