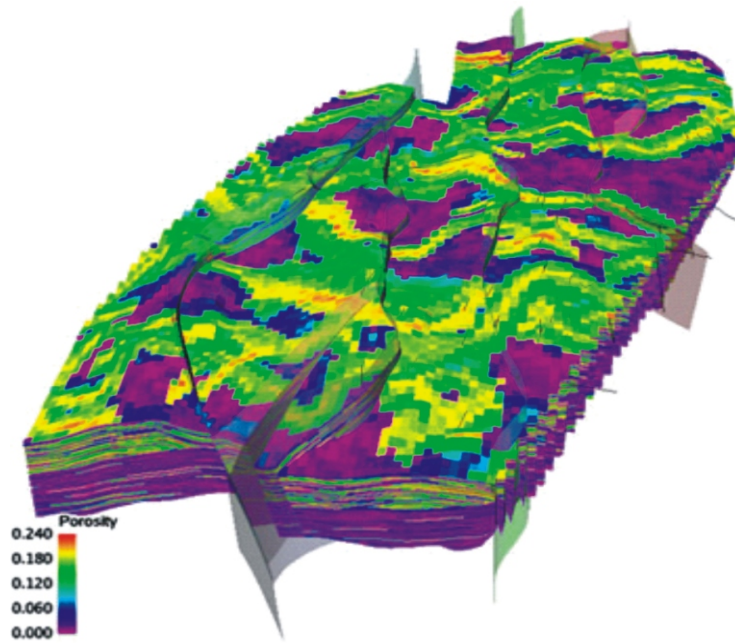




११वीं वार्षिक प्रतिवेदन  
11<sup>TH</sup> ANNUAL REPORT  
2008-2009



प्राईज पेट्रोलियम कम्पनी लिमिटेड  
PRIZE PETROLEUM COMPANY LIMITED





# Core Purpose

To meet nation's energy security  
with global vision

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## Vision-2012

- Prize Petroleum is one of the top three E&P companies in India with global operations.
- Prize Petroleum achieves high exploration success ratio for exponential growth in building hydrocarbon reserves and production by leveraging 'state of the art' technology.
- Prize Petroleum enjoys, nurtures, and retains a highly skilled and professional "Talent Pool" in a learning and innovative organization.
- Prize Petroleum provides an environment of trust, honesty, mutual respect and maintains cordial relations with all its stakeholders.
- Prize Petroleum follows best HSE practices and is responsive to society.



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## BOARD OF DIRECTORS

**Shri Arun Balakrishnan, *Chairman***

**Shri M. R. Pasrija**

*Managing Director*  
(w.e.f. 16.03.09)

**Major Gen. S.C.N. Jatar**

*Director*

**Shri R. Kannan**

*Director*

**Shri K.S.R. Prasad**

*Director*

**Shri Rajan Kapoor**

"Manager" (upto 16.03.2009)

**Company Secretary**

Shri U. C. Agrawal

**Registered Office:**

Prize Petroleum Company Limited  
Jeevan Bharti Building. 11<sup>th</sup> Floor  
Tower -1, 124, Connaught Place  
Indira Chowk, New Delhi – 110 001

**Corporate Office:**

Prize Petroleum Company Limited  
B-503-504-505, 803, Millennium Plaza,  
Sector – 27, Gurgaon – 122 001  
Haryana

**Project Office:**

Prize Petroleum Company Limited  
Plot No. 725, Behind Gandhi Nagar Samachar  
CH Raod, Sector -8, Gandhinagar  
Gujarat - 382 008

**Statutory Auditors:**

M/s Ford, Rhodes, Park & Co  
Chartered Accountants,  
Sai Commercial Building  
312/313, 3<sup>rd</sup> Floor, BKS Devashi Marg  
Govandi (east), Mumbai – 400 088

**Bankers:**

**Development Credit Bank Limited**

Hansalaya Building, 15, Barakhambha Road,  
Connaught Place, New Delhi-110 001

**Development Credit Bank Limited**

Jharsa Road, Jharsa,  
Gurgaon-122 002, Haryana

**Corporation Bank, Gurgaon**

SCF 87-88, Sector - 14,  
Gurgaon- 122 001, Haryana

**State Bank of India**

5B, Unitech Trade Centre,  
Sushant Lok, Phase - 1,  
Gurgaon-122 002, Haryana

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## **DIRECTORS' REPORT**

To:

### **ALL MEMBERS OF PRIZE PETROLEUM COMPANY LIMITED**

On behalf of the Board of Directors of your Company, it is my privilege to present the 11<sup>th</sup> Annual Report on the working of the Company along with Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2009.

### **OPERATIONS:**

#### **Field Operations:**

The status of field's operation has been as under:

#### **(a) Onshore fields**

The total Crude Oil production during the current financial year was 46,926 barrels with a cumulative production of 1,63,578 barrels from Hirapur field and 1,167 barrels with a cumulative production of 9,128 barrels from Sangapur field.

Plan for the Work-over operations to be carried out in Hirapur Field in second quarter of 2009-10 are in progress. 3D seismic survey has been carried out in Hirapur block (area 10.8 sq.km) by Geophysical team of ONGC. The area has been covered with 20m\*20m bin size and 56 fold. The processing and interpretation of the acquired data is being carried out. The final result is expected by second week of May-June, 2009. The final interpretation will be incorporated in deciding future well locations.

The Final Development Plan (FDP) of Hirapur field was submitted to ONGC and on its advice FDP was vetted by an independent consultant. FDP was presented in IV MMC meeting at ONGC, Ahmedabad on 28<sup>th</sup> January, 2009. ONGC approved the FDP in-principle.

ONGC served Notice dated 16<sup>th</sup> October, 2008 for termination of Contract Nos. MR/WOB/MM/IND/SC/RES/14/2003/EY-143 and /EY- 144 for development of West Bechraji and Khambel Onshore Marginal Fields for not fulfilling contractual obligations under Article 31.3(i) of the contract. Suitable reply was sent to ONGC with reasons for delay in work-program and requesting ONGC to re-consider it's above decision.

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On completion of notice period, Letters of termination of service contract for Khambel and West Bechraji were received from ONGC on 4th Feb 2009. Representations were submitted to CMD, ONGC against this termination and invocation of bank guarantees. ONGC went ahead and Rs1.38 Crores was paid out against the two bank guarantees on 11<sup>th</sup> Feb 2009. Arbitration notice was issued to ONGC on 4<sup>th</sup> March, 2009.

In Sanganpur Field, a PSC with MOP&NG, work over was carried out in S1A in July 2008 and Progressive Cavity Pump was re-installed. IPDS survey was conducted in the field in August 2008. Findings of this survey indicated marginal presence of oil in the field. Approved WP and Budget for the next FY 2009-2010 was submitted to DGH.

### **(b) Offshore fields**

The consortium of Prize Petroleum Company Ltd. (P.I. 10%), Hindustan Petroleum Corporation Ltd. (P.I. 60%) and Trenergy of Malaysia (P.I. 30%) had signed the Service Contract for development of ONGC offshore marginal fields - Cluster 7.

ONGC terminated the Service Contract for Cluster-7 on 6<sup>th</sup> January, 2009 and sent notice for invocation of performance bank guarantee. Accordingly, Rs.5.95 crores towards Performance Bank Guarantee and Rs.0.63 crores expenses incurred, totaling to Rs.6.58 crores have been written off.

### **(c) Exploration fields**

Your company was awarded one onshore block SR-ONN-2004/1 of South Rewa Basin in Madhya Pradesh state along with consortium partners Jaiprakash Associates Limited under NELP VI. Your company is the operator with a participating share of 10% in this block.

The exploration activity as per committed minimum work program has been initiated after obtaining the petroleum exploration license (PEL) from Govt. of Madhya Pradesh on 12<sup>th</sup> July, 2007.

Gravity Magnetic survey was initiated through NGRI. 40% of GM data acquisition was completed till the end of March 2009. Processing and interpretation of GM data will be carried out during the financial year 2009-10. Geological Survey Report submitted to DGH on 30<sup>th</sup> March, 2009. Committed Work Program of the block SR-ONN-2004/1 is under progress and the Company is committed to complete the work program on time.

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## **FUTURE STRATEGY**

Your Company aims to acquire Exploration blocks in Category I basin and low risk areas, Discovered blocks and Producing Properties to attain growth and for achieving profitability in coming years.

## **CAPITAL**

During the year, the Company has issued 5,00,00,000 (5 crores) 8% Cumulative Convertible Preference Shares of face value of Rs.10 each to Hindustan Petroleum Corporation Limited (HPCL). An amount of Rs.6/- per share was called as application money which has been paid by HPCL after adjusting advance against equity of Rs.20 crores and accrued interest of Rs.2.56 crores thereon.

## **FINANCIAL RESULTS**

During the financial year 2008-09, the total income earned is Rs.317.08 lacs (Previous Year – Rs.356.30 lacs). The company has incurred Loss after tax of Rs.956.50 lacs in current year as compared to loss after tax of Rs.211.05 lacs in the corresponding previous year.

The summary of financial statement of the company is as under:  
(Rupees in lacs)

	<b><u>2008-09</u></b>	<b><u>2007-08</u></b>
Revenue from Hydrocarbons	115.11	105.32
Income from Consultancy	152.00	163.98
Interest on Fixed deposits	25.30	15.52
Other Income	<u>24.67</u>	<u>71.48</u>
<b>Total Income (A)</b>	<b>317.08</b>	<b>356.30</b>
Production Cost	84.16	169.52
G & G expenses	51.68	-
G & A expenses	<u>251.85</u>	<u>305.68</u>
<b>Total Expenses (B)</b>	<b>387.69</b>	<b>475.20</b>
<b>Profit/(Loss) before depreciation, interest and tax</b>	<b>(70.61)</b>	<b>(118.90)</b>
Less: expenses written off	1187.97	-
Less: depreciation/ depletion	<u>61.64</u>	<u>77.02</u>
<b>Profit/(Loss) before interest and tax</b>	<b>(1320.22)</b>	<b>(195.92)</b>
Less: interest	<u>118.28</u>	<u>124.79</u>
<b>Profit/(Loss) before tax</b>	<b>(1438.50)</b>	<b>(320.72)</b>
Less: Deferred tax asset & FBT	<u>(482.00)</u>	<u>(109.67)</u>
<b>Profit/(Loss) after tax (PAT)</b>	<b><u>(956.50)</u></b>	<b><u>(211.05)</u></b>

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Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and in compliance with all applicable Accounting Standards and 'successful efforts method' as per the Guidance Note on Accounting for Oil & Gas Producing Activities issued by The Institute of Chartered Accountants of India (ICAI) and provisions of the Companies Act, 1956.

## **DIRECTORS**

Shri Mulkh Raj Pasrija has been appointed as the Managing Director of the Company with effect from 16<sup>th</sup> March, 2009.

Shri S. P. Singh GM E&P-HPCL was given an additional charge as CEO of the Company effective from 1<sup>st</sup> April, 2008 till 8<sup>th</sup> December, 2008. Shri Rajan Kapoor DGM E&P-HPCL was appointed as "Manager" and CEO of the Company effective from 8<sup>th</sup> December, 2008 till 16<sup>th</sup> March, 2009.

As per the provisions of the Companies Act, 1956, Shri R. Kannan and K. S. R. Prasad retire by rotation at the next Annual General Meeting and are eligible for re-appointment.

## **CONSERVATION OF ENERGY AND TECHNOLOGY ASORPTION**

The company has plans to conserve the gas which is being produced in the field along with oil. The plan will be implemented once full scale field development plans are in place and quantity of gas is sufficient for commercial exploitation.

The in-house technical infrastructure has been upgraded with latest versions of existing G&G and Reservoir Engineering software for carrying out in house well modeling. The upgraded facility has been used effectively to interpret geological and geophysical data and output were fed into simulation software to generate reservoir models of existing assets of Prize and all output have been incorporated in development plans of Prize onshore fields in Cambay basis.

The company has also introduced a new technology of non damaging fluid to prevent any reservoir damage and to increase the production from oil bearing interval.

Following the drilling program in the onshore marginal fields during the period from April, 2006 to March, 2009, Prize has planned and executed work-over and well servicing jobs in the existing wells. Work-over job has been done cost-effectively using modern rig-less method called Through



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Tubing Perforation to re-activate reservoirs down-hole. Regular well servicing jobs have been done to enhance production and keep wells in good condition.

### **FOREIGN EXCHANGE**

The Foreign Exchange outgo during the year was Rs.283.97 Lacs (PY Rs.202.08 Lacs). The details of Foreign Exchange outgo are given in Note 9 (Schedule O) in "Notes forming part of Accounts".

### **HEALTH, SAFETY & ENVIRONMENT**

Your company is committed to maintain the high standards of health, safety, and environment protection in its operations. To achieve the core purpose for the highest standards of practices through a process of continual improvement, the company has initiated the progressive implementation of HSE management systems in all the facets of E&P activities.

The salient features of HSE Policy implementation in our operations are:

- Development of HSE Policy demonstrating its commitment towards employees, contractors, society and the environment of operational areas at large.
- Maintenance of high standards of HSE competency of employees & contractors through HSE training and increased awareness.
- Ensuring that our HSE standards and practices always influence contractors to raise their standards to meet them.
- Development of systems to monitor and measure our HSE performance through regular audits and checking of effectiveness of control measures being implemented time to time.
- Practice of working with statutory and government bodies in the compliance of laws, policies, regulations and practices aimed at improved HSE performance.
- Submission of Initial Development Plan and Waste Management Plan along with TOR for EIA studies for EC to MOEF.

Adequate measures were taken at onshore marginal fields wherein HSE management systems are being implemented step by step as enumerated in HSE Plan like HSE training, work permit systems, personal protective equipments, material safety data sheet, environmental control, occupational health measures, safety auditing etc.

## **PARTICULARS OF EMPLOYEES**

The details of employees in receipt of remuneration exceeding the limit prescribed under Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975 as amended is as under:

- a. Employees who were employed throughout the aforesaid year and were in receipt of remuneration for the said year which in the aggregate, was not less than Rs. 24,00,000/-

Name	Age (Yr)	Desig./ Nature of Duties	Gross Remuneration (Rs.)	Qualification	Total Experience (Yr)	Date of Commencement of Employment	Last Employment held Designation-Period for which post held
Shri Sankar Sengupta	50	Chief Manager Drilling	24.16 lacs	B.E. Mechanical	25	05.10.07	Rig Manager, MB Petroleum Services LLC, Oman - 8 years

- b. Employees who were employed for a part of the aforesaid year and were in receipt of remuneration for any part of the said year at a rate which in the aggregate was not less than Rs. 2,00,000/- per month.

Name	Age (Yr)	Desig./ Nature of Duties	Gross Remuneration (Rs.)	Qualification	Total Experience (Yr)	Date of Commencement of Employment	Last Employment held Designation-Period for which post held
Dr. Chandra Sekhar	52	Chief Manager Exploration	1.94 lacs (*)	M.Sc (Tech), PhD	26	09.03.09	Vice President (E&P) Asian Oil Field Services, New Delhi, 14 Month

(\*) For the period from 09.03.2009 to 31.03.2009.

### Notes:

- I. Gross remuneration comprises of salary, allowances, monetary value of perquisites and the Company's contribution to Provident Fund but excludes contribution to Gratuity Fund on the basis of actuarial valuation as separate figures are not available.
- II. Above mentioned employee does not hold any share of the Company.
- III. Above mentioned employee is not a relative of any Director of the Company.

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## **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- (i) In the preparation of the Annual Accounts, all the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- (ii) The Company has selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the company as on 31<sup>st</sup> March, 2009 and of the Profit & Loss Account of the company for the year ended on that date.
- (iii) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) These Accounts have been prepared on a going concern basis.

## **AUDITORS**

M/s. Ford, Rhodes, Parks & Company, Chartered Accountants, have been appointed as Statutory Auditors of the Company for the financial year 2008-09.

## **AUDIT COMMITTEE**

The Committee held two Audit Committee Meetings during the year. The Audit Committee members are:

- 1. Mr. K. S. R. Prasad
- 2. Major General S.C.N. Jatar
- 3. Mr. R. Kannan

## **REMUNERATION COMMITTEE**

The Company has a Remuneration Committee for managerial personnel remuneration in accordance with schedule XIII of the Companies Act, 1956. The Committee members are:

- 1. Mr. K. S. R. Prasad
- 2. Major General S.C.N. Jatar
- 3. Mr. R. Kannan

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## **ACKNOWLEDGEMENTS**

Your Directors wish to place on record their sincere thanks to the various Government agencies including Ministry of Petroleum and Natural Gas, Directorate General of Hydrocarbons, M/s Oil and Natural Gas Corporation Limited , Bankers, etc. for extending full cooperation in connection with conduct of its business.

Your Directors also thank the Management of Hindustan Petroleum Corporation Limited., ICICI Bank Limited, ICICI Venture and HDFC limited for their constructive co-operation and significant contributions to the activities of the Company.

Your Directors also thank the management of M/s Aban Lyod Chiles Offshore Limited - the partner for development of ONGC onshore Marginal Fields, M/s Hydrocarbon Resources Development Private Ltd – partners of Sangapur Field and M/s Jaiprakash Associates Limited – the consortium partner under NELP VI, who have played vital role in enabling the Company to succeed in the E&P Sector.

Your directors also wish to place on record the contribution made by the employees of the Company who have kept their spirits high despite several odds and adversities and look forward to their services with zeal and dedication in the years ahead.

For and on behalf of the Board

Sd/-  
Arun Balakrishnan  
Chairman

Date: 21<sup>st</sup> April, 2009  
Encl: As above.

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## AUDITOR'S REPORT

### *To THE MEMBERS OF PRIZE PETROLEUM COMPANY LIMITED, NEW DELHI*

We have audited the attached Balance Sheet of **PRIZE PETROLEUM COMPANY LIMITED, NEW DELHI** as at 31<sup>st</sup> March 2009, the Profit and Loss Account of the Company for the year ended on that date and also Cash Flow Statement annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Development and depletion of producing properties on the basis of proved, developed and producing hydrocarbon reserves are based on in house expert's evaluation, which we have relied upon.
4. Further to our comments in para 2 and 3 above, we report as follows:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 said Balance Sheet, Profit & Loss Account and Cash Flow Statement are in agreement with the books of account.

- 
- d. In our opinion the Balance Sheet, the Profit and Loss Account and Cash Flow Statement referred to in this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e. Based on written representations made by all the directors, as at 31<sup>st</sup> March 2009, and taken on record by the Company and the information and explanations as made available, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f. Provision for deferred tax asset of Rs.8.03 Crores (Net) for reason stated therein. (refer note number 19)
5. In our opinion and to the best of our information and according to explanations given to us, the said account read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view, in conformity with accounting principles generally accepted in India:
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009;
- b) In the case of the Profit & Loss Account, of the Loss for the year ended on 31<sup>st</sup> March 2009 and
- c) In the case of the Cash Flow Statement of the Cash Flows for the year ended on 31<sup>st</sup> March 2009.

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

PLACE: DELHI  
DATE : 21<sup>st</sup> April, 2009

Sd/-  
CA A.D. Shenoy  
Partner  
Membership No.FCA 11549

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## **ANNEXURE TO AUDITORS' REPORT**

Referred to in Paragraph 2 of our report of even date

Re: **PRIZE PETROLEUM COMPANY LIMITED, NEW DELHI**

- 1
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - (b) During the year substantial portion of Fixed Assets have been physically verified by the Management, according to the regular programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its Fixed Assets. The discrepancies noticed on such physical verification were not material.
  - (c) In view of the termination of Service Contracts with ONGC in respect of Khambel and West Bechraji fields, during the year the Company has written off substantial part of Fixed Assets. According to the information and explanations given to us, we are of the opinion that the write off the Fixed Assets has not affected the going concern status of the Company.
- 2
  - (a) As explained to us, stocks of crude oil in joint venture operations where the company is the operator have been physically verified by the management at reasonable intervals and stock of stores and spare parts (excluding stock in transit and / or under inspection with suppliers/ contractors) have been physically verified by the management in accordance with the phased programme of verification.
  - (b) With respect to the Joint Venture the inventories where the company is not the operator, the company has accounted / incorporated the share of inventories in the books of account based on un-audited/ audited details available.
  - (c) In accordance with the information and explanations received by us, the procedures of physical verification of inventory followed by the management appears to be reasonable and adequate in relation to the size of the company and the nature of its business
  - (d) In our opinion, the company has maintained proper records in respect of stocks of crude oil and in respect of stock of stores

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and spare parts. No material discrepancies have been noticed between physical and book stocks of crude oil. In respect of stores and spare parts, the discrepancies on physical verification noticed by the management between physical stock and book records are not material considering the size of the company and the nature of its business and the same have been properly adjusted in the accounts.

3.
  - a) During the year, the company has taken additional unsecured loan of Rs.5 Crores (PY – Rs.15 Crores) from a Promoter company covered in the register maintained under section 301 of the Companies Act, 1956. The rate of interest is not prima facie prejudicial to the interest of the company. The loan was given as advance against equity to be converted into equity along with unpaid / accrued interest thereon.
  - b) During the year, the Company has issued 5,00,00,000 (5 crores) 8% Cumulative Convertible Preference Shares of face value of Rs.10 each to M/s Hindustan Petroleum Corporation Limited. An amount of Rs.6/- per share was called as application money which have been paid by HPCL after adjusting advance against equity of Rs.20 crores and accrued interest of Rs.2.56 crores thereon.
  - c) As informed to us the Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.



- 
- b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. The Central Government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of Petroleum products.

We are informed that the relevant records are required to be maintained by the Operator of the Joint Venture.

However, during the period under audit the Joint Venture operator is not covered under the requirement to maintain Cost records as laid down under Cost Accounting Records (Petroleum Industry) Rules 2002, as the joint venture investment is not exceeding Rs.1 Crore and the turnover is not exceeding Rs.10 Crores, as per the applicability criterion laid down under the rules.

Hence in our opinion and based on the information and explanations given to us, the company is not covered by this clause.

9. (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Fringe benefit tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and any other statutory dues have generally been regularly deposited in time during the year with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31<sup>st</sup> March 2009.
- (b) In our opinion and according to the information and explanations given to us, there are no disputed dues outstanding of Sales tax, Income tax, Fringe benefit tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess that have not been deposited on account of any dispute.

- 
10. The accumulated losses of the company as at 31<sup>st</sup> March 2009 are less than 50% of the net worth of the company.

The company has incurred Cash loss during the year under review and also during the immediately preceding financial year.

11. During the year the company has not taken any additional secured loans from banks. In the case of repayment of loans availed in earlier years, the company has not defaulted. The Company has not issued any debentures.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion, according to the information and explanations given to us, the Company has given proportionate guarantees for Joint ventures totaling to Rs.191.00 lakhs (Previous year Rs.827.08 lakhs). The company has obtained back to back guarantees from joint venture partner.
16. In our opinion, on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. According to the information and explanation given to us and on the basis of an overall examination of the Balance Sheet of the Company, we report that no funds raised on short -term basis have been used for long-term investment.

- 
18. The Company has made preferential allotment of 5 crores Cumulative Convertible Preference shares of Rs30 crores during the year to Hindustan Petroleum Corporation Limited covered in the register maintained under Section 301 of the Companies Act, 1956.
  19. On the basis of records made available to us, the company has not issued any debentures.
  20. The Company has not raised any money through a public issue during the year.
  21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and on the basis of information and explanations provided by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Ford, Rhodes, Parks & Co.  
Chartered Accountants

PLACE: DELHI  
DATE : 21<sup>st</sup> April, 2009

Sd/-  
CA A.D. Shenoy  
Partner  
Membership No.FCA 11549

**PRIZE PETROLEUM COMPANY LIMITED**  
**CORPORATE BALANCE SHEET AS AT MARCH 31, 2009**

	<u>SCHEDULE</u>	<u>2008-09</u>	<u>2007-08</u>
		<u>RUPEES</u>	<u>RUPEES</u>
<b>I. <u>SOURCE OF FUNDS</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	<b>A</b>	500,000,000	200,000,000
<b>Loan Fund</b>			
Secured & Unsecured Loans	<b>B</b>	35,680,004	202,346,668
<b>TOTAL</b>		<b>535,680,004</b>	<b>402,346,668</b>
<b>II. <u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets</b>			
Gross Block	<b>C</b>	38,958,887	34,548,441
Less : Depreciation		16,945,478	12,089,734
Net Block		22,013,409	22,458,707
<b>Producing Properties</b>			
Gross Cost	<b>D</b>	126,371,236	113,181,552
Less : Depletion		3,301,928	2,205,086
Net Cost		123,069,308	110,976,467
<b>Pre - Producing Properties</b>	<b>E</b>	41,931,493	96,450,494
<b>Deferred Tax Asset</b>		80,315,000	31,855,000
<b>Current Assets, Loans and Advances</b>			
Inventory	<b>F</b>	5,686,798	5,630,054
Sundry Debtors	<b>G</b>	5,962,617	5,119,563
Cash and Bank Balances	<b>H</b>	123,233,983	48,512,609
Loans and Advances	<b>I</b>	12,607,750	14,073,460
		147,491,148	73,335,685
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	<b>J</b>	6,435,974	23,965,425
Provisions	<b>K</b>	60,941,322	1,351,634
		67,377,296	25,317,059
<b>Net Current Assets</b>		80,113,852	48,018,626
<b>Profit &amp; Loss Account debit balance</b>		188,236,942	92,587,375
<b>TOTAL</b>		<b>535,680,004</b>	<b>402,346,668</b>
<b>STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS</b>			
	<b>O</b>		

Sd/-  
**M.R. PASRIJA**  
MANAGING DIRECTOR

Sd/-  
**S.C.N. JATAR**  
DIRECTOR

As per our report of Even Date  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants

Sd/-  
**K.S.R. PRASAD**  
DIRECTOR

Sd/-  
**U.C. AGRAWAL**  
COMPANY SECRETARY

Sd/-  
**CA A.D.SHENOY**  
PARTNER  
M No :11549

PLACE : DELHI  
DATE : 21.04.09

**PRIZE PETROLEUM COMPANY LIMITED**  
**CORPORATE PROFIT & LOSS ACCOUNT FOR YEAR ENDED MARCH 31, 2009**

	<u>SCHEDULE</u>	<u>2008-09</u> <u>RUPEES</u>	<u>2007-08</u> <u>RUPEES</u>
<b>I. INCOME</b>			
Income from Hydrocarbons		11,511,322	10,532,052
Income from Consultancy		15,199,703	16,398,489
Interest on Fixed Deposit		2,530,161	1,552,375
Other Income		2,467,274	7,147,274
<b>TOTAL INCOME</b>		<b>31,708,460</b>	<b>35,630,190</b>
<b>II. EXPENDITURE</b>			
A. Production, Transportation & Other Expenses	<b>L</b>	8,416,435	16,952,099
B. Geological & Geophysical Expenses	<b>M</b>	5,167,459	-
C. General & Administrative Expenses	<b>N</b>	25,185,758	30,568,419
<b>TOTAL EXPENDITURE (A+B+C)</b>		<b>38,769,652</b>	<b>47,520,518</b>
<b>Profit/ (Loss) Before Depreciation, Interest And Taxation (I-II)</b>		<b>(7,061,192)</b>	<b>(11,890,328)</b>
Expenses Written off		118,796,526	-
Depreciation		5,067,384	6,574,837
Depletion		1,096,842	1,127,479
Interest		11,828,352	12,479,185
<b>Profit/ (Loss) before provision for Taxation</b>		<b>(143,850,297)</b>	<b>(32,071,828)</b>
<i>Less:</i> Provision for Taxation - Current Year		-	-
Provision for Deferred Tax Liability / (Asset)		(48,460,000)	(11,307,000)
Provision for Fringe Benefit Tax		259,269	339,770
<b>Profit/ (Loss) after Taxation</b>		<b>(95,649,566)</b>	<b>(21,104,598)</b>
<i>Add:</i> Profit / (Loss) brought forward		(92,587,375)	(71,482,776)
<b>Profit / (Loss) carried forward to Balance Sheet</b>		<b>(188,236,942)</b>	<b>(92,587,375)</b>

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES  
AND NOTES FORMING PART OF THE ACCOUNTS**

**O**

Earning Per Share

Negative

Negative

Sd/-  
**M.R. PASRIJA**  
MANAGING DIRECTOR

Sd/-  
**S.C.N. JATAR**  
DIRECTOR

As per our report of Even Date  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants

Sd/-  
**K.S.R. PRASAD**  
DIRECTOR

Sd/-  
**U.C. AGRAWAL**  
COMPANY SECRETARY

Sd/-  
**CA A.D.SHENOY**  
PARTNER  
M No :11549

PLACE : DELHI  
DATE : 21.04.09

**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : A**

	<u>2008-09</u>	<u>2007-08</u>
	RUPEES	RUPEES
<b><u>SHARE CAPITAL</u></b>		
<b>Authorised :</b>		
620,000,000 Equity Shares of Rs. 10 each	6,200,000,000	7,200,000,000
100,000,000 8% Cumulative Convertible Preference Shares of Rs.10 each (Previous Year Nil)	1,000,000,000	-
<b>Issued :</b>		
20,000,000 Equity Shares of Rs. 10 each	200,000,000	200,000,000
50,000,000 8% Cumulative Convertible Preference Shares of Rs.10 each (Previous Year Nil)	500,000,000	-
	<u>700,000,000</u>	<u>200,000,000</u>
<b>Subscribed and paid up :</b>		
20,000,000 Equity Shares of Rs. 10 each	200,000,000	200,000,000
50,000,000 8% Cumulative Convertible Preference Shares of Rs.6 each (Previous Year Nil)	300,000,000	-
	<u>500,000,000</u>	<u>200,000,000</u>

**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : B**

	<u>2008-09</u>	<u>2007-08</u>
	RUPEES	RUPEES
<b><u>LOAN FUNDS</u></b>		
<b>Secured loan</b>		
Term loan from Development Credit Bank Ltd ( Secured by hypothecation of Machinery/stock)	35,680,004	52,346,668
<b>Unsecured Loan</b>		
Hindustan Petroleum Corporation Ltd. ( Advance against Equity)	-	150,000,000
	<u>35,680,004</u>	<u>202,346,668</u>

**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : C**  
figures in Rupees

**FIXED ASSETS**

Particulars	Rate of Dep.	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As on 1-Apr-08	Additions	Deletion	As on 31-Mar-09	As on 1-Apr-08	For the year 2008-09	Written back on deletion	As on 31-Mar-09	As on 31-Mar-08	
Improvement in Leasehold Premises	Unexp. Lease	2,221,907	-	-	2,221,907	1,401,139	399,440	-	1,800,579	421,328	820,768
Office Equipment	4.75%	501,773	25,111	-	526,884	245,049	15,426	-	260,475	266,409	256,724
Computers	16.21%	17,297,636	55,120	-	17,352,756	6,762,779	2,636,385	-	9,399,164	7,953,592	10,534,857
Furniture & Fixtures	15%	292,698	155,000	(152,698)	295,000	97,916	42,027	58,663	81,280	213,720	194,782
- <i>Procured under the Scheme</i>	6.33%	1,778,351	-	-	1,778,351	754,550	90,443	-	844,993	933,358	1,023,801
- <i>Others</i>											
Vehicles	13.50%	400,000	-	(400,000)	-	116,878	36,098	152,976	-	-	283,122
- <i>Procured under the Scheme</i>	9.50%	769,104	-	-	769,104	136,229	73,372	-	209,601	559,503	632,875
- <i>Others</i>											
<b>Share of Fixed Assets in Joint Ventures</b>											
- ONGC Onshore Marginal Fields (PI 50%) Gandhi Nagar Project Office	16.21%	87,423	-	-	87,423	23,941	13,754	-	37,695	49,727	63,482
Computers	4.75%	14,116	8,495	-	22,611	10,958	575	-	11,533	11,078	3,158
Office Equipments	6.33%	292,086	4,713	-	296,799	74,382	15,565	-	89,947	206,852	217,704
Furniture & Fixtures	11.31%	5,120,674	4,711,066	-	9,831,739	316,373	1,108,027	-	1,424,400	8,407,339	4,804,301
Plant & Machinery											
- Project Sangapur (PI 50%) Plant & Machinery	11.31%	5,768,034	-	-	5,768,034	2,149,267	635,377	-	2,784,644	2,983,391	3,618,767
- Project SR-ONN (PI 10%) Computer	16.21%	4,640	-	-	4,640	273	752	-	1,025	3,615	4,367
Digital Camera	4.75%	-	1,038	-	1,038	-	41	-	41	997	-
Global Positioning System	4.75%	-	2,602	-	2,602	-	101	-	101	2,500	-
<b>Total</b>		<b>34,548,441</b>	<b>4,963,144</b>	<b>(552,698)</b>	<b>38,958,887</b>	<b>12,089,734</b>	<b>5,067,384</b>	<b>211,639</b>	<b>16,945,479</b>	<b>22,013,408</b>	<b>22,458,707</b>
<b>Previous Year</b>		<b>19,161,886</b>	<b>16,583,164</b>	<b>(1,196,610)</b>	<b>34,548,441</b>	<b>6,073,968</b>	<b>6,574,837</b>	<b>559,071</b>	<b>12,089,734</b>	<b>22,458,707</b>	<b>13,087,919</b>

**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : D**  
figures in Rupees

**PRODUCING PROPERTIES**

AREA / FIELD	Rate of Dep.	GROSS COST			DEPLETION			NET COST	
		As on 1-Apr-08	Transfer from Pre-producing Properties	As on 31-Mar-09	As on 1-Apr-08	For the year 2008-09	As on 31-Mar-09	As on 31-Mar-09	As on 31-Mar-08
<b><u>Share of Fixed Assets in Joint Ventures</u></b>									
- ONGC Onshore Marginal Fields ( PI 50%)									
Well P#1	UOP	20,779,874	-	20,779,874	1,690,704	821,744	2,512,448	18,267,425	19,089,169
Well P#2	UOP	21,115,704	-	21,115,704	30,585	23,045	53,630	21,062,073	21,085,118
Well H#1	UOP	10,191,636	-	10,191,636	88,165	101,343	189,508	10,002,128	10,103,470
Well H#2	UOP	-	6,996,049	6,996,049	-	9,331	9,331	6,986,718	-
- Project Sanganpur ( PI 50%)									
Hydrocarbon Rights & Concessions	UOP	14,045,662	-	14,045,662	140,663	29,389	170,052	13,875,610	13,904,999
Wells Cost	UOP	47,048,678	6,193,635	53,242,313	254,968	111,991	366,959	52,875,354	46,793,710
<b>Total</b>		<b>113,181,552</b>	<b>13,189,684</b>	<b>126,371,236</b>	<b>2,205,086</b>	<b>1,096,843</b>	<b>3,301,928</b>	<b>123,069,308</b>	<b>110,976,467</b>
<b>Previous Year</b>		<b>104,580,868</b>	<b>8,600,684</b>	<b>113,181,552</b>	<b>1,077,607</b>	<b>1,127,479</b>	<b>2,205,086</b>	<b>110,976,467</b>	<b>103,503,261</b>

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**SCHEDULE : E**  
figures in Rupees

**PRE-PRODUCING PROPERTIES**

AREA / FIELD	As on 1-Apr-08	Adjustements	Expenditure during the year	Transfer to Producing Properties / FA	Transfer to Profit and Loss Account	As on 31-Mar-09
ONGC Onshore Marginal Fields	74,397,881	-	1,464,873	11,457,994	33,705,275	30,699,485
ONGC Offshore Fields - ( Cluster - 7 )	4,826,448	-	1,523,546	6,349,994	-	-
SR-ONN-2004-01 - ( South Rewa Block )	1,122,140	-	-	-	1,053,255	68,885
Capitalized Interest	16,104,025	-	7,567,992	193,136	12,315,758	11,163,123
<b>Total</b>	<b>96,450,494</b>	<b>-</b>	<b>10,556,411</b>	<b>18,001,124</b>	<b>47,074,288</b>	<b>41,931,493</b>
<b>Previous Year</b>	<b>95,069,534</b>	<b>-</b>	<b>16,585,332</b>	<b>15,204,373</b>	<b>-</b>	<b>96,450,494</b>



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**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : F**

	<b><u>2008-09</u></b>	<b><u>2007-08</u></b>
	<b><u>RUPEES</u></b>	<b><u>RUPEES</u></b>
<b><u>INVENTORIES</u></b>		
<b><u>Stores &amp; Spares</u></b>		
Casing & Tubing	3,468,174	3,408,494
Casing Accessories	74,465	74,156
Chemicals	5,813	2,507
Cementing Chemicals	1,503,713	1,507,691
Tanker Seal	1,029	3,602
Blowout Preventer	52,826	52,826
Bridge Plug 5 1/2"	23,414	23,414
Retrievable Mechanical Packer	557,366	557,366
	<b><u>5,686,798</u></b>	<b><u>5,630,054</u></b>

**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : G**

	<b><u>2008-09</u></b>	<b><u>2007-08</u></b>
	<b><u>RUPEES</u></b>	<b><u>RUPEES</u></b>
<b><u>SUNDRY DEBTORS (Unsecured)</u></b>		
<b><u>Over Six months</u></b>		
Considered Good *	3,095,564	2,165,101
<b><u>Others</u></b>		
Considered Good	2,867,053	2,954,463
	<b><u>5,962,617</u></b>	<b><u>5,119,563</u></b>

\* Includes Rs. 28.71 Lacs (i.e. 30% of the Invoice amount) as per Crude Offtake & Sale Agreement (COSA) in Sangapur PSC to the extent of Company's participating interest i.e.50%. (P.Y. Rs. 21.65 Lacs)

**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : H**

	<u>2008-09</u>	<u>2007-08</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>CASH AND BANK BALANCES</u></b>		
Cash in hand	28,777	76,332
Balances with Scheduled Banks		
- Current Accounts	8,679,259	9,593,442
- Term Deposit *	114,525,947	38,842,835
	<u>123,233,983</u>	<u>48,512,609</u>

\* - Includes interest accrued and reinvested in term deposits Rs. 10.50/- Lacs (Previous Year-Rs.7.70/- Lacs)

\* - Includes TDS on Accrued Interest a sum of - Rs. 0.55 Lacs (Previous Year-Rs 1.59 Lacs)\*

**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : I**

	<u>2008-09</u>	<u>2007-08</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>CURRENT ASSETS, LOANS AND ADVANCES</u></b>		
Advances Recoverable in Cash or Kind or for Value Received	937,103	1,682,888
Advance to Joint Venture Projects	1,770,904	(102,593)
Prepaid Expenses	558,886	855,189
Other Deposits	2,406,666	3,023,570
Tax deducted at Source	6,857,626	8,602,577
Other Current Assets	76,566	11,830
	<u>12,607,750</u>	<u>14,073,460</u>

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**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : J**

	<u>2008-09</u>	<u>2007-08</u>
	RUPEES	RUPEES
<b><u>CURRENT LIABILITIES</u></b>		
Sundry Creditors	1,369,046	4,725,846
Expenses Payable	3,635,733	1,624,908
Interest Accrued But Not Paid (HPCL)	-	15,873,871
Statutory Liabilities	1,109,218	916,584
Other Liabilities	321,978	824,216
	<u>6,435,974</u>	<u>23,965,425</u>

**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : K**

	<u>2008-09</u>	<u>2007-08</u>
	RUPEES	RUPEES
<b><u>PROVISIONS</u></b>		
Provision for Retirement Benefits	547,642	608,109
Provision towards Leave Encashment etc.	913,680	743,525
Provision for Bank Guarantee (Cluster -7)	59,480,000	-
	<u>60,941,322</u>	<u>1,351,634</u>

**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : L**

	<u>2008-09</u>	<u>2007-08</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>PRODUCTION, TRANSPORTATION &amp; OTHER EXPENSES</u></b>		
Workover Expenses	-	2,143,226
Insurance	108,066	97,683
Electricity & Utilities	292,933	326,149
Consultancy Fees	623,858	833,963
Repairs & Office Maintenance	995,777	908,736
Security Charges	329,662	175,835
Processing & Handling of Crude Oil	1,800,079	1,864,434
Manpower / Separator Hiring Charges	1,973,582	8,355,949
Land Rent	159,223	258,450
Crude Oil Transportation	1,819,376	1,790,207
Other Expenses	313,881	197,469
	<u>8,416,435</u>	<u>16,952,099</u>

**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : M**

	<u>2008-09</u>	<u>2007-08</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>GEOLOGICAL &amp; GEOPHYSICAL EXPENSES</u></b>		
NELP VII Round Bidding Expenses	587,660	-
Exploration Phase Expenses (SR-ONN Block)	4,079,799	-
Other Expenses	500,000	-
	<u>5,167,459</u>	<u>-</u>

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**PRIZE PETROLEUM COMPANY LIMITED**

**SCHEDULES FORMING PART OF CORPORATE BALANCE SHEET**

**SCHEDULE : N**

	<b><u>2008-09</u></b>	<b><u>2007-08</u></b>
	<b><u>RUPEES</u></b>	<b><u>RUPEES</u></b>
<b><u>GENERAL &amp; ADMINISTRATIVE EXPENSES</u></b> *		
Manpower Cost	8,566,605	13,618,878
Repairs & Office Maintenance	2,628,774	1,366,567
Auditor's Remuneration:	127,041	174,903
Electricity & Utilities	223,013	222,767
Traveling & Conveyance	931,487	1,616,041
Consultancy Charges	503,150	2,363,398
Insurance	36,523	39,428
Rent	7,577,066	4,867,613
Advertisement & Business Promotion	75,934	93,811
Telephone	404,382	471,428
Bank Charges	552,929	835,440
Postage & Courier	44,543	54,158
Printing & Stationery	172,550	186,519
Meeting & Conference	520,895	472,637
Contract Labour	1,567,654	1,259,180
Training & Seminar Expenses	378,634	1,114,667
Transit House Expenses	102,212	95,050
Membership & Subscription	132,499	716,083
HO Overheads	505,067	855,217
General Expenses	134,800	144,636
	<u>25,185,758</u>	<u>30,568,419</u>

\* Includes share in Joint Ventures

**PRIZE PETROLEUM COMPANY LIMITED**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Accounting:**

- 1.1 The financial statements have been prepared to comply in all material aspects in respect with the Notified Accounting Standards by companies Accounting Rules, 2006 and the relevant provision of the Companies Act, 1956.
- 1.2 Financial statements are based on historical cost and are prepared on accrual basis, except where impairment is made and revaluation is carried out.
- 1.3 Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- 1.4 The Company generally conforms to the internationally accepted “Successful Efforts Method” (SEM) of accounting read with the guidance note on “Accounting for Oil & Gas producing activities” for carrying out petroleum operations and evaluation of prospects for Acquisition Targets.

**2. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimated and assumption that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operation during the reported period

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end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**3. Revenue Recognition:**

Revenue from Crude Oil and Natural Gas is recognized on transfer of custody to the concerned. Revenue from Crude Oil and Gas produced from exploratory / developing wells in the development areas is deducted from expenditures on such wells. Production is recognized as dry crude received at delivery point after adjusting bottom sediments and water contents.

**4. Geological and Geophysical Expenditures:**

Expenditures other than tangible assets, and equipment & facilities deployed in relation thereto on which usual depreciation allowance is admissible, are expensed in the year of incidence.

**5. General and Administrative Expenses :**

General and Administrative expenses are allocated to successful bids / efforts based on the deployment of resources in pursuing those efforts and balance are charged to Profit and Loss Account.

**6. Fixed Assets:**

The fixed assets are stated at historical cost less depreciation. All costs relating to acquisition of fixed assets till the time of commissioning of such assets are capitalized.

Borrowing cost relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relates to the period till such assets are ready to be put to use.

**7. Producing Properties:**

Producing properties are created in respect of an area/field having proved developed

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Oil and Gas reserves, when the well in the area /field is ready to commence commercial production.

Cost of development wells, related equipments, facilities, hydrocarbon rights and concessions and estimated future abandonment cost are capitalized and reflected as producing properties.

#### **8. Pre-producing Properties:**

In respect of the wells pending completion of commencement of commercial production, all the expenses incurred net of the billing raised on test production supplied are carried forward as Pre-producing Properties.

#### **9. Depreciation/ Amortization:**

- 9.1 Depreciation on fixed assets owned by the Company is provided on pro-rata basis, calculated on day basis from capitalization up to sale/ disposal or deletion during the year under the straight-line method (SLM) at rates as specified in Schedule XIV to the Companies Act, 1956.
- 9.2 In the case of furniture and vehicles provided to employees under approved schemes of the Company, the depreciation is charged at the rates of 15% and 13.5% respectively under the Straight Line Method as per the provision of the Scheme.
- 9.3 Individual items of Fixed Assets, the acquisition cost of which falls upto Rs.5000 are depreciated in full during the year.
- 9.4 The Company amortizes the expenses on office renovation on the basis of the unexpired lease tenor.

#### **10. Depletion of Producing Properties:**

- 10.1 Producing properties including acquisition cost are depleted using the “Unit of Production method” (UOP) based on the related proved developed reserves in accordance with guidance note on “Accounting for Oil & Gas producing activities”.



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10.2 Interest capitalized on producing properties including acquisition cost, as required under AS-16 (borrowing cost), are also depleted using the Unit of Production Method.

10.3 Proved and Developed Reserves of Oil and Gas are being technically assessed regularly and are finally reviewed and estimated at the end of each year in house by following International practices.

**11. Abandonment Cost:**

11.1 The full eventful estimated liability towards costs relating to dismantling, abandoning and restoring offshore well sites and allied facilities is recognized at the initial stage as cost of producing property and liability for abandonment cost, based on the latest technical assessment available at current costs with the Company. The same is reviewed annually.

11.2 Costs relating to dismantling, abandoning and restoring onshore well sites and allied facilities are accounted for in the year in which such costs are incurred as the salvage value is expected to take care of the abandonment cost.

**12. Joint Ventures:**

12.1 In respect of Production Sharing Contracts (PSCs) and Service Contracts (SCs) executed by the Company under Joint Ventures with Govt. of India and/or other parties; the financial statements reflect the Company's assets and liabilities as also the income and expenditure of the Joint Venture operations (to the extent of available details) in proportion to the participating interest of the Company as per the terms of the PSCs/SCs, on a line by line basis.

12.2 Adjustments are made in the year in which the audited accounts of respective Joint Ventures are received, if applicable.

12.3 Interests capitalized on loan funds utilized in Joint venture projects, as required under AS-16 (borrowing cost), are included in the value of respective joint venture

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assets and are depreciated on the same basis on which the original asset is depreciated.

**13. Retirement and Other Employees Benefits:**

13.1 Employees benefit under defined benefits plans comprising of gratuity and leave encashment are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the projected unit credit method.

13.2 Contributions to Provident Fund are made with the Regional Provident Fund Commissioner.

13.3 Gratuity liability and leave salary to employees is not funded.

**14. Foreign Currency Transactions:**

14.1 Foreign currency transactions during the year are recorded at the exchange rate prevailing on the date of the transaction.

14.2 The Foreign Currency Assets and Liabilities are translated at the exchange rate prevailing on the balance sheet date.

14.3 Exchange rate difference, if any, depending on the nature of the expenditure are either allocated to respective projects or are directly treated as income/ expenses in the period they accrue.

**15. Impairment of Assets:**

15.1 At each Balance Sheet date, an assessment of assets is made to ascertain whether there is any event and circumstances indicates impairment.

15.2 An impairment loss is recognized whenever the carrying amount of assets of cash generating units (CGU) exceeds their recoverable amount.

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**16. Inventory:**

- 16.1 Closing stock of Crude Oil in unfinished condition in storage tank is not valued.
- 16.2 Stores and spares are valued at weighted average cost or net realizable value whichever is lower.

**17. Taxes on Income:**

- 17.1 Provision for current tax is made in accordance with the provisions of Income tax Act, 1961.
- 17.2 Fringe benefit tax is computed and accounted in line with the provision of the Act.
- 17.3 The Company is following Accounting Standard 22- "Accounting for taxes on income". The Company has provided deferred tax using the liability method based on the tax effect of timing differences resulting from the recognition of items in the financial statements. Based on the projections for future taxable incomes over the period in which deferred tax assets are deductible, management believes that it is more likely than not that the Company will realize the benefits of those deductible differences.

**18. Contingent Liabilities:**

Liabilities contingent upon happening of future events are disclosed by the way of note to the accounts.

**II. NOTES FORMING PART OF ACCOUNTS**

**1. Contingent Liabilities not provided for:**

- Outstanding Guarantees Issued by Bankers (\*) - Rs.191.00 lacs.(Previous year Rs. 827.08 lacs)
- No provision for dividend on 8% Cumulative Convertible Preference Share is made in view of losses which amount to Rs. 4.60 lacs.

- 
- The estimated amount of contracts remaining to be executed on Capital Account and not provided for in the Accounts Rs. 130.38 lacs (Previous year - Rs. 16.16 lacs)

(\* ) Considered net of back to back guarantees amounting to Rs.69.50 lacs from Joint Venture partner.

2. Costs relating to unsuccessful bids amounting to Rs.10.88 lacs (Previous year Rs. Nil) have been expensed during the year, which includes Rs.5.00 pertaining to prior period.

3. **Joint Venture Operations:**

In compliance of Accounting Standard 27 on “Financial reporting of Interests in Joint Ventures”, a brief description of Production Sharing Contracts (PSCs) and Service Contracts (SCs) under joint venture contracts entered into by the Company are given below:

- a. **ONGC Onshore Marginal Fields**

The Company along with M/s Aban Loyd Chiles Offshore Limited was awarded three Service Contracts dated 28<sup>th</sup> April, 2004, for development of ONGC’s onshore marginal oil fields viz. Hirapur, Khambel and West Bechraji. The Company is the executing contractor and its participating share is 50%.

During the year 2007-08, M/s Aban Loyd Chiles Offshore Limited proposed to transfer its entire 50% stake in this joint venture in favour of M/s Valdel Oil and Gas Private Limited, Bangalore (Valdel). The Company issued No Objection Certificate/Letter (NOC) dated 13<sup>th</sup> July, 2007 in line with the provisions of Joint Executing Agreement (JEA). The NOC is subject to certain terms and conditions and also subject to approval of ONGC limited. The Joint Executing Agreements were signed between the Company and Valdel on 24<sup>th</sup> October, 2007 and a copy of the same has been submitted to ONGC. Valdel has complied the terms and conditions. Since ONGC’s approval for induction of

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Valdel was not forthcoming, a separate Agreement is to be executed with Valdel, the terms and conditions of which are yet to be finalized.

Vide letters dated 16<sup>th</sup> October, 2008 ONGC issued 90 days termination notices under the Service Contracts in respect of Khambel and West Bechraji. The letters were responded on 1<sup>st</sup> December, 2008. ONGC officials did not favorably respond to our representation. ONGC terminated the Contracts on 4<sup>th</sup> February, 2009 and invoked the bank guarantees (Rs.63.08 lacs for Khambel and Rs.75.83 lacs for West Bechraji). The Companies bankers paid the money on 11<sup>th</sup> February, 2009, and recovered 50% share from Valdel's banker. The option of arbitration provided in the Service Contract was exercised and Arbitration Notices dated 4<sup>th</sup> March, 2009 were sent to ONGC. Amounts of Rs.481.92 lacs for Khambel and Rs.47.74 lacs for West Bechraji including Company's share on bank guarantee amount have been written off and charged to P&L Account in the current year. The Service Contract with respect to Hirapur field is still operating and the Company is making good progress therein.

Out of five wells in Hirapur field, the Company had capitalized three wells on their successful completion as of F.Y. 2007-08. During the current year, Commercial Production has started from well H#2 and the total cost amounting to Rs. 116.51 lacs is capitalized.

In respect of the wells pending completion of commencement of commercial production, all expenses incurred net of the billing raised on test production supplied to ONGC Ltd are carried forward as Pre Producing Properties. Unsuccessful work-over expenses, if any, are charged off in the year of incurrence.

The Company's share of assets and liabilities as at 31<sup>st</sup> March 2009 and the Income, expenditure for the year in respect of above joint venture is as follows:

		Rs in Lacs	
	Particulars	2008-09	2007-08
A	Gross Fixed Assets	102.39	55.15
B	Gross Producing Properties	582.24	520.87
C	Pre-Producing Properties	306.99	905.02
D	Current Assets (*)	89.21	97.58
E	Current Liabilities & Provisions	8.88	29.48
F	Income - Revenue from Crude Oil	89.86	81.84
G	Expenditure (**)	447.27	188.53

(\*) Includes advances to joint venture

(\*\*) Includes expenses written off amounting to Rs.337.05 lacs in the F. Y. 2008-09.

#### b. Sanganpur Field

The Company acquired 50% share in Sanganpur project of M/s Hydrocarbon Resources Development Company Pvt. Ltd. (HRD) effective 1<sup>st</sup> September, 2004. Accumulated losses prior to acquisition of Sanganpur Project amounting Rs.1.18 Crores have been included in Sanganpur Project Assets. The Company has accounted its proportionate share in the Sanganpur project based on un-audited accounts as of 31<sup>st</sup> March, 2009 made available to the Company by the Operator.

The Company's share of assets and liabilities as at 31<sup>st</sup> March 2009 and the Income, expenditure for the year in respect of above joint venture is as follows:

		Rs. in Lacs	
		2008-09	2007-08
A	Assets	57.68	57.68
B	Gross Producing Properties	502.00	440.07
C	Current Assets (*)	33.14	18.48
D	Current Liabilities & Provisions	4.95	4.23
E	Income - Revenue from Crude Oil	25.25	23.57
F	Expenditure	22.33	26.34

(\*) Includes advances to joint venture

As per the terms of the Sanganpur Production Sharing Contract, the applicable price for Crude Oil produced and saved from the oilfields is ascertained from Platts Oilgram daily Publication for the previous month. Accordingly the invoices have been raised by the operator at the rates applicable in accordance with the -Crude Off-take and sale

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Agreement (COSA) with the Indian Oil Corporation Ltd. The Company is recognizing its participating share in the entire sales of Crude Oil during the year by the operator. An amount of Rs. 32.69 lacs (Rs. 25.12 lacs) is outstanding from IOC towards 30% of billed Amount.

c. **ONGC Offshore Marginal Fields (Cluster-7)**

The Company along with Consortium members, M/s Hindustan Petroleum Company Limited (HPCL) (PI - 60%) and M/s Trenergy (PI - 30%) was awarded a Contract vide letter of award dated 31<sup>st</sup> March, 2006 for the development of ONGC's offshore marginal Oilfields viz. B -192, B - 45 and WO - 24. The Service Contract for Cluster-7 was signed on 27<sup>th</sup> September, 2006 between ONGC and Consortium members. The Company is the Executing Contractor and its participating share is 10%.

The Company received notice from ONGC for termination of Service Contract for Cluster - 7 date 4<sup>th</sup> September, 2008 under the terms/provision of Service Contract on charge of non fulfillment of contractual obligation/commitment by the Consortium.

Accordingly Rs.5.95 Crores toward Performance Bank Guarantee and Rs.0.63 Crores being incurred expenses, totaling to Rs.6.58 Crores have been written off.

d. **SR - ONN - 2004 / 1 (South Rewa Block):**

The Company along with Consortium member M/s Jaiprakash Associates Limited (PI - 90%) were awarded a Production Sharing Contract (PSC) for the SR-ONN-2004/1 block vide letter dated 12<sup>th</sup> February, 2007 of Ministry of Petroleum & Natural Gas (MOP & NG) under NELP - VI round. The Company is the executing contractor and its participating share is 10%. The PSC was signed on 2<sup>nd</sup> March, 2007.

The Company is following "Successful Efforts Method as per Guidance Note for accounting of Oil and Gas Producing Activities. Expenditures relating to exploration activities are charged off to Profit & Loss Accounts in line with Guidance Note. The Company has

accounted its proportionate share in the SR-ONN-2004/1 project based on un-audited accounts as of 31<sup>st</sup> March, 2009.

The Company's share of assets and liabilities as at 31<sup>st</sup> March, 2009 in respect of above joint venture is as follows:

		Rs. in Lacs	
		<b>2008-09</b>	<b>2007-08</b>
A	Fixed Assets	0.08	0.05
B	Pre-producing Properties	0.69	11.22
C	Current Assets (*)	15.22	9.13
D	Current Liabilities	0.10	0.12
E	Expenditure	40.80	-

(\*) Includes advances to joint venture

#### 4. Managerial Remuneration

Remuneration paid: (\*)

		Rs. In Lacs	
		<b>2008-09(**)</b>	<b>2007-08</b>
	Salaries and Allowances :	3.43	19.48
	Contribution to Provident Fund	0.28	1.31
	Perquisites	0.17	1.09

(\*) Excludes provision on gratuity and leave salary liability.

(\*\*) Part of the year for two managerial persons.

#### 5. Estimated Hydrocarbon Proved Reserves as on 31<sup>st</sup> March, 2009 in the Oil fields are as Follow:

##### 5.1 At Hirapur and Sangapur (On-shore Marginal Fields) are as follows:

Particulars	(In Million Barrels)
Original Oil in Place	23.21
Recoverable Reserves	3.32



6. Quantitative Particulars of Petroleum:-

Quantity in Barrels

Particulars	Total Production (Dry Crude)	
	2008-09	2007-08
Hirapur Field	46926	49123
Sanganpur Block	1167	1426
TOTAL	48093	50549

7. During the year, the Company has earned Rs. Nil In foreign exchange. (Previous Year - Rs. Nil).

8. Exchange difference amounting to gain of Rs.0.05 lacs has been accounted under Profit and loss account. (Previous Year - loss of Rs.0.52 lacs).

9. Expenditure in Foreign Currencies :

Rs. In Lacs

	2008-09	2007-08
Foreign Travel	2.22	0.96
Consultancy Fees/Reimbursements etc.	281.75	136.00
Capital Equipments, Spares, Consumables etc,	0.00	65.12

(a) Represents the exact value of foreign exchange outflow,

(b) Includes share of the Company and its consortium partner(s) and,

(c) Excludes expenses payable of Rs.12.69 lacs.

10. Tax deducted at source from interest income on Fixed Deposits is Rs.3.63 lacs. (Previous Year Rs.3.20 lacs).

11. The Company had availed term loan of Rs 6.25 Crores from Development Credit Bank Limited (DCBL) under fund-based facilities till 31<sup>st</sup> March, 2007, repayable in 5 years inclusive of moratorium of 15 months. During the year a sum of Rs. 1.66 Crores (Previous Year Rs. 1.02 Crores) have been paid towards loan and outstanding balance as of 31<sup>st</sup> March, 2009 is Rs.3.57 Crores.

The Bankers have also issued guarantees totaling to Rs.785.80 Lacs during the year (Previous Year Rs.827.08 Lacs). The Company has not availed any fund based facility sanctioned from Corporation Bank during the year.

The Company has availed a sum of Rs. 20 Crores from M/s Hindustan Petroleum Corporation Limited (HPCL) towards Advance against Equity (Rs.10 Crores at interest rate of SBI PLR plus 1%) and accrued interest thereon was Rs.2.56 Crores as of 28<sup>th</sup> February, 2009. This amount was adjusted against issuance of Cumulative Convertible Preference Shares during the year.

12. The Company has issued 5 Crores, 8% Cumulative Convertible Preference Share of face value of Rs.10 each to HPCL after obtaining approval of Shareholders of the Company in the Extraordinary General Meeting held on 27<sup>th</sup> January, 2009. An amount of Rs.6.00 per share was called as application money from HPCL which has been paid on 23<sup>rd</sup> March, 2009. The net cash inflow was Rs.7.44 Crores after adjusting Rs.20.00 Crores paid as Advance against Equity and Rs.2.56 Crores as interest accrued thereon. The above said shares has been allotted to HPCL which are convertible at any time on the giving of 30 days notice in writing to the Company or 5 years from the date of issue, whichever is earlier.
13. Current liabilities include Rs. Nil towards recoveries from employees covered under the vehicle policy as per the scheme of the Company. (Previous Year Rs.0.48 Lacs)
14. Information as per Accounting Standard (AS) 18 “Related Party Disclosures”.

14.1 Related Party relationships:

<u>Name of the related party</u>		<u>Relationship</u>
1.	Aban Loyd Chiles Offshore Limited.	Consortium Partner
2.	Hydrocarbon Resources Development Pvt Ltd.	
3.	Trenergy, Malaysia	
4.	Jai Prakash Associates Limited.	
5.	Valdel Oil & Gas Private Limited	
6.	Hindustan Petroleum Corporation Ltd.	Promoter / Consortium Partner

14.2 Key Management Personnel:

- a) Mr. M. R. Pasrija Managing Director (from 16.03.2009)  
b) Mr. Rajan Kapoor Manager (Till 15.03.2009)

14.3 Transactions during the period with related parties are: (in Rs./Lacs)

Particulars	Consortium Partner/ Promoters	Kay M.ment	Total Personnel
Consortium Partner /Promoters	862.88 (1882.00)	-	862.88 (1882,00)
Remuneration to Managing Personnel	-	3.88 (21.88)	3.88 (21.88)
Amount outstanding	20.11 (Cr.) (1635.72) (Cr.)	- -	20.11 (1635.72) (Cr.)

Figures in brackets indicate previous year data.

15. Auditors Remuneration includes: (\*)

Rs in Lacs

	2008 - 09	2007 - 08
Audit fees (Including tax audit fee)	0.60	0.60
Other Professional services	0.05	0.85
Reimbursement towards out of pocket expenses	0.24	0.20
TOTAL	0.89	1.65

(\*) Corporate audit fee only.

16. Included under Cash and Bank Balances, balance held as margin money towards Guarantees issued - Rs. 59.37 lacs, (Previous Year- Rs. 106.96 lacs)

17. Disclosures as required by Accounting Standards 19, "Leases" are given below: -  
Where the Company is a lessee:

(i) The Company has taken residential and office premises under leave and license agreements. The lease period extends between 11 months and 2-3 years under leave and license. The Company has given refundable interest free security deposits under said agreements.

(ii) Lease payments are recognized in the Profit & Loss Account under "Rent"

(iii) The future minimum lease payments;

- i. Not later than one year - Rs. 68.95 lacs (Previous year Rs.61.23 lacs)
- ii. Later than one year and not later than five years- Rs.24.73 lacs.(Previous year - Rs.85.05 lacs).

18. As the Company has incurred book losses during the financial year, there was no tax liability under Section 115JB of the Income Tax Act, 1961 and as such no provision for taxation required. Provision for Fringe Benefit Tax has been made in the accounts, net of share of consortium members in the joint ventures.

19. Deferred Tax Assets / Liability:

19.1 The Company has been incurring losses continuously, due to various reasons and the accumulated losses as of 31<sup>st</sup> March, 2008 amounted to Rs9.26 Crores. According to Accounting Standard Interpretation on account of taxes it is not prudent to provide for deferred tax assets unless there is virtual certainty of future profit.

The management has reviewed the position and has drawn action plan to stop incurring losses and earn considerable surpluses in coming years. The management is confident in recouping the past losses in a short period of 3 to 4 years. In view or above, provision for deferred tax assets for the year has been considered.

19.2 Major Components of deferred tax assets/liabilities arising on account of timing difference are:

	Rs in Lacs		
	As at 31/3/08	For the year 2008-09	As at 31/03/09
<b>Deferred Tax Asset</b>			
Disallowable u/s 43B and others	(0.02)	2.30	2.28
Business Loss	288.23	461.34	749.57
Depreciation Loss	298.10	119.53	417.63
Total	586.31	583.17	1,169.48
<b>Deferred Tax Liability</b>			
Depreciation Differential	267.76	98.57	366.33
Net Deferred Tax Asset	318.55	484.60	803.15

- 
20. In the management assessment there is no impairment to any Cash Generating Units as at March 31, 2009. (AS-28).
21. Employee Benefits:  
Effective 1<sup>st</sup> April, 2008, the Company has adopted AS-15 (Revised 2005) for employee's benefits. Consequent to the adoption, the following disclosure related to accounting etc, are made as far as practicable under AS-15 (revised 2005) requirement.
- 21.1 Defined Contribution Plans,  
The Company's contribution to provident fund is recognized and included in "Manpower Cost" in Schedule-N to Profit & Loss Account.
- 21.2 Defined Benefit Plans,  
The present value of obligation in respect of gratuity and leave encashment is determined based on Actuarial Valuation using the Projected Unit Credit method. Amount recognized and included in Schedule-K to the Balance Sheet.
22. Closing stock of unfinished Crude Oil is not valued.
23. During the year, the Company has capitalized borrowing cost of Rs. 77.78 Lacs (Previous year- Rs. 92.08 Lacs) in accordance with requirements of AS-16.
24. Other income includes recovery of HO Overheads from Joint Ventures as per Joint Executing Agreement. The related expenditures are disclosed as part of General and Administrative in the Profit and Loss Account.
25. Previous year figures have been regrouped / reclassified wherever necessary to make them comparable with current year figures.

Sd/-  
**M.R. PASRIJA**  
MANAGING DIRECTOR

Sd/-  
**K.S.R. PRASAD**  
DIRECTOR

PLACE : DELHI  
DATE : 21.04.09

Sd/-  
**S.C.N. JATAR**  
DIRECTOR

Sd/-  
**U.C. AGRAWAL**  
COMPANY SECRETARY

As per our report of Even Date  
For **FORD, RHODES, PARKS & CO.**  
*Chartered Accountants*

Sd/-  
**CA A.D.SHENOY**  
PARTNER  
M No :11549

**PRIZE PETROLEUM COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009**

	Year Ended March 31, 2009	Year Ended March 31, 2008
<b>(A) Cash flow from Operating activities:-</b>		
Profit before tax	(143,850,297)	(32,071,829)
Adjustment for:-		
- Depreciation (Net of written back)	5,952,587	7,143,245
- Expenses Written off	47,074,285	-
- Interest Paid	11,828,352	12,479,185
- Interest received	(2,530,161)	(1,552,375)
	62,325,064	18,070,054
<b>Operating profit before working capital changes</b>	<b>(81,525,233)</b>	<b>(14,001,774)</b>
Adjustment For:		
- Debtors	(843,054)	368,726
- Loans & Advances	3,379,657	5,913,293
- Inventories	(56,744)	(1,104,082)
- Sundry Creditors & Other Current liabilities	67,716,515	13,815,465
	70,196,374	18,993,402
<b>Cash generated from operation</b>	<b>(11,328,859)</b>	<b>4,991,627</b>
- Direct Taxes paid ( Net of Refund )	2,173,216	2,201,806
<b>Net Cash Flow from operating activities ' A '</b>	<b>(13,502,075)</b>	<b>7,193,433</b>
<b>(B) Cash Flow from investing activities :</b>		
- Purchase of fixed assets ( Net )	(151,704)	(25,183,849)
- Sale of Assets	552,698	1,196,610
- Addition to Pre-Producing Properties	(10,556,411)	(1,380,960)
- Interest received	2,530,161	1,552,375
<b>Net cash flow from investing activities ' B '</b>	<b>(7,625,256)</b>	<b>(23,815,823)</b>
<b>(C) Cash flow from financing activities :</b>		
- Increase in Share Capital	124,343,722	-
- Increase in loan	(16,666,664)	39,846,668
- Interest paid	(11,828,352)	(12,479,185)
<b>Net Cash flow from financing activities ' C '</b>	<b>95,848,706</b>	<b>27,367,483</b>
<b>Net increase in cash and cash equivalents ( A+B+C)</b>	<b>74,721,374</b>	<b>10,745,093</b>
Cash and Cash equivalent at the beginning of the period	48,512,609	37,767,516
Cash and Cash equivalent at the end of the period	123,233,983	48,512,609
<b>Notes :</b>		
a Cash & Bank Balances ( Schedule - H ) :		
i) Cash & Cheques in hand	28,777	76,332
ii) Current accounts & term Deposit in Scheduled Banks	123,205,206	48,436,277
	<b>123,233,983</b>	<b>48,512,609</b>

- b The above cash flow statement has been prepared under the " indirect method as set out in the Accounting Standard - 3, "Cash Flow Statements" issued by The Institute of Chartered Accountants of India.
- c Figures in parentheses represent cash outflows.

Sd/-  
**M.R. PASRIJA**  
MANAGING DIRECTOR

Sd/-  
**S.C.N. JATAR**  
DIRECTOR

As per our report of Even Date  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants

Sd/-  
**K.S.R. PRASAD**  
DIRECTOR

Sd/-  
**U.C. AGRAWAL**  
COMPANY SECRETARY

Sd/-  
**CA A.D.SHENOY**  
PARTNER  
M No :11549

PLACE : DELHI  
DATE : 21.04.09

**PRIZE PETROLEUM COMPANY LIMITED**

**III. BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

REGISTRATION NO 

D	L	1	9	9	8	P	L	C	0	9	6	8	4	5					
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--

STATE CODE 

5	5
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BALANCE SHEET DATE 

3	1	-	0	3	-	2	0	0	9
---	---	---	---	---	---	---	---	---	---

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)**

PUBLIC ISSUE 

			N	I	L														
--	--	--	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 RIGHTS ISSUE/PROMOTER'S 

			N	I	L														
--	--	--	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

BONUS ISSUE 

			N	I	L														
--	--	--	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 PRIVATE PLACEMENT 

			N	I	L														
--	--	--	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**III. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)**

TOTAL LIABILITIES 

			5	3	5	6	8	0
--	--	--	---	---	---	---	---	---

 TOTAL ASSETS 

			5	3	5	6	8	0
--	--	--	---	---	---	---	---	---

**SOURCES OF FUNDS**

PAID UP CAPITAL 

			5	0	0	0	0	0
--	--	--	---	---	---	---	---	---

 RESERVES & SURPLUS 

			N	I	L														
--	--	--	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

  
SECURED LOANS 

			3	5	6	8	0
--	--	--	---	---	---	---	---

 UNSECURED LOANS 

			N	I	L														
--	--	--	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**APPLICATION OF FUNDS**

NET FIXED ASSETS 

			1	8	7	0	1	4
--	--	--	---	---	---	---	---	---

 INVESTMENTS 

			N	I	L														
--	--	--	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

  
NET CURRENT ASSETS 

			8	0	1	1	4
--	--	--	---	---	---	---	---

 MISC. EXPENDITURE 

			N	I	L														
--	--	--	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

  
ACCUMULATED LOSSES 

			1	8	8	2	3	7
--	--	--	---	---	---	---	---	---

 DEFERRED TAX ASSET 

				8	0	3	1	5
--	--	--	--	---	---	---	---	---

**IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)**

TURNOVER/INCOME 

			3	1	7	0	8
--	--	--	---	---	---	---	---

 TOTAL EXPENDITURE 

			1	7	5	5	5	9
--	--	--	---	---	---	---	---	---

+ - PROFIT/LOSS BEFORE TAX 

			-	1	4	3	8	5	0
--	--	--	---	---	---	---	---	---	---

 + - PROFIT/LOSS AFTER TAX 

			-	9	5	6	5	0
--	--	--	---	---	---	---	---	---

EARNING PER SHARE

	N	I	L	
--	---	---	---	--

DIVIDEND RATE %

	N	I	L	
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**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY**

ITEM CODE NO. (ITC CODE)  
PRODUCT DESCRIPTION

9	9	9	3	0	0
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OIL EXPLORATION PROJECTS

ITEM CODE NO. (ITC CODE)  
PRODUCT DESCRIPTION

5	0	3	0	0	0
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DRILLING OF WELLS

ITEM CODE NO. (ITC CODE)  
PRODUCT DESCRIPTION

-	1	1	0	0	0
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CRUDE PETROLEUM

Sd/-  
**M.R. PASRIJA**  
MANAGING DIRECTOR

Sd/-  
**S.C.N. JATAR**  
DIRECTOR

As per our report of Even Date  
For **FORD, RHODES, PARKS & CO.**  
*Chartered Accountants*

Sd/-  
**K.S.R. PRASAD**  
DIRECTOR

Sd/-  
**U.C. AGRAWAL**  
COMPANY SECRETARY

Sd/-  
**CA A.D.SHENOY**  
PARTNER  
M No :11549

PLACE : DELHI  
DATE : 21.04.09



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## **REPORT ON CORPORATE GOVERNANCE:**

### **Board Meetings:**

Six Board Meetings were held during the Financial Year on the following dates:

<b>Board Meeting No.</b>	<b>Date</b>
41 <sup>st</sup>	29 <sup>th</sup> April, 2008
42 <sup>nd</sup>	24 <sup>th</sup> July, 2008
43 <sup>rd</sup>	16 <sup>th</sup> October, 2008
44 <sup>th</sup>	12 <sup>th</sup> January, 2009
45 <sup>th</sup>	27 <sup>th</sup> January, 2009
46 <sup>th</sup>	25 <sup>th</sup> March, 2009

### **Audit Committee Meetings:**

Two Audit Committee Meetings were held during the Financial Year on the following dates:

<b>Audit Committee Meeting No.</b>	<b>Date</b>
10 <sup>th</sup>	29 <sup>th</sup> April, 2008
11 <sup>th</sup>	16 <sup>th</sup> October, 2008

### **Annual General Meetings:**

The details of last three Annual General Meetings held:

<b>Financial Year</b>	<b>Date</b>	<b>Place</b>
2007-08	28 <sup>th</sup> June, 2008	Delhi
2006-07	3-Sept-2007	Delhi
2005-06	28-Sept-2006	Delhi

Second Extraordinary General Meeting was also held on 27<sup>th</sup> January, 2009.

### **Recording Minutes of proceedings at the Board Meeting:**

Minutes of the proceedings of each Board/Committee meeting are recorded. Draft minutes are circulated amongst all members of the Board/Committee for their critical appreciations and suggestions. The suggestions are incorporated in the minutes, which are finally approved by the Chairman of the Board/Committee. These minutes are confirmed in the next Board/Committee Meeting.

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### Dematerialization of Shares:

The Company has executed the Tripartite Agreement with National Securities Depository Limited (NSDL). The Company has also received the ISIN for its security from NSDL viz. ISIN-INE714J01019.

40% of the Equity shares have been dematerialized upto 31<sup>st</sup> March, 2009. Shareholders desirous of dematerializing their shares should approach their respective Depository Participants and quote the above ISIN.

### Sitting Fees for the Financial Year:

The details of Sitting Fees paid for the Financial Year for attending Board / sub-committee meetings are given below:

Name of Director	Board Meeting	(Amount in Rs.)
		Audit Committee Meeting
Mr. Arun Balakrishnan	10000	-
Mr. R. Kannan	15000	10000
Major Gen. S. C. N. Jatar	25000	10000
Mr. K. S. R. Prasad	15000	10000

44<sup>th</sup> Board advised the Company that henceforth no sitting fee is to be paid to HPCL nominee Directors.

### Share holding pattern as on 31.03.2009:

Held By	No. of Shares	% age of Holdings
<b>Equity Share Capital:</b>		
HPCL	10000000	50
ICICI	7000000	35
ICICI Venture Fund	2000000	10
HDFC	1000000	5
<b>TOTAL</b>	<b>20000000</b>	<b>100</b>
<b>8% Cumulative Convertible Preference Shares</b>	<b>50000000</b>	<b>100</b>

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**To,  
The Members,  
Prize Petroleum Company Limited**

**Sub: Notice of the 11<sup>th</sup> Annual General Meeting of the Company**

**Dear Sirs,**

NOTICE is hereby given that the ELEVENTH ANNUAL GENERAL MEETING of the members of PRIZE PETROLEUM COMPANY LIMITED will be held on Tuesday, 2<sup>nd</sup> June, 2009 at 4.30 p.m. at the Registered Office of the Company in Jeevan Bharati Building, Tower 1, 11<sup>th</sup> Floor, 124 Indira Chowk, Connaught Place, New Delhi - 110 001 to transact the following business:-

**ORDINARY BUSINESS**

- 1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 31<sup>st</sup> March, 2009, the Profit & Loss Account for the period ended on that date together with the Reports of the Board of Directors and Auditors thereon.*
- 2. To appoint a Director in place of Shri R. Kannan, who retires by rotation and is eligible for the re-appointment.*
- 3. To appoint a Director in place of Shri K. S. R. Prasad, who retires by rotation and is eligible for the re-appointment.*
- 4. To appoint Auditors and to fix their remuneration and in this connection, to consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:*

*“RESOLVED THAT pursuant to provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s Ford, Rhodes, Parks & Co. the retiring auditors of the Company be and are hereby reappointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company for auditing the accounts of the Company for the financial year 2009-10, on such remuneration as may be mutually agreed between the Auditors and the Board of Directors of the Company, commensurate with the scope of the audit.”*

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**SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Mulkh Raj Pasrija, who was appointed as an Additional Director with effect from 16<sup>th</sup> March, 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company and who holds office under the said Articles up to the date of this Annual General Meeting and who is eligible for re-appointment under the relevant provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company not liable to retire by rotation.”

6. To consider and , if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :-

**“RESOLVED THAT** pursuant to Section 198, 269, 309, 310, and Schedule XIII of the Companies Act, 1956 and other applicable provisions of the said Act, and pursuant to Circular Resolution no. 06/2008-09 dated 22nd January, 2009 passed by Board members, pursuant to resolution passed in Extraordinary General Meeting held on 27<sup>th</sup> January, 2009 and subject to approval of Central Government, if any, the approval of the Company be and is hereby accorded to the appointment of Mr. Mulkh Raj Pasrija as the Managing Director of the company with effect from 16<sup>th</sup> March, 2009 for a period of three years subject to annual performance review as per terms and conditions set out in Explanatory Statement.

All members are requested to kindly make it convenient to attend the meeting.

By Order of the Board of Directors,

U. C. Agrawal  
Company Secretary

Date: 20<sup>th</sup> May, 2009  
Regd. Off: 11<sup>th</sup> Floor, Tower I,  
Jeevan Bharati Building, Indira Chowk,  
Connaught Place, New Delhi – 110 001

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**NOTES:**

- (a) Explanatory Statement pursuant to Section 173(2) is enclosed and form part of this notice.
- (b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- (c) The instrument appointing a proxy must be deposited at the Registered Office of the Company not later than forty eight hours prior to the time of commencement of the meeting.
- (d) Corporate members intending to send their authorized representative to attend and vote on their behalf at the Meeting are requested to send an instrument of proxy duly signed by the authorized official.
- (e) All documents referred to in the Notice are open for inspection at the Registered Office of the Company during business hours.

By Order of the Board of Directors,

U. C. Agrawal  
Company Secretary

Date: 20<sup>th</sup> May, 2009  
Regd. Off: 11<sup>th</sup> Floor, Tower I,  
Jeevan Bharati Building, Indira Chowk,  
Connaught Place, New Delhi – 110 001

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**EXPLANATORY STATEMENT IN PURSUANCE OF SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 4**

Section 224A of the Companies Act, 1956 provides for the appointment or re-appointment of Auditors at each Annual General Meeting of a Company by a Special Resolution if not less than 25% of the subscribed share capital of the Company is held by the institutions specified in that section i.e. Public Financial Institution, Government Company, Central/State Government etc. Since the Company comes within the purview of section 224A, the re-appointment of Messers Ford, Rhodes, Parks & Co., as Auditors of the Company is required to be made by Special Resolution.

As required under section 224 of the said Act, a Certificate has been obtained from the Auditors stating that their re-appointment, if made, will be within the limit specified in that Section.

None of the Directors of the Company is concerned or interested in the resolution set out at Item No. 4 of the Notice.

**Item No. 5**

The Board of Directors of the Company, appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, Shri Mulkh Raj Pasrija as an Additional Director of the Company with effect from 16th March, 2009. In terms of the provisions of Section 260 of the Act, Shri M. R. Pasrija would hold office upto the date of this Annual General Meeting.

The Company has received a notice in writing from a member proposing the candidature of Shri Pasrija for the office of a Director in terms of Section 257 of the Companies Act, 1956. Shri Pasrija is eligible for reappointment and shall not be liable to retire by rotation in accordance with the provisions of article 123 of the Articles of Association of the Company.

Save and except Shri M. R. Pasrija, none of the other Directors of the Company is, in any way, concerned or interested in the resolution set out at Item No. 5 of the Notice.

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## **Item No. 6**

As per Section 269 of the Companies Act, 1956, every public Company having a paid-up Share Capital of Rs.5,00,00,000/- (Rupees Five Crores) and above shall have a Managing or Whole-time Director or a Manager. Such appointment is required to be made in accordance with the conditions specified in Part I & II of Schedule XIII of the Companies Act, 1956 relating to eligibility conditions and remuneration payable to such person.

As per the provision of section 2(26) of the Companies Act, 1956 "Managing Director" means a director who, by virtue of an agreement with the company or of a resolution passed by the company in general meeting or by its Board of directors, or by virtue of its memorandum or articles of association, is entrusted with any powers of management which would not otherwise be exercisable by him, and includes a director occupying the position of managing director, by whatever name called.

In terms of provisions of article 159 of Articles of Association, the company can appoint or employ either Managing Director or Manager.

As per the recommendation of the Committee in line with provisions of Article 123 of Articles of Association of the Company, Shri Mulkh Raj Pasrija, former Chairman cum Managing Director of M/s Oil India Limited, was appointed as 'Managing Director' of the Company with effective from 1<sup>st</sup> February, 2009 or on the date he takes over the charge whichever is later. Shri Pasrija has joined as Managing Director of the Company effective from 16<sup>th</sup> March, 2009. Ministry of Petroleum & Natural Gas, vide letter dated 12<sup>th</sup> March, 2009 has given "no objection" for taking up post-retirement commercial employment as Managing Director in the Company.

The said appointment and remuneration was subject to the approval by the Shareholders of the Company.

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**Statement as per the requirements of Part II of Schedule XIII to the Companies Act, 1956**

**I GENERAL INFORMATION**

- i. *Nature of Industry* : *Exploration and Production of Crude Oil and Natural Gas*
- ii. *Date or expected date of commencement of Commercial production* : *Onshore marginal fields are under commercial production since 2006*
- iii. *Financial Performance* : *The Company's turnover during the year 2008-09 was Rs.317.08 lacs as against Rs.356.30 lacs during 2007-08. The Company at the end of financial year was having Cumulative losses of Rs.18.82 crores.*
- iv. *Export performance and net foreign exchange collaborations* : *N.A.*
- v. *Foreign investment or collaborations, if any.* : *N.A.*

**II INFORMATION ABOUT THE APPOINTEE**

- i. *Background details* : *Mr. M. R. Pasrija, a Chartered Accountant by profession is having rich experience of 32 years in the Hydrocarbon Industry of which 27 years was with Oil India Limited and 5 years was with Indian Oil Corporation Limited. He has proven record of result oriented leadership with operational excellence in leading the company even in culturally diverse environments.*
- ii. *Past Remuneration* : *Basic + DA: Rs.71,073/- Per month*
- iii. *Recognition or awards* : *Three Honorariums for outstanding achievements, Best presentation award for Annual Accounts of OIL for 1987-88, by ICAI, Certificate of appreciation for Excellence in Cost reduction 2003 from ICWAI, Enterprise excellence award during 2005-06 from IIIIE, Amity leadership award, 2008 for sectoral excellence in P& NG, TERI Corporate social responsibility award 2006, SAP-ACE 2007 award for Customer excellence, PCRA award 2007 for Best performance in Energy Conservation.*
- iv. *Job profile and his suitability :* *Mr. Pasrija will be managing the affairs of the Company under the superintendence, control and directions of the Board of Directors. Previous experience of Mr. Pasrija will undoubtedly prove to be a valuable resource*



- 
- for the Company in his new role as Managing Director of the Company.*
- v. *Comparative remuneration : The proposed remuneration for Mr. Pasrija is well within the existing parameters of the industry, size of the Company, profile of the position and person.*
- vi. *Pecuniary relationship : N.A. directly or indirectly with the Company, or relationship with the managerial personnel, if any*

### **III OTHER INFORMATION**

- i. *Reasons for loss or inadequate profits : The Company is having Service Contract for one onshore oil field and is having one field which was awarded pre-NELP. However, the Company has been awarded one exploration block in onshore area in NELP-VI round. The Commercial operations of this block will depend upon the outcome of work program being carried out during exploration phase.*
- ii. *Steps taken or proposed to be taken for improvement : The strategy now being adopted by the Company is to focus for growth in E & P area shall be on lines i.e. Acquisition of Exploration blocks in low risk areas, Discovered blocks and Producing Properties.*
- iii. *Expected increase in productivity and profits in measurable terms : The steps taken under item (i) and (ii) above may lead to increase in productivity and profile which at this stage cannot be measured.*

### **IV REMUNERATION PACKAGE AND TERMS OF APPOINTMENT**

#### **1. Period of Appointment:**

Mr. Mulkh Raj Pasrija, Ex- Chairman cum Managing Director of M/s Oil India Limited shall be appointed as "Managing Director" of the Company under the Companies Act, 1956 with effect from 16<sup>th</sup> March, 2009 for a period of three years subject to annual performance review.

#### **2. Salary:**

Basic Pay – 72,041/- per month which is subject to pay revision and shall be in pursuant to the provisions of Schedule-XIII of the Companies Act, 1956. Total Cost to the Company is Rs.22.75 lacs per annum.

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**3. Annual Increment:**

Annual increment as per the policy applicable to the officers of Company.

**4. Perquisites:**

In addition to the salary the following perquisites not exceeding the overall ceiling prescribed under Schedule XIII of the Companies Act will be provided:

**(a) Medical / Group Personal Accident Insurance:**

Reimbursement of medical expenses as per the policy/rules of Company.

**(b) Leave / Leave Encashment:**

Leave/ leave encashment as per the rules/policy of Company.

**(c) Leave Fare Assistance:**

LFA as per the rules applicable for the officers of Company.

**(d) Housing:**

House Rent Entitlement as per the policy of Company.

5. Apart from the above, Mr. Pasrija will also be entitled to contribution to Provident Fund and Gratuity as per the rules of the Company/Statutory requirements. Provision of Telephone facility at residence.

6. He shall be provided Company car with driver for official use.

None of the Directors of the Company are in any way concerned or interested in the said Resolutions, except to the extent of their shareholdings.

The above statement may be regarded as an abstract of the terms of contract or variations and memorandum of interest under section 302 of the Act.

By Order of the Board of Directors,

U. C. Agrawal  
Company Secretary

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**PRIZE PETROLEUM COMPANY LIMITED**

Registered Office: 11th Floor, Tower I, Jeevan Bharati Building, Indira Chowk,  
Connaught Place, New Delhi - 110 001

**ADMISSION SLIP**

*I hereby record my presence at the 11<sup>th</sup> ANNUAL GENERAL MEETING on Tuesday, 2<sup>nd</sup> June, 2009 at the Registered Office of the Company in Jeevan Bharati Building , Tower 1, 11th Floor, 124 Indira Chock, New Delhi - 110 001.*

SIGNATURE OF THE ATTENDING MEMBER/PROXY

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**PRIZE PETROLEUM COMPANY LIMITED**

Registered Office: 11th Floor, Tower I, Jeevan Bharati Building, Indira Chowk,  
Connaught Place, New Delhi - 110 001

**PROXY FORM**

*I/We ----- of -----  
--- in the district of ----- being a Member/Members  
of the above Company, hereby appoint -----  
of ----- in the district of ----- or failing  
him----- of ----- in the  
district of -----as my/our Proxy to attend and vote for me/us  
and on my/our behalf at the 11<sup>th</sup> Annual General Meeting of the Company to be  
held on Tuesday, 2<sup>nd</sup> June, 2009 and any adjournment thereof.  
Signed this----- day of June, 2009  
Registered Folio No.:*

Affix  
Re 1/-  
Revenue  
Stamp

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**FORM NO. - 22A**

**THE COMPANIES ACT, 1956**

**Consent by Shareholder for shorter notice**

**[Pursuant to Section 171(2)/ 219]**

To  
The Board of Directors  
Prize Petroleum Company Limited  
New Delhi- 110 001

Dear Sir,

I \_\_\_\_\_ son of \_\_\_\_\_ resident of \_\_\_\_\_ holding \_\_\_\_\_ equity shares of Rs.10/- each in the Company in my own name hereby give consent, pursuant to Section 171(2) of the Companies Act, 1956, to hold the annual general meeting on Tuesday, 2<sup>nd</sup> June, 2009 at shorter notice.

I further give my consent in pursuant to Section 219(1) (c) of the Companies Act, 1956 to receive the copy of the annual accounts of the Company for the year ended 31<sup>st</sup> March, 2009 which is to be laid before the 11<sup>th</sup> Annual General meeting on Tuesday, 2<sup>nd</sup> June, 2009 at a shorter notice.

Signature

Name  
*(In Block Letters)*

Dated the \_\_\_\_\_ day of June, 2009



## Safety, Health & Environment Policy

*Prize Petroleum Company Limited (PPCL) in conducting exploration & production of petroleum and other activities in accordance with its mission, strives at all times to achieve a manner of conduct that Safety & Health of its employees contractors and members of public, are of paramount importance alongwith ecological environment, company's assets and reputation.*

*In accordance with company's mission PPCL is committed to :*

- *Ensure that management attaches the highest priority to maintaining sound HSE practices.*
- *Ensure that HSE standards comply with all statutory rules & regulatory requirements.*
- *Design, construct, operate and maintain its facilities as per best practices available to ensure safety of public, employees, plant & equipment.*
- *Ensure that all hazards are identified and the necessary controls are implemented through the HSE management system and regular audits.*
- *Ensure that an effective response system is established and implemented to mitigate adverse effects from any crisis and emergencies.*
- *Ensure that each employee and contractor has adequate HSE awareness and training.*
- *Provide safe working conditions and encourage safe working practices and participation of all employees in the prevention of accidents, incidents, unsafe acts and /or conditions and, particularly, in the reporting of the same.*
- *Prevent all occupational diseases and promote the health of all concerned.*
- *Continuously improve HSE performance by pro-actively looking for areas of weakness, investigating accidents and incidents, identifying the root causes, and implementing solutions.*
- *Ensure that E&P activities are conducted by minimizing wastes and resource usage are ecologically sustainable.*
- *Include safety, health and environment performance in all personnel appraisals to promote HSE awareness and participation through out the company.*
- *Select its industrial & commercial partners on the basis of their adoption of compatible rules for the protection of Safety, Health & Environment.*
- *Delegate power to employees to implement the company's policy on HSE & loss control.*

**M R Pasrija**  
MANAGING DIRECTOR





**प्राइज पेट्रोलियम कम्पनी लिमिटेड**  
**PRIZE PETROLEUM COMPANY LIMITED**

**Corporate Office :** Tower-B (504-505, 803), Millennium Plaza, Sector 27, Gurgaon-122001, Haryana (India). Tel.: (91-124) 2806070, Fax : (91-124) 2806072

**Registered Office :** Jeevan Bharti Building, 11th Floor, Tower-1, 124, Connaught Place, Indra Chowk, New Delhi-110001