



# REALIZING POTENTIAL

---

ANNUAL REPORT  
2018 - 19



Nayara Energy is a new-age downstream company of international scale with a unique mix of young and experienced minds and a robust foundation of best-in-class infrastructure and processes with a desire to deliver excellence, every step of the way.

It owns India's second largest single-site, state-of-the-art refinery and one of the most modern and complex refineries in the country having businesses across the hydrocarbon value chain, from refining to retail and is geared up to drive the vision of delivering crude to chemicals.

As the fastest growing pan-India fuel retail network, Nayara Energy is powering India's growing energy demands by expanding its retail network at a massive pace.

Driving inclusive growth, providing a safe environment and delivering value for the stakeholders including society at large is at the core of its beliefs. Nayara Energy continues to partner with the communities through various sustainable development projects in areas of health & nutrition, education and environment, playing a pivotal role in improving their quality of life.

Nayara Energy's ongoing journey to business success is one of potential recognized and potential fulfilled.

The potential has always been there within the organization; but it takes the right insight and perspective, along with people coming together to take timely actions for unleashing true potential. This strive to deliver sustainable success is real, not just from our investor shareholders- Rosneft & Kesani Enterprises (a consortium led by Trafigura and United Capital Partners), but also from our customers, financial partners, government agencies, suppliers and our own people. Their belief, abilities, and hard work have been, and will continue to be vital to Nayara Energy's ongoing story of growth.

This Annual Report is our story of potential realized. Each of the benchmarks that we have achieved, the successes we have enjoyed and initiatives that we have taken over the past year are a testament to our endeavor in realizing potential. We hope you enjoy reading it, as much as we have had in delivering it.



# Contents

004 Corporate Information

005 Chairman's Note

006 CEO's Reflections

008 Board's Report

032 Financial Statements

178 AGM Notice

# Corporate Information

## Board of Directors (As on July 24, 2019)

### Executive Directors

Mr. Charles Anthony (Tony) Fountain, Executive Chairman  
Mr. C Manoharan, Director & Head of Refinery

### Independent Directors

Mr. Deepak Kapoor, Independent Director  
Ms. Naina Lal Kidwai, Independent Director

### Non-Executive Directors

Mr. Didier Casimiro, Director  
Mr. Jonathan Kollek, Director  
Mr. Alexey Karavaykin, Director  
Mr. Chin Hwee Tan, Director  
Mr. Krzysztof Zielicki, Director  
Mr. Alexander Romanov, Director  
Mr. Alexander Bogdashin, Director

### Transfer Agents

M/s. Datamatics Business Solutions Ltd.  
Unit: Nayara Energy Limited  
Plot No. B-5, Part B Cross Lane,  
MIDC, Andheri (East) Mumbai - 400 093  
Tel: +91-22-66712001 to 66712006  
Fax: +91-22-66712209  
Email: [nayaraenergy@datamaticsbpm.com](mailto:nayaraenergy@datamaticsbpm.com)

## Chief Executive Officer

Mr. B. Anand

## Management Committee

Mr. B Anand, Chief Executive Officer  
Mr. Anup Vikal, Chief Financial Officer  
Mr. Evgeny Storozhuk, Chief Commercial Officer  
Mr. C Manoharan, Director & Head of Refinery  
Mr. Stephan Beyeler, Chief Marketing Officer  
Mr. Sergey Denisov, Chief Development Officer

## Company Secretary

Mr. Mayank Bhargava

## Auditors

M/s. S. R. Batliboi & Co. LLP.

## Bankers

State Bank of India  
Axis Bank  
ICICI Bank Limited  
HDFC Bank Limited  
Indus Ind Bank Limited  
Citi Bank  
JP Morgan  
Yes Bank Limited  
IDFC Bank Limited  
IDBI Bank Limited  
Export Import Bank of India

# Chairman's Note

Dear stakeholders,

I take this opportunity to thank everyone who worked with us to fulfil our responsibilities to generate sustainable value for our employees, customers and partners, and other stakeholders, provide a safe work environment and invest in the communities around us.

## Overview

The global economy continued to expand during 2018, with the IMF estimating the global growth at 3.7% for the year. As a result, the global oil demand growth continued, at 1.3 mb/d for the year as per IEA estimates. China and India together continue to maintain dominance with their share being more than 50% of global oil demand growth.

New emerging concerns that include escalating trade restrictions, gradual shift towards protectionist policies and geopolitical strains pose as big risks. These have had a particular impact on the availability of heavy oil – our core feedstock. Oil demand itself remains robust, and the incremental supply is coming from US light shale oil. The above factors have substantially added to price volatility and is forcing organizations to reshape their strategy.

India is one of the fastest growing energy markets and the demand for oil and chemical products continues to expand riding on increasing vehicle ownership, growing urbanization and industrialization.

**Nayara Energy continued focus on its commitment to excel in this transformational year, marked by structural change in the ownership, revitalization of the governance framework and a new corporate identity. We reinforced our commitment to safety as well as towards our local communities.**

## The Nayara Way

Nayara Energy has a disciplined approach towards health, safety, environment and quality (HSEQ) across the business, infrastructure and people. **The refinery's turnaround marked by innovative thinking, efficient planning and sound execution, enabled the company to deliver safe and reliable operations and that too, ahead of the schedule.** Apart from regular engineering, maintenance and inspection of all major processing units, we carried out unit revamps and tie-ins for future projects along with major catalyst replacement activities during the turnaround. The refinery throughput was stable with 18.90 MMT on the back of this planned turnaround.

The robust governance and risk management framework defines our strategic direction. The Board of Directors and Management team, encompassing wealth of diverse experience, oversee regular reporting and auditing practices. Various board committees and strong internal control mechanisms enable the company to ensure robust view of the company operations.

Above all, we successfully refinanced the entire long-term debt of USD 2 billion. Concurrently, our domestic credit rating from CARE was upgraded three notches from "A" to "AA" and we also achieved maiden international rating of "Ba2" from Moody's, highest rating in Asia for a single-site refinery.

## Advancing our Journey

Nayara Energy's retail business is the **fastest growing private network in India** with over 5100 retail outlets across the country as of March 31, 2019 and our retail expansion continues to be robust. Enhancing the supply infrastructure, we operationalized the first rail-fed depot in Wardha, Maharashtra, which marks an important step towards our commitment to creating world-class assets. The fundamental commitment of safety was well-integrated into the entire process from construction to commissioning. We are developing the local communities around Wardha depot alongside rather than an afterthought.

Our CSR and environment initiatives continue to play a pivotal role in improving quality of life and driving inclusive growth in the communities that we thrive in.

## Future Forward

While working towards delivering a better tomorrow for future market sustenance and ambition for our asset development, **Nayara Energy endeavours expansion into the petrochemical business, which is a stepping stone for growth for meeting the key needs of the nation.**

In a structurally growing Indian market for petrochemicals, Nayara Energy has a unique opportunity to leverage on the existing integrated infrastructure of land, port, power and storage. The company is well positioned to harness this impending boom with its cost-competitive technology for propylene production, location close to the downstream plastic processing industry in Western India, and strong local channel partnerships.

New opportunities for growth will also come from the impending IMO 2020 regulation limiting sulphur content of bunker fuel to 0.5%, and India's shift to Bharat Stage VI compliant fuel.

**Our future is exciting and we are well equipped to build on the momentum and leverage on the opportunities to realise our potential.**

On behalf of Board of Directors, I would like to extend my deep appreciation to the entire Nayara Energy family, Anand and his leadership team.

**Tony Fountain**  
Executive Chairman

# CEO's Reflections

The year 2018-19 was pivotal as it marks the first full year as Nayara Energy, embodying “the face of new era” and reaffirming our raison d'être. The new brand identity manifests not just in our people, processes and practices but in the possibilities and opportunities to realize the potential, the market presents.

## World of Energy is Changing

The global oil market is experiencing renewed uncertainty and volatility due to complex geopolitical and macroeconomic factors. The world's demand for energy is growing, owing to rising incomes and increasing population, especially in fast-growing developing economies. While there's increased focus on renewables, we believe oil and gas will continue to remain essential components of the energy mix for many more years to come.

As one of the fastest growing economies in the world, India's energy demand is rising. IEA estimates that India is expected to witness fastest growth in oil and gas demand in the world, largely driven by industrialization and urbanization. To boost energy security in India, Government of India is undertaking several forward-looking policy initiatives across the value chain to enhance oil and gas production, develop infrastructure and improve efficiencies within the downstream sector.

## Our Path to Growth

After a strong start, Nayara Energy continues its journey to optimize existing asset portfolio and strengthen the same for the future. The transformation efforts undertaken during the year, reported robust results including turnaround, which was critical for business sustainability and reliability. We are proud of this growth phase of our refinery. The Marketing business, too consolidated its market position. The retail business continued with steady performance, driven by efficiency gains from our operations, digitization and automation programs and working capital monitoring.

In our continued journey towards achieving financial excellence and optimizing our capital structure, we have undertaken many innovative initiatives. These are positively reaffirmed by high domestic and international credit ratings by CARE Ratings and Moody's respectively.

At the heart of our values is our commitment to safe work environment and making an impact in the communities in which we operate. Moving forward, we will continue to bolster our efforts towards strong safety performance and integrity of our operations.

## Elevate our Refinery Operations

Delivering operational efficiencies has been at the core of our refinery operations. We continued our pursuit of excellence and delivered a throughput of 18.90 MMT on the back of efficacious turnaround in November-December, 2018.

The success of turnaround can be gauged by the improvement in reliability, efficiency, and capacity. The turnaround has significantly enhanced our capability to take higher TAN and high sulphur crude. We are capable of producing more Euro IV/V compliant gasoil and gasoline. We can successfully start MS and HSD BSVI supplies to meet obligations of higher quality auto-fuel grade supplies to our retail outlets in notified NCR and adjoining areas.

## Opening New Doors

India has a large and growing market for petrol and diesel. With burgeoning urbanization, this is only expected to increase. Echoing the market sentiment is the expansion of our retail network. We are the fastest growing private sector network with over 5100 retail outlets and we continue building efficient, integrated and automated, future-ready network of fuel stations.

We are also proud of our new beginnings - our first inland rail-fed depot, which is strategically located at Wardha, Maharashtra. This modern 16,000 kl depot caters to the requirements of customers as well as business partners in and around the Vidarbha region.

On the B2B front, we have broken new ground with institutional sales to the Andhra State Transport Corporation. We are looking to add new customers in other sectors too, as we continue to sell our products in priority markets through the right channels.

## Asset Development

The Petrochemical sector has a vital role to play in India's economic growth and development. Diversifying our energy basket with our foray into petrochemicals is our commitment to become a part of this development story. We proudly unveiled \$850 million expansion plan into the petrochemical business and will mark the start of new growth phase in our refining business.

Additionally, our current and future investments will significantly contribute towards the development of Devbhumi Dwarka district as a petrochemical hub in India.

## Health and Safety

Guided by our fundamental priority and bedrock of success is Health, Safety and Environment (HSE) of our people, assets and communities. We strive to create and maintain a safe operating culture and testament of this is ISO 45001:2018 certification, that makes us the first ever petroleum refinery in India to receive this for conforming with Occupational Health & Safety Management System.

Turnaround 2018 further cemented our safety commitment. Not only did we complete the same ahead of the schedule, but we even did it with no major incident.

## Efficient and Agile Capital Structure

At Nayara Energy, we strive to optimize the overall cost of financing and strengthen the balance sheet. In our continued journey towards achieving financial excellence and optimizing our capital structure, we added many reputed Indian and International banks to our portfolio. We also launched our maiden issue in the domestic capital market and raised long-term prepayments from global counterparties. These initiatives put together have provided us with an opportunity to align our liability profile, resulting in a strong, efficient and agile capital structure.

## Driven to EXCEL

The launch of our new corporate identity, Nayara Energy means so much more than just a brand name. It's about our EXCEL values, our collective and individual actions we undertake every day and the behaviors we embody, and our culture – who we are and how we operate.

During the year, we engaged with Spencer Stuart and undertook a culture survey. What we heard was the

incredible strengths we have of being both result-oriented as well as caring. While building our next chapter of growth, we are committed to driving the evolution of our business and creating a culture of learning and developing the best leaders today, for tomorrow.

For our culture to be meaningful, we have anchored and aligned ourselves to the commitment of trust and integrity. We have zero tolerance towards any form of harassment or discrimination and are committed to providing a safe and empowering work environment.

## Making a Difference in our Local Communities

Through our social investments, we are creating opportunities for people to access healthcare and education to build sustainable communities. We also endeavor to make 11000 hectares of land water neutral by 2026 in Devbhumi Dwarka district and continue to make a positive and enduring impact on the communities in which we operate.

## Looking Ahead

Though the pace of change in the industry remains relentless, the global economy continues to grow and brings to fold increasing demand for energy. I am confident that with our renewed sense of purpose, strategy and operational capacity, we are uniquely positioned to deliver value and growth.

I want to thank our Chairman, Board of Directors, the leadership team and all Nayara Energy employees for their continued trust, confidence and support.

**B. Anand**  
Chief Executive Officer

# Board's Report

Dear Shareholders,

The world of energy is changing fast. Geopolitical factors, regulatory and policy changes, price fluctuations, to name a few, continue to exert new and complex influences on the industry.

As a new-age integrated downstream Company, Nayara Energy has made progress in realizing the potential - in the

market, business, infrastructure and most importantly, for its people. In summary, the financial year 2018-19 was a pivotal year for the Company.

The Directors take immense pleasure in presenting the 29th Annual Report along with audited Financial Statements of the Company for the financial year ended March 31, 2019.

## Financial Highlights

Particulars	2018-19 (₹ in million)	2017-18 (₹ in million) (Restated)
Revenue from operations	987,129	855,618
Total Revenue including other income	1,004,316	867,704
Earnings before finance cost, depreciation/amortization, exceptional items, discontinued operation and tax (EBIDTA)	44,977	70,228
Profit before Exceptional Items, Discontinued Operations and Tax	7,159	27,633
Exceptional items	1,773	18,146
Profit before Discontinued Operations and Tax	5,386	9,487
Loss from Discontinued Operations (after tax)	-	(923)
Tax	1,944	3,244
Net Profit/(Loss) after tax	3,442	5,320

## The Changing Business Environment

The global economy continued to expand in Financial Year 2018-19, with IMF pegging global growth projections to slow from 3.6% in 2018 to 3.3% in 2019. Risks to global growth skewed to the downside are marked against the backdrop of weakening financial markets, uncertainty around trade policy, UK's exit from EU and concerns around Chinese outlook.

Financial Year 2018-19 saw the US Federal Reserve raising rates thrice - in June, September, and December 2018 by 0.25% each time. The rising US rates hit the Indian Rupee hard, dropping it to 74.49 to the US dollar. In the aftermath of the Sino-US trade strain however, the Federal Reserve toned down rates. This released pressure on the Indian Rupee letting it close below 69.50 for FY 2018-19.

The global oil demand is rising upwards and grew at 1.3 million barrels per day (bpd) for the financial year 2018-19 by IEA estimates. China and India together accounted for more than 50% of the growth in global oil demand.

Meanwhile, the global supply grew up 0.5 million bpd year-over-year. US emerged as the largest crude oil producer in the world with rapid increases in shale oil production, even as Saudi Arabia along with Russia made sincere efforts to reduce the supply glut and balance the markets by reducing production. US crude production grew at 1.6 million bpd on average during the past year and is further expected to grow by 1.1 million bpd during 2019, thereby almost single-handedly covering the expected increase in global demand during the year.



Volatility marked oil markets in 2018, driven mostly by the US administration and its external policies. While US imposition of sanctions on Iranian and Venezuelan oil exports supported the markets, the US - China tariff war provided downside momentum.

Even as markets appeared to get balanced after a year-long production cut by OPEC (Organization of the Petroleum Exporting Countries) and Russia, the US administration's unexpected announcement of unilateral withdrawal from JCPOA (Iran deal) and renewed sanctions on Iran had sent crude oil sharply higher, reaching above USD 80 per barrel. However, domestic pump price considerations and upcoming mid-term elections forced the Trump administration to grant waivers to 8 countries, including China and India, from Iran sanctions, thereby leading the global oil prices into a renewed downward spiral towards the end of the year. This fall was accelerated by financial market players unwinding speculative long bets on crude prices, amid rising concerns about global economic growth from the US threat of increased tariffs on China and Europe to correct the trade imbalance. OPEC+ was again forced to extend their production cuts by 1.2 million barrels per day, with Saudi Arabia leading the way in reducing production and helping re-balance oil markets.

In Venezuela, civil unrest and renewed geopolitical tensions prompted US sanctions, in early 2019 on Petróleos de Venezuela, S.A. (PDVSA)-Venezuela's state owned oil and gas company. As a result, Venezuela's already dwindling exports have fallen further, from nearly 2 million bpd a couple of years ago to less than a million bpd today.

The continuation of OPEC+ production cuts and probability of withdrawal of Iran sanction waivers have tightened heavy/sour crude supplies. Although, US has increased crude supply, the markedly lower sulphur content of its crude translates output growth from the lighter spectrum of crude oils. As a result, the light-heavy/sweet-sour crude price differentials have reduced significantly over the past year.

Refining margins during the previous year reduced as the year progressed. Middle distillate margins lost momentum on account of dampening of economic growth as US tariff negotiations with China and Europe came to a head. The addition of 1 million bpd net capacity in 2018, twice that of 2017, contributed to erosion of refining margins. Growth rate for conventional refined products halved, to just 0.6 million bpd. Further, the increasingly lighter slate of crude for refinery processing has pressured light distillate margins while supporting heavy distillate margins. Fuel oil margins have also been supported by refiners' increased focus on fuel oil destruction, in preparation for the upcoming fuel regulation in the global shipping industry (IMO 2020). As a result, complex refinery margins suffered significantly more than simple margins, considerably narrowing the spread between the two.

The imminent change in marine fuel oil specifications-IMO 2020-mandated by the International Maritime Organisation will help complex refiners, by providing a surge in middle distillate demand and the increased need for the processing of low sulphur fuel oil. The size and structure of Nayara Energy's complex refinery will enable the Company to take advantage of the changing regulation.

## Domestic Market Overview

In India, inflation climbed above 4% in the first half of the fiscal year leading the Reserve Bank of India (RBI) to raise REPO rates twice, in April and August 2018, lifting it to 6.50%. However, as growth began to flounder and with inflation reversing course, RBI cut rates to finally bring REPO back down to 6.25% by March 31, 2019. Credit markets spreads however remained tight as some large Non-Banking Financial Companies (NBFCs) including some Housing Finance Companies (HFCs) were hit with rising credit defaults in the second half of the year.

The Indian oil industry witnessed an overall growth of 2.7% in the consumption of petroleum products. Motor Spirit (MS / Petrol) consumption was driven by a 2.7% increase in sales of passenger vehicles, and 4.9% in two wheelers. A 17.6% increase in sales of commercial vehicles powered increase in the consumption of High Speed Diesel (HSD) by 6.4%, while LPG consumption grew by 6.8% with domestic LPG consumption at 88.4% of the total consumption, driven mainly by release of new connections and Double Bottle Cylinders (DBC).

Bitumen consumption grew by 8.7% during the year, given the Government's push on improving road infrastructure. Petcoke consumption dropped by 20% owing to the ban by the Directorate General of Foreign Trade (DGFT) under the Ministry of Commerce & Industry, on import of petcoke for use as fuel. However, import of Petcoke has been allowed for some industries, such as cement, lime kiln, calcium carbide, and gasification industries, which will use it as feedstock.

During the year, the Government directed oil marketing companies to increase the mandatory ethanol blending for unleaded petrol from 5% to 10%. This notification came into effect on April 1, 2019. Additionally, the Central Pollution Control Board on orders from the National Green Tribunal directed oil marketing companies to install vapour recovery systems at retail outlets, distribution centres and railway loading facilities to curb air pollution.

In its bid to improve air-quality, India has announced its intention to move to BS VI emission standards. The move will call for high quality gasoline, which the Nayara Energy refinery, post turnaround in 2018 and accompanying asset enhancements, is already in a position to deliver.

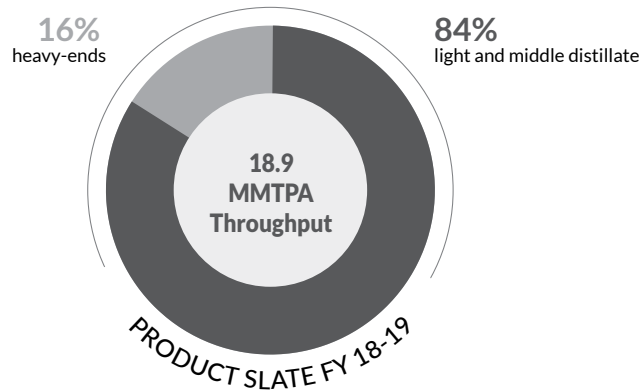
## Operational Excellence

### Rejuvenating Our Asset

Nayara Energy's refinery turnaround commenced as planned and was successfully completed in 30.5 days, 2.5 days ahead of schedule, with no Lost Time Injuries (LTI). Key activities covered during the turnaround included maintenance and inspection of all processing units, utilities, Products and Intermediates Tankage, Crude Oil Tank, Jetty and SPM, unit revamp for tie-ins for future projects,

implementation of plant modifications and change of catalysts in most of the units.

After the turnaround, the refinery capability increased to take higher TAN and high sulphur crude and also enabling the Company to produce cleaner products with ultra-low sulphur levels.



### Maximizing Asset Value

Although heavy crude availability became a high concern, the Company was successful in finding equivalent replacement through imports. The refinery's flexible configuration allows the Company to take advantage of market opportunities. It is already capable of producing more than 50% Euro IV/V compliant gas oil and gasoline, and could successfully start MS and HSD BSVI supplies to meet the changing guidelines of higher quality auto-fuel grade supplies to Nayara Energy's retail outlets in notified NCR and adjoining areas.

Your Company operates a world class captive power plant, which has distinction of being run on Fuel Oil, Natural Gas/ Naphtha/HSD and coal. This world class asset owned and operated by Vadinar Power Company Limited, a fully owned subsidiary of the Company got merged with the Company on November 30, 2018. This merger has resulted in more synergized operations and optimization of resources. The Company had an incidence of loss of coal from third party managed stockyard. The Company has filed an FIR in this regard and made necessary provisions for this estimated loss being approximately ₹ 300 million in the financial statements.



**Achieved 4,016 LTI Free days for employees as on March 31, 2019**

**Attained 3,601 major Fire Free days as on March 31, 2019**



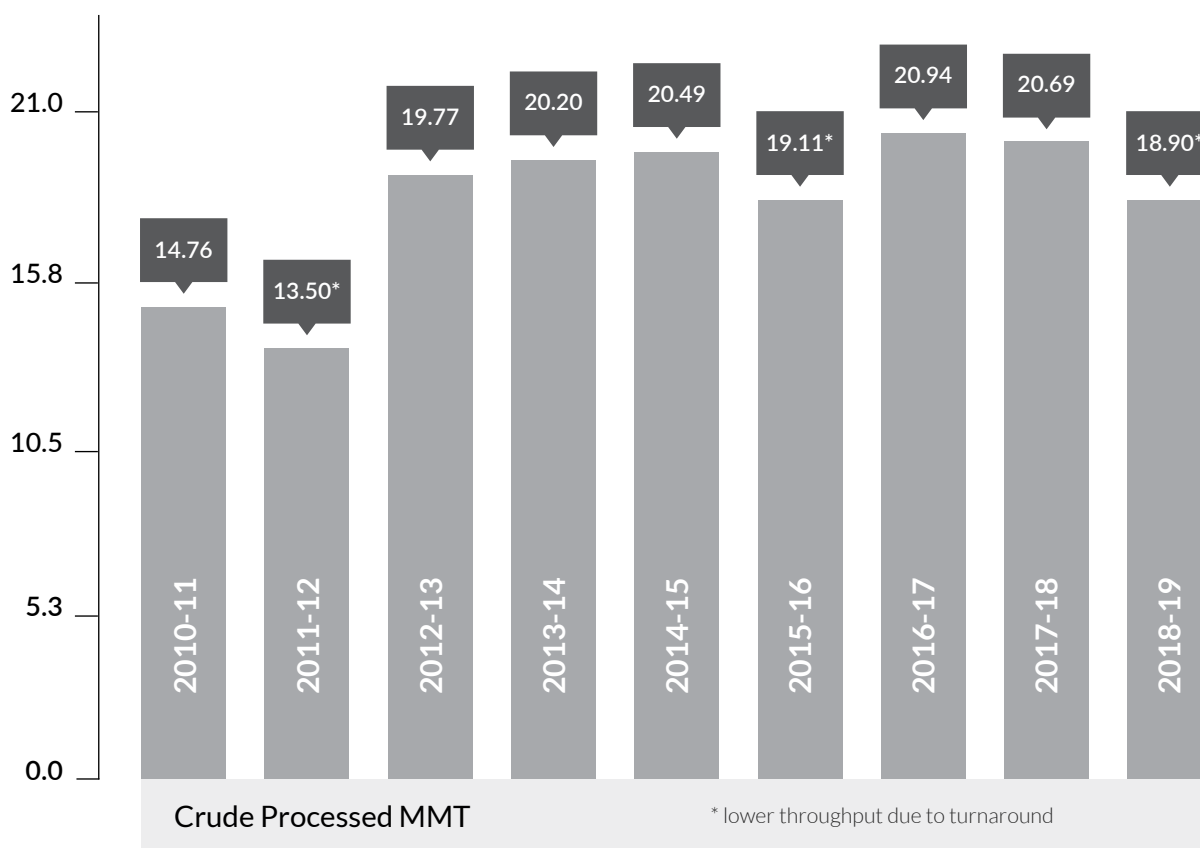
#### Achieved 4,016 LTI Free

The Bureau of Energy Efficiency (BEE) monitors energy performance for all Indian refineries. Energy Factor (MBN) of Vadinar Refinery for FY 2018-19 was 59.62, which rates us amongst the most energy efficient refineries in India.

## CCR Revamp

Continuous Catalytic Reforming (CCR) unit revamp project was completed successfully during this year. Operating capacity improved from 1.1 MMTPA to 1.3 MMTPA.

Gross Refining Margin (GRM) also improved by upgrading sour naphtha into gasoline and enhancing the capacity to produce high premium high RON and low-sulphur gasoline grades.



## Marketing Performance

Stretching 5.5 million kilometers, India's road network is one of the largest in the world, and it is growing rapidly. The Government's Bharatmala project, with an outlay of ₹ 6.92 trillion added 83,677 kilometers of new roads. The improved connectivity between cities, towns and villages in the country has led to a large spurt in road transportation. This, coupled with strong automobile growth across segments, was one of the key demand drivers for MS and HSD in the country. The incremental retail demand was met by new retail outlets.

In line with the Company's retail business strategy, expansion of the retail network continued, achieving a significant milestone of 5,100 fuel stations by March 31, 2019. We continued to provide high quality products to our customers.

During the year, project 'We Rise' was launched. The project, which involves automation of Nayara Energy's retail outlets, is a crucial step towards becoming a future-ready organization. Our Fleet programme continues to create enhanced value for our large customers including fleet operators and drive business growth.

The Company operationalized its first inland rail-fed depot at Wardha in Maharashtra. The depot is strategically positioned to cater to the requirements of customers as well as business partners in and around the Vidarbha region. The depot is equipped with state-of-the-art facilities, including a first-of-its-kind vapour recovery system driven by unique hybrid technology. The depot also has a 300-kVA solar power plant that is expected to generate power of 450k units per year.

In the B2B segment, focus remained on selling quality products in priority markets through the right channels.

## Safety First

Health, Safety, and Environment (HSE) is our top priority. A safe business helps sustain operating performance, thereby leading to improved business and financial performance. Nayara Energy is committed to providing safe operations and work places, to protect the health and safety of employees, contractors and visitors, and the communities in which we operate.

Nayara Energy's refinery operates an integrated health, safety, environment and quality (HSEQ) management system. It is the first ever petroleum refinery in India to receive the ISO 45001:2018 certification awarded for conformance with Occupational Health & Safety Management System. The HSEQ Management System is compliant with the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards, and the Energy Management System is ISO 50001:2011 certified.

## Safety, Operations and Environmental Integration

Our planned refinery turnaround was safely and successfully completed without any major incident. There was 50% reduction in incident rate observed from previous turnaround.

The refinery has a robust Emergency Response & Disaster Management (ERDM) plan in place and has conducted scheduled mock-drills to check and evaluate the effectiveness of its mitigation measures.

Apart from regular medical examinations, the refinery also conducted Qualitative Industrial Hygiene Survey in January 2019, which contained identification, evaluation and control of unhealthy exposure to chemicals in the refinery, office, etc. as well as air monitoring survey to determine airborne concentrations of chemicals in employee breathing zones gave us a clean bill of health.

## Awards

01

Awards for system performance from regulatory and industrial bodies, such as Director Industrial Safety & Health, Oil Industry Safety Directorate, Quality Circle Forum of India, Confederation of Indian Industry.

02

Shram Bhusan Award & Shram Ratna Awards issued by Director Industrial Safety & Health (DISH) for individual contribution.

03

Excellent Energy Efficient Unit (Energy Management System) by CII.

## Information Technology

Nayara Energy's technology investments are built around the principles of automation, digitization, speed, business continuity and cyber security. The broad IT goals are around enabling information sharing for decision making to bring in business agility, enhance workforce productivity while ensuring digital resilience.

The digitization endeavor has resulted in automation of various business processes across the value chain, from crude to retail and has also optimized routine business programs through ad-age technologies such as Robotic Process Automation and more.

## Into the Future

Nayara Energy plans to enter the Polypropylene segment, sighting the growing and short-in-production domestic markets. India's demand for polypropylene is growing steadily with 2018 consumption growth estimated at 8.8%. This is in line with the Company's own forecast of 8% to 9% p.a. over the next 10 years. Domestic demand crossed the milestone of 5 million tons per annum (mtpa) in 2018 against a domestic supply of around 3.8 mtpa domestic capacity.

Nayara Energy has set out its forward strategy to fully exploit domestic opportunities across refined products and petrochemicals. The associated asset development program to capture demand growth in India is split into phases.

Phase 1 projects are "quick wins" that would add value to LPG streams from current refinery in Vadinar by transforming them into petrochemicals and high-value gasoline blending components. As part of Phase-1, Nayara Energy proposes to add the following petrochemical units:

- a Propylene Recovery Unit (PRU),
- a Polypropylene Unit (PP),
- a Methyl-Tert-Butyl-Ether (MTBE) Unit and
- revamp of the Fluid Catalytic Cracking Unit (FCCU) to generate the required petrochemical feedstock. The proposed configuration will allow in the short term to improve the financial performance of the business.

The Company's investment will give it a competitive edge, both in domestic market and internationally. The proposed solution for producing polypropylene will benefit from comparatively low capex and the advantaged feedstock from the refinery, securing us a top quartile position on the international cost curve.

## Financial Performance

Revenue from operations reached ₹ 987,129 million for the financial year ended March 31, 2019, as compared to

₹ 855,618 million for the financial year ended March 31, 2018. The increase was mainly due to higher realisation from sale of petroleum products on account of higher product prices and higher domestic sales.

Current Price Gross Refinery Margin (CP GRM) was lower at USD 6.97/bbl in FY 2018-19 as against USD 8.95/bbl in FY 2017-18. Earnings before interest, tax, depreciation and amortisation (EBITDA) was lower by 36% to ₹ 44,977 million from ₹ 70,228 million in the preceding financial year mainly on account of lower margin and higher forex fluctuation loss.

The Company earned a profit after tax (PAT) of ₹ 3,442 million in the current financial year against PAT of ₹ 5,320 million in the preceding financial year.

Considering the accumulated losses of previous years, the Board of Directors has not recommended any dividend for the financial year ended March 31, 2019. Further, no amounts are proposed to be transferred to the General Reserve except for transfer of ₹ 2 million from Debenture Redemption Reserve to General Reserve, during the financial year.

## Standalone and Consolidated Financial Statements

The audited standalone financial statements, prepared as per Indian Accounting Standards (Ind AS) for the financial year ended March 31, 2019, form part of the Annual Report.

The audited consolidated Financial Statements of the Company, as required under Section 129 of the Companies Act, 2013 (Act), also form part of this Annual Report.

## Ownership

Nayara Energy does not have any holding company. Rosneft Singapore Pte. Limited (formerly known as Petrol Complex Pte. Ltd.), a subsidiary of Rosneft Oil Company and Kesani Enterprises Company Limited, a consortium led by Trafigura Group and UCP Investment Group, continue to hold 49.13% shareholding each in share capital of the Company.

## Subsidiary Companies

Pursuant to the Order passed by Hon'ble National Company Law Tribunal approving the Scheme of Amalgamation on October 30, 2018, Vadinar Power Company Limited ("VPCL") and Nayara Energy Properties Limited ("NEPL"), wholly owned subsidiaries of the Company have merged with the Company, effective November 30, 2018. During the year, the Company acquired balance 49% stake in share capital of its subsidiary, Coviva Energy Terminals Limited (formerly known as "Vadinar Liquid Terminals Limited"). Consequent to this acquisition, Coviva Energy Terminals Limited became a wholly owned subsidiary of the Company. There was no other change in the position of subsidiary companies during the year. The Company does not have any associates.

A report on the performance and financial position of each of the subsidiaries, in Form AOC -1, forms part of Annual Report and hence is not repeated here for the sake of brevity.

Post end of the financial year, the Board of Directors of your Company at its meeting held on July 24, 2019 in terms of the provisions of section 230 and 232 of the Companies Act, 2013 approved a Scheme of Amalgamation of its subsidiary,

Vadinar Oil Terminal Limited (VOTL) with the Company, subject to receipt of approval of shareholders and other regulatory approvals. VOTL owns and operates the port and crude / product handling and storage facilities.

The Financial Statements of the subsidiaries as on March 31, 2019 and other related information will be made available to any member of the Company / its subsidiary(ies) seeking such information at any point of time and are also available for inspection by any member at the Registered Office / Corporate Office of the Company.

## Share Capital

Pursuant to the Scheme of Amalgamation with the Company, which became effective on November 30, 2018, the authorized share capital of VPCL and NEPL was combined with the authorized share capital of the Company. Accordingly, the authorised Share Capital of the Company stands increased to ₹ 90,007 million. There is no change in the subscribed and the paid up share capital of the Company.

## Issue of Non-Convertible Debentures

The Company successfully completed its maiden issue of debt securities in the domestic bond market on August 2, 2018, with the allotment of 2,400 Secured, Unlisted, Redeemable Non-Convertible Debentures of ₹ 10 million each at par aggregating ₹ 24,000 million on private placement basis.

## Our People

### Driven to EXCEL

Nayara Energy's success is underpinned by people and the culture they create together. During the year, the values encapsulated by the E.X.C.E.L. matrix were brought to life through a variety of initiatives, and backed by active participation of the entire Company.

### Building a Strong and Balanced Culture

Nayara Energy undertook a culture shaping exercise in collaboration with Spencer Stuart, a premier leadership advisory and executive search firm. The culture survey results show the Company to be a balanced organization, both result orientated as well as caring. The Company believes in building relationships based on trust and respect for employees across all levels. This in turn ensures we are focused on the right things to drive success and deliver results.

The culture survey emphasized retaining focus on results and caring, and work towards strengthening the elements of learning and purpose. The following initiatives have been progressed in this Culture sharpening journey

- Capability needs mapping against target results
- Digital solutions for learning and continuous development
- Behavioural interventions such as targeted Leadership coaching - for executive employees Compensation and Benefits

The Company also conducted compensation benchmarking and restructuring to build market parity and enable high performance. Apart from Group term life insurance for employees, the Company also introduced an extended medical insurance for parents/parents-in-law, along with spouse and children. The Company is also exploring new ways to leverage Digital at work.

## Ethics Code

Nayara Energy strives to be a responsible and ethical Company with a culture of doing the things right. The Company has zero tolerance towards any form of harassment or discrimination, and has established a framework of policies and processes to ensure a safe, harassment-free and an empowering work environment for all employees.

In accordance with 'The Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013' ['Prevention of Sexual Harassment (POSH) Act'], the Company has set up POSH Committee in Mumbai and Vadinar to promote a safe working environment.

The Company emphasizes the need for regular awareness through sensitization sessions for both male and female employees.

Online mandatory module on POSH was also launched along with periodic employee communications. We had no POSH complaints registered in the current financial year.

## Sustainable Development

*At Nayara Energy, we are just not striving to be a world-class Company but also making concerted efforts in making a holistic difference in and around the communities in which we operate. Our approach to sustainable development is spread across the sustainability index, encompassing livelihood, water and education.*

*Additionally, to ensure that the efforts are sustainable, we have embarked on a program to train and build a network of social entrepreneurs who are catalyzing their own communities and furthering social change.*

## Corporate Social Responsibility Initiatives

The Company has constituted a Corporate Social Responsibility (CSR) Committee named the CSR, Safety and Sustainability Committee. The Board of Directors, on the recommendations of the Committee, has adopted a CSR Policy identifying activities to be undertaken by the Company. The policy can be accessed on the Company website at <https://www.nayaraenergy.com/sustainability/csr-policy>

The annual report on CSR containing the details of the CSR Policy adopted by the Company, and other particulars specified in the companies (Corporate Social Responsibility Policy) Rules 2014, is annexed to this Report as Annexure A. In line with the Company's CSR policy, the Company's CSR interventions span across Livelihoods, Education, and Health & Sanitation. From a CSR budget of ₹ 211 million for the financial year 2018-19, ₹ 90 million was spent. Efforts to sharpen and develop an integrated plan for local programmes,

to make a long term sustainable impact in the communities have resulted in a lower spend.

As part of its sustainability mission, Nayara Energy launched a revolutionary climate-smart agriculture project in partnership with the Government of Gujarat. The project aims to double farmer-income through integrated water resource management, soil quality improvement and crop diversification techniques. Going ahead, the project plans to revamp 11000 hectares in 15 villages of Devbhoomi Dwarka district with an endeavor to make the region water neutral by 2026.

Other CSR initiatives as per the focus areas during the year included the following:

## Livelihood

Over 5000 households benefitted from the company's interventions in water sustenance, agriculture and livelihood initiatives, such as:

- Additional 1.47 MCM water harvesting/recharge capacity created this year. Overall 6.27 MCM capacity created since past 5 years.
- Micro-Irrigation technique, implemented over 300 Ha, improved water use efficiency by 30% per Ha.
- Increased Farming productivity by an average of 15%.
- Increase in livestock assets, and additional dairy based income.
- 50 women self-help groups formed.
- More than 600 women received training in livelihood generation initiatives.

## Education

- 'Gramshiksha' program introduced activity based learning in 18 government schools.
- 11 schools recorded improvement in school grading, and 88% students achieved grade level competencies.
- 140 students to complete education through open schooling initiative.
- 'Ilabss' program introduced in partnership with Government has trained over 300 students and made them job-ready.
- New school constructed near Wardha depot.
- Appx. 1000 children received education support through 'Jigyasa', the girl child scholarship program.
- Acumen, the leadership development program, provides leadership training to 20 social entrepreneurship fellows.

## Health & Sanitation

- Approximately 50,000 patients benefitted from access to primary health services through community health centre and mobile outreach initiatives.



- Nutrition support program for Tuberculosis (TB) patients, in conjunction with the Government TB program, has yielded faster recovery and prevention of job loss for the patients.
- Waste collection services piloted in 5 villages significantly improved sanitation levels and instituted behavioural changes.
- Employee volunteering program, 'Captain Swachh', contributed significantly towards improved public awareness levels.

## Governance

Corporate Governance is a vital pillar of Nayara Energy's business framework. The Governance Framework designed to ensure compliance, transparency, and integrity in all areas of our work.

## Directors

Mr. Didier Casimiro, nominee of Rosneft Singapore Pte. Limited was appointed as Director w.e.f. July 5, 2018 in place of Mr. Marcus Cooper. In accordance with the nomination received from Kesani Enterprises Company Limited, Mr. Alexander Bogdashin was appointed as Director w.e.f. October 9, 2018 in place of Ms. Elena Sapozhnikova. Mr. Alexey Karavaykin, nominee of Rosneft Singapore Pte. Limited was appointed as Director w.e.f. December 28, 2018 in place of Mr. Andrew Balmarnie.

Pursuant to a letter received from Life Insurance Corporation of India withdrawing nomination of Mr. R. Sudarsan from the Board of the Company, Mr. Sudarsan ceased to be Director of the Company w.e.f. February 1, 2019.

The Board wishes to place on record its appreciation for the valuable services rendered by Ms. Elena Sapozhnikova, Mr. Andrew Balmarnie, and Mr. R. Sudarsan during their tenures as Directors of the Company.

The Company has received declarations of independence as stipulated under Section 149 (6) of the Act from both the Independent Directors.

## Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) of the Act, it is hereby confirmed that:

- In the preparation of the annual accounts for FY 2018 – 19, applicable accounting standards have been followed along with proper explanation relating to material departures.
- The Directors had 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 Company's state of affairs at the end of FY 2018 – 19 and of the profit and loss for the same period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in

accordance with the provisions of the Act to safeguard Company's assets and prevent and detect fraud and other irregularities.

- The Directors had prepared the accounts for the year ended March 31, 2019 on a 'going concern' basis.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws, and that such systems were adequate and operating effectively.

## Policy on Appointment of Directors and Remuneration

The Board has adopted a policy for appointment, remuneration, training, and evaluation of Directors and employees. The policy, inter alia, includes the criteria and procedures for selection, identification and appointment of Directors, criteria for appointment of Senior Management Executives, remuneration to Executive and Non-Executive Directors, training and performance evaluation of the Board, etc. and other matters provided under Section 178(3) of the Act. The above policy is available on the website of the Company at <https://www.nayaraenergy.com/investors/information>

## Performance Evaluation of the Board, Chairman, Committees and Individual Directors

Formal evaluation of the performance of the Board, its Committees, the Chairman, and Individual Directors for FY 2018 – 19 was carried out. The Independent Directors evaluated performance of the Chairman, Non-Independent Directors, and the Board. Feedback from Individual Directors was sought based on a structured questionnaire covering, among others, Board and Committee composition, skills of Directors, quality and content of agenda and performance of Directors at the meetings. Evaluation was carried out by an independent agency, based on responses from all the Directors. The evaluation was reviewed by the Nomination and Remuneration Committee and the Board of Directors.

## Key Managerial Personnel

During FY 2018 – 19, the following executives were designated as Key Managerial Personnel under the Act:

**Mr. Charles Anthony Fountain**  
Executive Chairman

**Mr. B. Anand**  
Chief Executive Officer

**Mr. Anup Vikal**  
Chief Financial Officer

**Mr. C. Manoharan**  
Director & Head of Refinery

**Mr. Mayank Bhargava**  
Company Secretary

## Risk Management and Internal Financial Controls

### Audit Committee

During the year, the Audit Committee comprised of Mr. Deepak Kapoor (Independent Director) as its Chairman and Ms. Naina Lal Kidwai (Independent Director) and Mr. Chin Hwee Tan as its members. There was no change in the constitution of the Audit Committee during financial year 2018 – 19. During the financial year 2018 – 19, all the recommendations of the Audit Committee were accepted by the Board.

### Risk Management

The complex operations, dynamic economic environment coupled with the growth plans of Nayara bring with them several strategic and operational risks. Nayara is also committed to highest levels of Ethics and ensuring highest standards of safety for its employees and the community which requires effective management of HSE and Ethical Compliance risks. The Management recognises that these risks need to be understood and managed effectively in order to ensure sustainable growth and meet business objectives.

Hence, the Company has set up a robust and effective Enterprise Risk Management framework that drives a risk aware culture across the organisation and ensures all key risks are effectively identified and managed.

The key risks are addressed by implementing appropriate and adequate risk response plans and internal control measures that brings down the risks to acceptable levels. Through its ERM framework, the Company manages both financial risks such as movements in crude & product prices, forex rates and interest rates as well as non-financial risks such as legal and regulatory compliance, health, safety & environment, cyber, reputational, geo-political, security risks, etc. During the year the Company has adopted consolidated Price and Market Risk Management Policy to manage price, treasury and market risks. The Price and Market Risk Management Committee manages the financial risks and take strategic decisions on forex and commodity hedging in line with the formulated Policy.

The Board of Directors keeps continuous oversight of the key risks to the organisation through the Audit Committee. In 2018, the Audit Committee set up the Risk Management Working Group ("RMWC"). The RMWC, jointly with the Risk function, reviewed the risk assessment and minimization procedures for the key business operations of Nayara Energy (Refinery, IST, and Marketing) and made presentations to the Audit Committee.

In the opinion of the Board, with its Enterprise Risk Management framework, the Company is identifying and mitigating all possible key risks.

### Internal Financial Controls and their adequacy

The Company has in place a robust system and framework

of Internal Financial Controls. This framework provides a reasonable assurance regarding the adequacy of operating effectiveness of controls with regards to financial reporting, operational, and compliance risks. The framework ensures that the Company has policies and procedures for ensuring orderly and efficient conduct of the business, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records, and timely preparation of reliable financial information. The Company has devised appropriate systems and framework including proper delegation of authority, effective IT systems aligned to business requirements, risk based internal audits, risk management framework and whistle blower mechanism.

The Company has also developed and implemented a framework for ensuing internal controls over financial reporting. This framework includes a risk and control matrix covering entity level controls, process and operating level controls and IT general controls. Such controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

The entity level policies include anti-fraud policies such as code of conduct, conflict of interest, confidentiality and whistle blower policy and other policies (viz. organization structure, HR policies, IT security policies).

During the year, controls were tested and no material weakness in design and effectiveness was observed. Nonetheless your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

### Vigil Mechanism

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations, including the measures against bribery, corruption and corporate fraud, as well to manage conflict of interest situations. Towards this end, the Company has established a Hotline Whistle-blower Policy and also established a robust Vigil Mechanism for Directors, Employees, Associates and other Stakeholders to report concerns about unethical behavior/conduct without fear of punishment or unfair treatment. The policy also has a process for providing direct access to the Chairman of the Audit Committee. All the reported complaints are reviewed and investigated in the right earnest and appropriate actions initiated as deemed necessary.

The details of Hotline Whistleblower Redressal System can be accessed on the website of the Company at <https://www.nayaraenergy.com/whistle-blower>



## Auditors and Audit

### Statutory Auditor

The reports given by M/s. S. R. Batliboi & Co. LLP, Statutory Auditors on the standalone and consolidated financial statements of the Company form part of the Annual Report. There are no qualifications, reservations, adverse remarks or disclaimers given by the Auditors in their reports. The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. Post issue of the auditor's report on the financial statements, the Annual Report was made available to the Statutory Auditors for their comments on material misstatement, if any.

### Cost Auditor

In accordance with the provisions of Section 148 of the Act, the Company has maintained cost records as specified by the Central Government.

M/s. Diwanji & Co. has been reappointed as the Cost Auditor of the Company for FY 2019-20. In terms of the provisions of Section 148(3) of the Act and its applicable rules, the shareholders are requested to approve the remuneration payable to the Cost Auditor for the year ending March 31, 2020. The cost audit report for the financial year ended March 31, 2019 will be filed with the Ministry of Corporate Affairs within the prescribed time period.

### Secretarial Auditor

The Secretarial Audit Report issued by M/s. Parikh Parekh & Associates, Practicing Company Secretaries, for the year ended March 31, 2019 is attached as Annexure - B to this Report. The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark.

## Disclosures

### Compliance with Secretarial Standard

Your Company has fully complied with the provisions of Secretarial Standard 1 (SS 1) on Board/Committee meetings and Secretarial Standard 2 (SS 2) on the General meeting of Shareholders, issued by the Institute of Company Secretaries of India and approved by the Central Government pursuant to Section 118 of the Companies Act, 2013.

### Number of meetings of the Board

During the financial year 2018 - 19, the Board of Directors met five times i.e. May 11, 2018, July 5, 2018, October 11, 2018, October 19, 2018, and January 22, 2019. All these meetings were well attended by the directors.

## Particulars of Contracts or Arrangements with Related Parties

The details of contracts entered into with related parties during the year in compliance with the provisions of Section 188 of the Act are specified in Form AOC 2 and enclosed as Annexure - C. The details of material Related Party Transactions entered during the year by the company are also required to be included in the form AOC 2. Though the Act has not defined the criteria for "Material Related Party Transactions" and the Company is no more listed on Stock Exchanges, it continues to follow the criteria for determining the material related party transaction prescribed in the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. The material related party transactions entered into by the Company during the financial year 2018-19 have been mentioned in the Form AOC-2. Related party disclosure as required by Ind AS 24 have been made in Note no. 49 to the standalone and consolidated financial statements of the Company.

## Particulars of Loans given, Investments made and Guarantees given and Security provided

Particulars of investments made are provided in the standalone financial statements (please refer to Note no. 7 to the standalone financial statements). Since Nayara Energy belongs to the petroleum and natural gas sector and operates 'infrastructure facilities' as defined under Schedule VI of the Act, it is not required to comply with provisions relating to making of investment, loans, giving guarantees, or providing security as prescribed in Section 186 of the Act.

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings, and Outgo

The particulars relating to conservation of energy, technology absorption, and foreign exchange earnings and outgo as required to be disclosed under the Act are provided as Annexure - D to this Report.

## Annual Return

The Annual Return for the financial year ended March 31, 2018, filed with the Registrar of Companies after conclusion of the 28th AGM held on September 14, 2018, has been placed on the website of the Company and can be accessed at <https://www.nayaraenergy.com/investors/information>. An extract of the Annual Return as on March 31, 2019 in form MGT 9 is enclosed as Annexure E and forms part of this Report.

## Fixed Deposits

The Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the Rules framed thereunder. Accordingly, the details required to be reported under Rule 8(5) of the Companies (Accounts) Rules, 2014, are not applicable.

## General Disclosures

Directors state that for the year ended March 31, 2019, no disclosure is required in respect of the following items and accordingly confirm as under:

- The Executive Directors did not receive any remuneration from the subsidiary companies.
- The Company has neither revised the financial statements nor the report of Board of Directors.
- The Company has not issued equity shares with differential rights as to dividend, voting, or otherwise or sweat equity shares.
- No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status or operations in future.

- The Company has not bought back any shares during the year.
- No instance of fraud has been reported to either Audit Committee or the Board of Directors.

## Acknowledgement

The Board expresses its sincere appreciation and gratitude to Financial Institutions, Banks, Customers, Suppliers, and Investors of the Company, for their continual support. We also value the ongoing cooperation extended to the Company by the Government of India, Gujarat and other state governments and various government agencies/departments. The Board also recognizes all of our team members for their efforts behind our results. Their talent, passion and agility has made the Company sustain its excellent performance year-on-year.

**For and on behalf of the Board of Directors**

**July 24, 2019  
Mumbai**

**Charles Anthony Fountain  
Executive Chairman  
(DIN - 07719852)**

# Annexure – A

## Annual Report on CSR Activities

### 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

**A brief outline of the CSR Policy of the Company is as under:**

#### CSR Vision

The Company's vision is to be among the most respected organizations in India by doing what is right and rightful for the communities and nation at large.

#### CSR Mission

Aspires to build a symbiotic relationship with its stakeholders and intends to make them equal partners in the process of nation building. We firmly believe that our role is to lay the path that is collaborative, progressive, inclusive and sustainable through our CSR programs. We also believe that technology and innovations can hasten the process of change and endeavor to support new and innovative models of development.

#### CSR Objectives

The objective of the CSR policy is to guide the planning, implementation and oversight mechanism of the CSR programs of the Company.

#### Overview of projects or programs proposed to be undertaken

##### a) Sustainable Rural Development- Developing sustainable habitats

Programs may include common infrastructure development including roads, gaushalas, sanitation units, community halls, anganwadis, health centers and any other program, as may be required by the community.

##### b) Education: Developing intelligent and conscientious communities

Programs may include developing school infrastructure, teacher training, computer aided learning, complimenting mid-day meal program, remedial classes, life skill education, pro-gram for children with different abilities, higher education programs, spoken English, promoting sports and supporting sports facilities, providing / supporting

vocational training programs and any other program, as may be required by the community.

##### c) Healthcare and Wellbeing: Developing healthy individuals and families

Programs may include establishing and managing community/ primary health centers, health extension centers, hospital, preventive healthcare programs, outreach/ awareness programs, building cadre of healthcare professionals, road safety programs and any other program, as may be required by the community.

##### d) Environmental Sustainability: Sustaining biodiversity through responsible communities

Programs may include solid waste management, water conservation through rain water harvesting, surface water conservation, promoting judicious water usage, promoting technology to conserve water, water bodies conservation, promoting renewable energy and energy efficiency practices, protection of flora and fauna, agroforestry, conservation of natural resources and maintaining of quality of soil, air and water and any other program, as may be required by the community.

##### e) Skilling and Livelihoods: Promoting inclusive and sustainable economic growth

Programs may include skill and entrepreneurship development programs focused on youth and women, reskilling existing workforce, support to existing skill institutions, creating new institutions, agriculture and livestock development programs, promoting community based enterprises, startups and any other program, as may be required by the community.

##### f) Other programs

The CSR Committee may recommend any other programs prescribed under Schedule VII to the Companies Act, 2013 and not listed above. The CSR Policy can be accessed on the website of the Company at the link <https://www.nayaraenergy.com/sustainability/csr-policy>.

## 2. The Composition of the CSR Committee

As of March 31, 2019, the CSR Committee titled as 'CSR, Safety & Sustainability Committee' comprised of Ms. Naina Lal Kidwai, Independent Director and Chairperson of the Committee, Mr. Tony Fountain,

Executive Chairman, Mr. Jonathan Kollek, Mr. Krzysztof Zielicki and Mr. Alexander Romanov, Non-Executive Directors.

**3. Average net profits of the company for last three financial years: ₹ 9913 million**

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) - ₹ 198 million**

**5. Details of CSR spent during the financial year.**

- a) Total amount to be spent for the financial year:-** ₹ 211 million (as per the budget approved by the Board of Directors).
- b) Amount unspent, if any: -** ₹ 121 million to the approved budget and ₹ 108 million as compared to the requirement for spend of 2% of the amount of average net profits for the last three financial years as stated in para 4 above.
- (c) Manner in which the amount spent during the financial year is detailed below.**

Sr. No.	CSR Projects or activities identified	Sector in which the project is covered	Projects or programs 1. Local area or others 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise (Amount ₹ in Million)	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Over-heads (Amount ₹ in Million)	Cumulative expenditure up-to the reporting period (Amount ₹ in Million)	Amount spent direct or through implementing agency
1	Community Health Project	Eradicating hunger and poverty and malnutrition, promoting health care sanitation & safe drinking water	Devbhoomi Dwarka & Jamnagar Districts, Gujarat	45.4	13.51	58.49	Implementing Agency - Samarpan Hospital,
2	Public Health & E-Health Program (Emergency Medical Camps for flood victims )	Eradicating hunger and poverty and malnutrition, promoting health care sanitation & safe drinking water	Kerala		1.24	1.24	Implementing Agency - Connect & Heal Pvt. Ltd.
3	Solid Waste Collection and Disposal	Eradicating hunger and poverty and malnutrition, promoting health care sanitation & safe drinking water	Devbhoomi Dwarka & Jamnagar Districts, Gujarat	12.8	3.81	9.76	Implementing Agency- JV Naria Trust
4	Captain Swachh Program	Eradicating hunger and poverty and malnutrition, promoting health care sanitation & safe drinking water	Devbhoomi Dwarka & Jamnagar Districts, Gujarat		2.5	2.5	Implementing Agency- India Sanitation Coalition
5	Gramshiksha Project	Promotion of Education, special education and vocational skills	Devbhoomi Dwarka & Jamnagar Districts, Gujarat	27.4	18.73	36.45	Implementing Agency - Center for Environment Education,
6	Navtar Education Innovation project	Promotion of Education, special education and vocational skills	Gujarat State	5.1	2.71	3.98	Implementing Agency -ITOWE Foundation
7	Interactive Lab for Soft skills (ILABSS)	Promotion of Education, special education and vocational skills	Devbhoomi Dwarka District, Gujarat	1.3	1.0	4.04	Implementing Agency -National Management Center
8	MultiSkill Centre for Women/ Entrepreneurship Program	Promotion of Education, special education and vocational skills	Devbhoomi Dwarka & Jamnagar Districts, Gujarat	14.7	0.25	0.25	Implementing Agency -IL&FS
9	Social Entrepreneurship	Promotion of Education, special education and vocational skills	Gujarat State	22.4	0	0	NA

10	Livelihood Project (Agriculture Development, Animal Husbandry Development Project,	Eradicating hunger and poverty and malnutrition, promoting health care sanitation & safe drinking water and Ensuring Environmental Sustainability, ecological balance, wildlife & natural resources conservation	Devbhoomi Dwarka & Jamnagar Districts, Gujarat	31.9	31.82	98.16	Implementing Agency - Baif Institute for sustainable Livelihoods & Development and Arid Communities & Technologies
11	Small Grants/ Infrastructure Development/ Rural Development Projects	Rural Development Projects	Devbhoomi Dwarka & Jamnagar Districts, Gujarat	14.7	6.31	6.31	Direct
12	Monitoring and Evaluation of CSR Projects, Third Party Assessment,	External Assessment, Monitoring and Evaluation, Training and capacity building	Devbhoomi Dwarka & Jamnagar Districts, Gujarat, Mumbai, Maharashtra	10.2	2.19	2.19	Implementing Agency - Think Through Consultancy & Direct
13	Scholarships to Girl Child	Promotion of Education, special education and vocational skills	Pan India (Retail Business)	25.0	1.83	1.83	Direct
14	Construction of School Building at Wardha	Promotion of Education, special education and vocational skills	Wardha (Retail Business), Maharashtra		3.57	3.57	Implementing Agency - Abhishek Enterprise
15	Exposure visit for differently abled children	Promotion of Education, special education and vocational skills	Wardha (Retail Business), Maharashtra		0.25	0.25	Direct
16	Drinking water Arrangement	Promotion of Education, special education and vocational skills	Devghar (Retail Business), Jharkhand		0.02	0.02	Direct

6. **Reasons for shortfall in spent, if any** – The reasons for shortfall are set out in the Board Report.

7. **Responsibility statement of the CSR Committee** - The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

**For and on behalf of the CSR, Safety and Sustainability Committee.**

July 24, 2019  
Mumbai

**B. Anand**  
Chief Executive Officer

**Naina Lal Kidwai**  
(DIN: 00017806)  
Chairperson of the CSR,  
Safety and Sustainability Committee

# Annexure – B

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,  
The Members,  
**NAYARA ENERGY LIMITED**  
**(Formerly ESSAR OIL LIMITED)**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Nayara Energy Limited (Formerly Essar Oil Limited) (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the audit period)
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the audit period)

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- (v) Other laws applicable specifically to the Company namely:
  - 1. Petroleum Act, 1934 and rules made thereunder;
  - 2. Merchant Shipping Act, 1958 and Rules made thereunder; and
  - 3. Essential Commodity Act, 1955 and relevant orders
  - 4. Explosives Act, 1884
  - 5. Gas Cylinders Rules, 2006

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above. The Company has spent an amount of ₹ 90 million against the amount of ₹ 211 million to be spent during the year towards Corporate Social

Responsibility. The remuneration paid to Executive Chairman and Director & Head Refinery is subject to the approval of shareholders

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board Meetings. The agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following events occurred which had bearing on the Company's affairs

in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

1. During the year, the Company allotted 2400 Secured, Rated, Unlisted, Redeemable, Non-Convertible Debentures of ₹ 1,00,00,000 each on private placement basis for an aggregate consideration of Rs 2400 crores.
2. Pursuant to the Scheme of Amalgamation approved by the Hon'ble National Company Law Tribunal, Vadinar Power Company Limited and Nayara Energy Properties Limited (formerly Vadinar Properties Limited), wholly owned subsidiaries of the Company were amalgamated with the Company effective 30.11.2018.

**For Parikh Parekh & Associates  
Company Secretaries**

**Signature:  
P. N. Parikh  
Partner**

**FCS No: 327  
CP No: 1228**

**Place: Mumbai  
Date: July 24, 2019**

This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

## Annexure - A

To,  
The Members

**NAYARA ENERGY LIMITED  
(Formerly ESSAR OIL LIMITED)**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reason-able assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh Parekh & Associates  
Company Secretaries**

**Signature:  
P. N. Parikh  
Partner**

**FCS No: 327  
CP No: 1228**

**Place: Mumbai  
Date: July 24, 2019**

# Annexure – C

## Form No. AOC 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis – Nil
2. Details of material contracts or arrangement or transactions at arm's length basis

Following are the material transactions undertaken by the Company during financial year 2018-19:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (1)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Trafigura Pte. Limited, Singapore (Trafigura)	Purchase of crude oil and supply of petroleum products	10 years commencing from August 14, 2017	Trafigura can offer to supply / offtake the crude to / products from the Company at market price and provide certain services to the Company in lieu of a fee.	August 1, 2017 and January 31, 2018	Nil
Nature of Relationship: Having significant influence since May 7, 2018 and indirectly holding 49.5% of the total share-holding of Kesani Enterprises Company Limited, Cyprus, which holds 49.13% of the paid up equity share capital of the Company.			The monetary value in each year during the tenure of the Contract is subject to the throughput of the Company, the actual imports and exports to be undertaken by the Company, the business plan and the prevailing prices of crude and products in the international markets apart from the extent to which Trafigura actually supplies or offtakes the barrels to / from the Company.		
Rosneft Trading SA, Switzerland (RTSA)	Purchase of crude oil and supply of petroleum products	10 years commencing from August 14, 2017	RTSA can offer to supply / offtake the crude to/products from the Company at market price and provide certain services to the Company in lieu of a fee.	August 1, 2017 and January 31, 2018	Nil
Nature of Relationship: Having significant influence since May 7, 2018 and fellow subsidiary of Rosneft Singapore Pte. Limited, which holds 49.13% equity shares of the Company.			The monetary value in each year during the tenure of the Contract is subject to the throughput of the Company, the actual imports and exports to be undertaken by the Company, the business plan and the prevailing prices of crude and products in the international markets apart from the extent to which RTSA actually supplies or offtakes the barrels to / from the Company.		

(1) For value of transactions during financial year 2018-19, please refer to Note No. 49 of the Standalone Financial Statements.

For and on behalf of the Board of Directors

July 24, 2019  
Mumbai

Charles Anthony Fountain  
Executive Chairman  
(DIN - 07719852)



# Annexure – D

## A. CONSERVATION OF ENERGY

For Nayara Energy, Energy conservation, efficient operation and minimizing operating expenses are areas of high priority. The refinery and marketing divisions take and implement various energy minimization schemes to improve energy performance.

The Energy conservation team at Refinery and Marketing in close collaboration with Technical support from Asset Development team identifies various opportunities and shapes them to schemes to reduce energy consumption, explores value addition from Renewable energy, and new concepts; while monitoring energy performance to reduce energy consumption. It is heartening to note that our Refinery energy performance in MBN (MBTU/BBL/NRGF or Thousand British Thermal Units / Barrel / Energy Factor) for FY 2018-19 being at 59.62 (after normalization), is one of the lowest among Indian Refineries as rated by Bureau of Energy Efficiency (BEE), which monitors energy performance for all Indian refineries.

Following sustained efforts were made during FY 2018 - 19 at refinery to minimize energy cost.

1. Continuous Catalytic Reformer unit - Installation of higher capacity of feed – effluent heat exchanger (Packinox) for better heat transfer.
2. Continuous Catalytic Reformer unit -Replacement of heater convection coil from stud type to fin type for better heat transfer.
3. Diesel Hydro Desulfurizer unit -Passing stack damper rectification and damaged glass tube replacement in air pre-heater.
4. Hydrogen Manufacturing unit-01- Routing of Sat Gas at higher temperature to HMU feed from Natural Gas Compressor discharge.
5. Crude Distillation Unit- Exchanger pass changed from 8 pass to 4 pass to reduce back pressure and increased pre-heat temperature.
6. Crude Distillation Unit- Raw crude booster pump impeller trimming done.
7. Captive Power Plant- Phase-2 cooling water pump bowl assembly replaced to reduce the circulation flow and achieve design delta Temperature.
8. Sulfur Recovery Unit- Stoppage of base Sour water stripper (SWS) & processing the same in SWS-01 & SWS-1A unit.
9. Electrical-Optimization in distribution transformer voltage level by adjusting transformer tap setting

across refinery.

10. Naphtha Hydro Treater -Replacement of heater convection coil from stud type to fin type for better heat transfer.
11. Utility- Replacement of cooling tower fan blade with efficient blades.

The above main energy conservation initiatives contributed to reduce total energy consumption of 7.95 Gcal/Hr for this year.

### (I) The steps taken by the Company for utilizing the alternate sources of energy

In Marketing business we conceived and commissioned utilization of alternate energy – Solar PV; to provide near about total power independence to recently setup POL depot at Wardha, Maharashtra. This fully automated Solar plant is designed to provide uninterrupted power with real time Grid and DG synchronization. With an installed capacity of 300kWp with design features pre-implemented for a seamless expansion to 1000kWp it is in sync with depot capacity expansion plans. Setup at a competitive project price of ₹ 48/Wp with Global Tier-1 modules and a simple payback much below 3 years including accelerated benefits, the project is designed to supply practically free power for the next 22 years besides the positive environmental impacts it creates.

### (II) The capital investment on energy conservation equipment

The Company spent capital investment to the tune of ₹ 255.22 million on various energy conservation schemes during this financial year at the refinery.

## B. TECHNOLOGY ABSORPTION

### (I) The efforts made towards technology absorption

After commissioning of VGOHT, DHDT, ISOM, DCU and HMU-1 units at refinery in 2011-12 and absorbing respective technologies, innovative ideas were implemented in further improving the capacities and performance of some of these units and some of base Refinery units.

1. Hydrogen Manufacturing unit (HMU 2) licensed by M/s Haldor Topse was commissioned during the year 2014-15 to meet the additional Hydrogen demand and technology has been fully absorbed.
2. VGOHT unit licensed by M/s UOP was converted to VGO Mild Hydrocracker during 2015-16 to

improve distillate yields and technology is fully absorbed.

3. NHT Unit licensed by M/s Axens was revamped during 2017-18 to increase the capacity to match the feed requirement of CCR and ISOM revamp cases and technology was fully absorbed.
4. ISOM Unit licensed by M/s UOP was revamped during 2017-18 to increase the unit capacity to maximize MS production and technology is fully absorbed.
5. CCR unit (Revamp) licensed by M/s Axens was revamped during 2018-19 to increase the capacity to maximize MS production. Technology was absorbed fully.
6. Sulphur Recovery Unit – 2 (SRU-2) licensed by M/s Jacobs was commissioned during 2018-19 and the technology has been fully absorbed.

**(II) The benefits derived like project improvement, cost reduction, project development or import substitution**

During the year, the Company installed a double stage vapor recovery system to capture and recycle VOCs released during tank lorry loading. While on one hand it complies to the MoEF&CC, Govt of India directives towards capturing harmful emissions, it is inherently designed as a value proposition post installation of VRS 1A & 1B units at ROs having a simple payback of about 4 years, and at the same time sends out very positive message to the society on our environmental commitments.

The R&D center at the Refinery continuously tries to address critical issues associated with different crude blends. Routine monitoring of prediction of fouling potential and compatibility of various crude blends before processing at refinery has resulted in smooth operation of both atmospheric crude distillation units of our refinery. Certain high viscous and pour point crudes were blended and subjected to compatibility study so to establish its stability; based on which various blended crudes are shipped.

Major R&D activities carried during the year were as follows:

- a) Removal of organic chloride from VGO to reduce overhead corrosion:
- b) Identifying oxygenate compounds for possible damage to isomerization catalyst:
- c) Separation of oil/water/sludge from de-salter effluent stream:

The benefits expected to derive from the above R&D activities are:

- a) The reduction of overhead corrosion increases the life of equipment reducing the maintenance & operating cost.
- b) This maintain activity of catalyst & conversion of product yield and also increase the life of isomerization catalyst by reducing damage to catalyst.
- c) Maximum possible recovery of oil from the sludge and the recovered oil can be further reprocessed. This will also reduce the total oily waste.

**(III) Expenditure on R & D**

Capital:	₹ 50.90 million
Recurring:	₹ 11.25 million
Total:	₹ 62.15 million
Total R & D expenditure as a percentage of total turnover – Negligible	

**C. FOREIGN EXCHANGE EARNING AND OUTGO:**

During the financial year, the Company earned foreign exchange of ₹ 394,368 million while foreign exchange outgo was ₹ 684,113 million.

**For and on behalf of the Board of Directors**

**July 24, 2019  
Mumbai**

**Charles Anthony Fountain  
Executive Chairman  
(DIN - 07719852)**

## Annexure – E

**Form No. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2019**  
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1)  
of the Company (Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

1 CIN	U11100GJ1989PLC032116
2 Registration Date	12-09-1989
3 Name of the Company	Nayara Energy Limited (Formerly 'Essar Oil Limited')*
4 Category / Sub-category of the Company	Public Limited Company
5 Address of the Registered office & contact details	Khambhalia, Post Box No-24, Dist. Devbhumi Dwarka, Gujarat, Tel: +91-2833-661444, Fax: +91-2833-662929, Email: CompanySec@nayaraenergy.com
6 Whether listed company	No
7 Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Datamatics Business Solutions Limited, Unit: Nayara Energy Limited, Plot No. B-5, Part B Cross Lane, MIDC, Andheri (East), Mumbai – 400 093, Tel: +91-22-66712001 to 66712156, Fax: +91-22-66712209, Email: nayaraenergy@datamaticsbpm.com

\* Name of the Company has changed from 'Essar Oil Limited' to 'Nayara Energy Limited' w.e.f. May 25, 2018

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service*	% to Total Turnover of the Company
1	Refining and Marketing	19201	100

\* As per National Industrial Classification 2008 – Ministry of Statistics and Programme Implementation

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Nayara Energy Global Limited (Formerly 'Essar Oil Trading Mauritius Limited') C/o IQ EQ Corporate Services (Mauritius) Ltd., 33 Edith Cavell Street, Port Louis 11324, Mauritius	NA	Subsidiary Company	100	2(87)
2	Vadinar Oil Terminal Limited Nayara Refinery Site, 39 KM Stone, Okha Highway (SH-25) Khambhalia, Dist. Devbhumi Dwarka, Gujarat	U35111GJ1993PLC053434	Subsidiary Company	97.63	2(87)
3	Enneagon Limited C/o IQ EQ Corporate Services (Mauritius) Ltd., 33 Edith Cavell Street, Port Louis 11324, Mauritius	NA	Step Down Subsidiary Company	100 <sup>(1)</sup>	2(87)
4	Coviva Energy Terminals Limited (Formerly 'Vadinar Liquid Terminals Limited') Khambhalia, Post Box No. 24, Dist. Devbhumi Dwarka, Gujarat - 361305	U74140GJ2015PLC082393	Subsidiary Company	100 <sup>(2)</sup>	2(87)

<sup>(1)</sup> Entire shareholding in Enneagon Limited is held by Vadinar Oil Terminal Limited, subsidiary of the Company.

<sup>(2)</sup> 75% shareholding is held directly by the Company and balance 25% is held through Vadinar Oil Terminal Limited, subsidiary of the Company.

**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL (A)</b>	-	-	-	-	-	-	-	-	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	200	10,600	10,800	0.00	200	10,600	10,800	0.00	0.00
b) Banks / FI	7,172	6,300	13,472	0.00	7,172	6,300	13,472	0.00	0.00
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	300	300	0.00	-	300	300	0.00	0.00
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>7,372</b>	<b>17,200</b>	<b>24,572</b>	<b>0.00</b>	<b>7,372</b>	<b>17,200</b>	<b>24,572</b>	<b>0.00</b>	<b>0.00</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	243,805	46,651	290,456	0.00	238,920	46,601	285,521	0.00	0.00
ii) Overseas	513,189,039	-	513,189,039	34.43	513,189,039	-	513,189,039	34.43	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	10,045,081	14,341,793	24,386,874	1.64	10,289,814	14,108,330	24,398,144	1.64	0.00
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	74,366	217,700	292,066	0.02	72,816	217,800	290,616	0.02	0.00

c) Others (specify)	-	-	-	-	-	-	-	-	-
i) NRI Rep	199,584	620,150	819,734	0.06	197,743	606,800	804,543	0.05	(0.01)
ii) NRI Non-Rept	94,160	300	94,460	0.01	104,466	300	104,766	0.01	0.00
iii) Foreign Bodies	-	100	100	0.00	-	100	100	0.00	0.00
iv) Foreign National	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>523,846,035</b>	<b>15,226,694</b>	<b>539,072,729</b>	<b>36.17</b>	<b>524,092,798</b>	<b>14,979,931</b>	<b>539,072,729</b>	<b>36.17</b>	<b>0.00</b>
<b>Total Public (B)</b>	<b>523,853,407</b>	<b>15,243,894</b>	<b>539,097,301</b>	<b>36.17</b>	<b>524,100,170</b>	<b>14,997,131</b>	<b>539,097,301</b>	<b>36.17</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs*</b>	<b>951,463,854</b>	<b>-</b>	<b>951,463,854</b>	<b>63.83</b>	<b>951,463,854</b>	<b>-</b>	<b>951,463,854</b>	<b>63.83</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>1,475,317,261</b>	<b>15,243,894</b>	<b>1,490,561,155</b>	<b>100.00</b>	<b>1,475,564,024</b>	<b>14,997,131</b>	<b>1,490,561,155</b>	<b>100.00</b>	<b>0.00</b>

\* GDS represented by (a) 475731927 underlying equity shares are held by Rosneft Singapore Pte Limited and (b) 475731927 underlying equity shares are held by Kesani Enterprises Company Limited.

#### (ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
NIL								

#### (iii) Change in Promoters' Shareholding (Please specify, if here is no change)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year as on April 1, 2018		Date	Reason	Increase / Decrease in shareholding		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
NIL									

#### (iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		Increase during the year	Decrease during the year	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company			No. of Shares	% of total shares of the Company
1	Kesani Enterprises Company Limited	256,594,520	17.21	-	-	256,594,520	17.21
2	Rosneft Singapore Pte. Limited (Formerly Petrol Complex Pte Limited)	256,594,519	17.21	-	-	256,594,519	17.21
3	Fulchand Fojmal	*2,17,800	0.01	-	-	217,800	0.01
4	Md. Habibullah	42,450	0.00	-	-	42,450	0.00
5	Bharat Dhirajlal Shah	20,000	0.00	-	-	20,000	0.00
6	K Raheja Realty Private Limited	14,300	0.00	-	-	14,300	0.00
7	Santosh D Surana	11,916	0.00	950	-	12,866	0.00
8	Om Prakash Dhingra	10,000	0.00	-	-	10,000	0.00
9	Manimudra Vincom Private Limited	10,000	0.00	-	-	10,000	0.00
10	Bhartendu Ramesh Desai	10,000	0.00	-	-	10,000	0.00
11	Shashi Dev Khanna	10,000	0.00	-	-	10,000	0.00

\* Reconciled

#### Note:

Shareholding in folios having common PAN no. have been clubbed.

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name of Director and Key Managerial Personnel	Shareholding at the beginning of the year		Increase during the year	Decrease during the year	Cumulative Shareholding during the year	
		No. of Shares	% of total shares			No. of Shares	% of total shares
1	Mayank Bhargava	2	0.00	-	-	2	0.00

Apart from shareholding of Mr. Mayank Bhargava, as stated above, no Directors or Key Managerial Personnel of the Company are holding any shares in the Company.

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment.\*

(₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	166,846	-	-	166,846
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	202	-	-	202
<b>Total (i+ii+iii)</b>	<b>167,048</b>			<b>167,048</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	37,460	-	-	37,460
Reduction	(49,708)	-	-	(49,708)
Net Change	(12,248)	-	-	(12,248)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	154,598	-	-	154,598
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,779	-	-	1,779
<b>Total (i+ii+iii)</b>	<b>156,377</b>			<b>156,377</b>

\*Short term borrowings and interest accrued are shown on net basis.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Remuneration (Amount in ₹)
		Mr. Charles Anthony Fountain	Mr. C. Manoharan	
		Executive Chairman	Director & Head of Refinery	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	85,192,303	22,036,440	107,228,743
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify			
	- Contribution to provident fund	2,664,788	1,932,420	4,597,208
	- Performance Linked Incentives	-	22,400,006	22,400,006
	- Compensation in lieu of ESOP	-	30,465,689	30,465,689
	<b>Total (A)</b>	<b>87,857,091</b>	<b>76,834,555</b>	<b>164,691,646</b>
	<b>Ceiling as per the Act</b>			<b>10% of net profit</b>

**B. Remuneration to Other Directors**

Sr. No.	Name	Commission <sup>(1)</sup>	Sitting Fees	Total Remuneration (Amount in ₹)
<b>A) Non Executive Directors</b>				
1	Mr. Alexander Romanov	8,595,775	300,000	8,895,775
2	Mr. Andrew Balgarnie	9,546,270	900,000	10,446,270
3	Mr. Alexander Bogdashin	-	400,000	400,000
4	Mr. Alexey Karavaykin	-	200,000	200,000
5	Mr. Chin Hwee Tan	9,546,270	1,400,000	10,946,270
6	Mr. Didier Casimiro	-	800,000	800,000
7	Ms. Elena Sapozhnikova	8,595,775	200,000	8,795,775
8	Mr. Jonathan Kollek	9,039,339	1,000,000	10,039,339
9	Mr. Krzysztof Zielicki	9,546,270	1,100,000	10,646,270
10	Mr. Marcus Cooper	8,088,845	300,000	8,388,845
<b>Total (A)</b>		<b>62,958,544</b>	<b>6,600,000</b>	<b>69,558,544</b>
<b>B) Independent Directors</b>				
11	Mr. Deepak Kapoor	4,851,838	1,600,000	6,451,838
12	Ms. Naina Lal Kidwai	8,852,546	2,300,000	11,152,546
13	Mr. K N Venkatasubramanian	2,379,267	-	2,379,267
14	Mr. D J Thakkar	6,156,081	-	6,156,081
<b>Total (B)</b>		<b>22,239,732</b>	<b>3,900,000</b>	<b>17,604,384</b>
<b>Grand Total (A+B)</b>		<b>85,198,276</b>	<b>10,500,000</b>	<b>95,698,276</b>
<b>Overall Ceiling as per the Companies Act, 2013</b>		<b>1% of net profit</b>	<b>₹1,00,000 per meeting</b>	

<sup>(1)</sup> The Commission pertains to FY 2017 - 18 and paid in FY 2018-19

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

Sr. No.	Particulars of Remuneration Designation	Key Managerial Personnel			Total Remuneration (Amount in ₹)
		CEO	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	86,414,668	47,932,465	9,549,585	143,896,718
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify:				
	Contribution to Provident Fund	2,542,944	2,380,620	294,660	5,218,224
<b>Total</b>		<b>88,957,612</b>	<b>50,313,085</b>	<b>9,844,245</b>	<b>149,114,942</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

For and on behalf of the Board of Directors

July 24, 2019  
Mumbai

Charles Anthony Fountain  
Executive Chairman  
(DIN - 07719852)

# Financial Statements





# INDEPENDENT AUDITOR'S REPORT

To  
The Members of Nayara Energy Limited  
(Formerly known as 'Essar Oil Limited')

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone Financial Statements of Nayara Energy Limited (Formerly known as 'Essar Oil Limited') ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

### Basis for Opinion

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

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not

include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Annual report is expected to be made available to us after the date of this auditor's report. When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.  
  
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Other matters

As more fully described in note 50, the comparative financial information of the Company as at and for the year ended March 31, 2018 included in these Standalone Financial Statements have been restated to give the effect of the adjustments arising from the merger of Vadinar Power Company Limited and Nayara Energy Properties Limited, wholly owned subsidiaries of the Company, with the Company. In our opinion such adjustments have been properly applied.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with

Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion and according to the information and explanations given to us, the remuneration paid / provided to the directors of the Company for the year ended March 31, 2019 is in excess of the amounts permissible under section 197, read with Schedule V of the Act (refer Note 49);
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 39 to the Standalone Financial Statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 21 and 26 to the Standalone Financial Statements;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

**per Naman Agarwal**

Partner  
Membership Number: 502405

Place of Signature: New Delhi

Date: June 17, 2019

**ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE  
Re: Nayara Energy Limited (formerly known as “Essar Oil Limited”) (“the Company”)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management according to a phased program designed to cover all the assets once in three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year and no material discrepancies between the book records and the physical assets have been noticed.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 of the Act are applicable and hence not commented upon. The provisions of section 186 of the Act in so far as it relates to the investments made have been complied with by the Company. Further, in our opinion and according to the information and explanations given to us, since the Company is in the business of infrastructural facilities for petroleum, the provisions of section 186 of the Act in so far as they relate to grant of loans and guarantees and purchase of securities are not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of petroleum products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount* (₹ in Millions)	Period to which the amount relates	Forum where the dispute is pending
Gujarat Value Added Tax Act, 2003	Sales tax & interest	31,243	2008-09, 2010-11 to 2014-15	Jt. Commissioner (Appeal), Rajkot
		2	2007-08	Gujarat Sales Tax Tribunal
Rajasthan Value Added Tax Act, 2003	Sales tax & interest	104	2006-07, 2007-08, 2009-10, 2010-11	Rajasthan Sales Tax Tribunal
Central Sales Tax Act, 1956	Central sales tax & interest	7,331	2008-09 to 2010-11, 2012-13 to 2014-15, 2016-17	Jt. Commissioner (Appeal), Rajkot
		163	2010-11, 2011-12	Guwahati High Court
	Central sales tax, penalty & interest	76	2004-05	Supreme Court
Customs Act, 1962	Customs duty, interest, fine and penalty	2,727	2007-08 to 2010-11, 2012-13, 2013-14	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
		1,780	2007-08, 2009-10	Supreme Court
		326	2008-09, 2010-11 to 2012-13	Commissioner (Appeal)
		2	2009-10	Gujarat High Court
Central Excise Act, 1944	Excise duty, interest, fine and penalty	246	2006-07	Commissioner of Central Excise
		1,883	2006-07 to 2013-14, 2015-16	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
		700	2007-08 to 2009-10	Gujarat High Court
Service Tax Rules, 1994	Service tax & penalty	43	2004-05 to 2009-10, 2011-12, 2012-13	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
		13	2008-09	Commissioner (Appeals)
Madhya Pradesh Entry Tax Act, 1976	Entry tax, penalty & interest	1	2007-08, 2008-09	M.P. High Court (Indore)
Income Tax Act, 1961	Income tax and interest	2	1997-98	Supreme Court
		228	2003-04, 2010-11	Bombay High Court
		54	2011-12, 2014-15, 2015-16	Commissioner of Income Tax (Appeals)

\*Net of amounts paid under protest/ adjusted against refunds.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank, financial institution or dues to debenture holders. There are no dues in the nature of borrowings payable to government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of non-convertible debentures and term loans for the purposes for which they were raised. The Company has not raised monies by way of initial public offer/ further public offer and hence, not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, we report that remuneration of the directors for the year ended March 31, 2019 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by Rs 101 million. As informed by the management, the Company is in the process of seeking shareholders' approval through special resolution in the ensuing annual general meeting of the Company (refer note 49).
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Naman Agarwal**

Partner

Membership Number: 502405

Place: New Delhi

Date: June 17, 2019

## **ANNEXURE 2 REFERRED TO IN PARAGRAPH 2 (F) (UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE)**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Nayara Energy Limited (formerly known as “Essar Oil Limited”) (“the Company”), as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our

audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

A company’s internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of

the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019 based on the internal control over financial reporting criteria established

by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

**per Naman Agarwal**  
Partner  
Membership Number: 502405

Place of Signature: New Delhi  
Date: June 17, 2019



# Standalone Balance Sheet

As at March 31, 2019

(₹ in million)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018 (restated-refer note 50)
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Property, plant and equipment	6	408,154	404,340
(b) Capital work-in-progress	6	4,761	5,987
(c) Goodwill	6	10,324	10,324
(d) Other Intangible assets	6	264	330
(e) Financial assets			
(i) Investments	7	105,104	105,104
(ii) Other financial assets	8	8,235	5,965
(f) Other non-current assets	9	3,081	2,719
(g) Non-current tax assets (net)		6,821	3,726
<b>2) Current assets</b>			
(a) Inventories	10	94,690	73,531
(b) Financial assets			
(i) Investments	11	1,001	13,021
(ii) Trade receivables	12	36,891	29,270
(iii) Cash and cash equivalents	13	4,778	24,333
(iv) Bank balances other than (iii) above	14	6,283	10,101
(v) Loans	15	15	14
(vi) Other financial assets	16	6,770	5,524
(c) Other current assets	17	5,647	5,926
<b>TOTAL ASSETS</b>		<b>702,819</b>	<b>700,215</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	18	15,072	15,072
(b) Other equity	19	169,979	165,803
<b>LIABILITIES</b>			
<b>1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	89,370	78,783
(ii) Other financial liabilities	21	71,508	71,670
(b) Deferred tax liabilities (net)	22	72,661	68,523
(c) Other non-current liabilities	23	35,821	-
<b>2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	24	57,402	73,390
(ii) Trade payables	25		
- Total Outstanding dues of micro and small enterprises		23	26
- Total Outstanding dues of creditors other than micro and small enterprises		92,695	171,298
(iii) Other financial liabilities	26	71,527	21,234
(b) Other current liabilities	27	25,882	33,758
(c) Provisions	28	796	579
(d) Current tax liabilities (net)		83	79
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>702,819</b>	<b>700,215</b>

See accompanying notes to the standalone financial statements

As per our report of even date

For and on behalf of the Board of Directors

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
Firm Registration No. 301003E/E300005

**Chin Hwee Tan**  
Director  
DIN : 07703660

**Deepak Kapoor**  
Director  
DIN : 00162957

**per Naman Agarwal**  
Partner  
Membership No. 502405

**C. Manoharan**  
Director  
DIN : 00184471

**B. Anand**  
Chief Executive Officer

New Delhi, June 17, 2019

**Anup Vikal**  
Chief Financial Officer  
New Delhi, June 17, 2019

**Mayank Bhargava**  
Company Secretary

# Standalone Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in million)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018 (restated-refer note 50)
<b>Continuing Operations</b>			
<b>Income</b>			
Revenue from operations	29	987,129	855,618
Other income	30	17,187	12,086
<b>Total Income</b>		<b>1,004,316</b>	<b>867,704</b>
<b>Expenses</b>			
Cost of raw materials consumed		620,886	493,784
Excise duty		130,367	146,968
Purchases of stock-in-trade (petroleum products)		146,102	108,631
Changes in inventory of finished goods, stock-in-trade and work-in-progress	31	(2,310)	(6,061)
Employee benefits expense	32	5,267	4,910
Finance costs	33	22,329	27,705
Depreciation and amortisation expense	6	15,489	14,890
Other expenses	34	59,027	49,244
<b>Total expenses</b>		<b>997,157</b>	<b>840,071</b>
<b>Profit before exceptional items and tax</b>		7,159	27,633
Exceptional items	35	1,773	18,146
<b>Profit before tax</b>		5,386	9,487
<b>Tax expense:</b>	22		
(a) Current tax expenses		-	1,781
(b) Deferred tax expenses		1,944	1,463
<b>Total tax expenses</b>		<b>1,944</b>	<b>3,244</b>
<b>Profit from continuing operations</b>		3,442	6,243
<b>Discontinued operations</b>			
Loss from discontinued operations (after tax)	36	-	(923)
<b>Profit for the year</b>		3,442	5,320
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Remeasurement losses on defined benefit plans		(134)	(15)
Income tax effect		47	5
		(87)	(10)
<b>Items that will be reclassified to profit and loss</b>			
Effective portion of cash flow hedges (net)		1,153	(620)
Income tax effect		(403)	221
		750	(399)
Foreign currency monetary item translation difference account		109	(80)
Income tax effect		(38)	29
		71	(51)
<b>Other comprehensive income / (loss) for the year, net of tax</b>		734	(460)
<b>Total comprehensive income for the year (comprising profit and other comprehensive income / (loss) for the year)</b>		<b>4,176</b>	<b>4,860</b>

# Standalone Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in million)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018 (restated-refer note 50)
<b>Basic and diluted earnings / (loss) per share in ₹ (Face value ₹10 per share)</b>	<b>37</b>		
(1) For Continuing operations		<b>2.31</b>	<b>4.19</b>
(2) For Discontinuing operations		-	<b>(0.62)</b>
(3) For Continuing and discontinued operations		<b>2.31</b>	<b>3.57</b>

## See accompanying notes to the standalone financial statements

As per our report of even date

### For S. R. Batliboi & Co. LLP

Chartered Accountants  
Firm Registration No. 301003E/E300005

### per Naman Agarwal

Partner  
Membership No. 502405

New Delhi, June 17, 2019

For and on behalf of the Board of Directors

### Chin Hwee Tan

Director  
DIN : 07703660

### C. Manoharan

Director  
DIN : 00184471

### Anup Vikal

Chief Financial Officer

New Delhi, June 17, 2019

### Deepak Kapoor

Director  
DIN : 00162957

### B. Anand

Chief Executive Officer

### Mayank Bhargava

Company Secretary

# Standalone Statement of Cash Flows

for the year ended March 31, 2019

(₹ in million)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018 (restated-refer note 50)
<b>A Cash flow from operating activities</b>		
<b>Net profit before tax</b>	<b>5,386</b>	<b>8,564</b>
Adjustments for:		
Interest income	(1,372)	(4,188)
Dividend income	-	(5)
Depreciation and amortisation expense	15,489	14,890
Loss on disposal / discard of property, plant and equipment (net)	172	119
Capital work in progress written off (refer note 35)	-	2,970
Gain on investment / financial assets measured at FVTPL	(768)	(346)
Unwinding of finance guarantee obligation	(769)	-
Export obligation deferred income	(1,866)	-
Unrealised foreign exchange differences (net)	(2,710)	8,774
Net mark to market gain on derivative contracts	(1,353)	(148)
Net expected credit loss / (gain)	190	(4,453)
Doubtful debts written off	4	12
Capital creditors / Unspent liability and excess provision written back	-	(5,028)
Gain on discontinuance of an associate due to control acquisition	-	(1,891)
Loss from discontinued operations (refer note 36)	-	775
Interest expense	22,329	27,705
<b>Operating profit before working capital changes</b>	<b>34,732</b>	<b>47,750</b>
Adjustments for working capital changes:		
(Increase) in inventories	(21,159)	(3,007)
(Increase) / Decrease in trade and other receivables	(10,636)	179,235
Increase / (Decrease) in trade and other payables	9,810	(143,279)
<b>Cash generated from operating activities</b>	<b>12,747</b>	<b>80,699</b>
Income tax paid (net) (including interest)	(1,279)	(2,046)
<b>Net cash generated from operating activities</b>	<b>11,468</b>	<b>78,653</b>
<b>B Cash flow from investing activities</b>		
Payments for property, plant and equipment (including capital work in progress, Intangible assets, Capital advances and Capital creditors)	(15,259)	(4,262)
Proceeds from sale / (Payments for purchase) of short term investments (net)	12,788	(12,775)
Proceeds from sale of long term investments	-	99
Dividend income received	-	5
Realisation of deposits	-	43,355
Proceeds from disposal of a subsidiary	-	4,784
Payments for acquisition of business (net of ₹5 million of cash acquired - refer note 50)	-	(2,948)
Payments for acquisition of subsidiary	-	(43,408)
Encashment of short term bank deposits (net)	3,820	5,240
Placement of inter-corporate deposits	(1)	(3,310)
Refund of inter-corporate deposits	-	4,571
Interest received	2,204	5,636
<b>Net cash generated from / (used in) investing activities</b>	<b>3,552</b>	<b>(3,013)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from long-term borrowings	24,000	60,330
Repayment of long-term borrowings	(22,145)	(79,960)
Proceeds from short-term borrowings	55,000	70,715
Repayment of short-term borrowings	(82,782)	(99,383)
Net changes in short term borrowings of less than 3 months	10,189	2,824
Finance cost paid	(20,566)	(21,867)
<b>Net cash (used in) financing activities</b>	<b>(36,304)</b>	<b>(67,341)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(21,284)</b>	<b>8,299</b>
<b>Net exchange differences on foreign currency bank balances</b>	<b>(0)</b>	<b>(0)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>24,342</b>	<b>16,043</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,058</b>	<b>24,342</b>

# Standalone Statement of Cash Flows

for the year ended March 31, 2019

(₹ in million)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018 (restated-refer note 50)
<b>Composition of Cash and cash equivalents included in the statement of cash flows comprise of the following balance sheet amounts:</b>		
<b>Cash and cash equivalents as per the balance sheet (refer note 13)</b>	4,778	24,333
<b>Add: Earmarked bank balances (refer note 14)</b>	9	9
<b>Less: Bank overdraft (refer note 24)</b>	(1,729)	0
<b>Total</b>	<b>3,058</b>	<b>24,342</b>

## Reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities

Particulars	As at April 1, 2018	Cash changes (net)	Non cash changes (net)	As at March 31, 2019
Long term borrowings including current maturities classified in other financial liabilities	93,456	1,855	1,885	97,196
Short term borrowings*	73,390	(17,593)	(124)	55,673

Particulars	As at April 1, 2017	Cash changes (net)	Non cash changes (net)	As at March 31, 2018
Long term borrowings including current maturities classified in other financial liabilities	106,763	(19,630)	6,323	93,456
Short term borrowings*	99,234	(25,844)	-	73,390

\*Excluding bank overdraft disclosed as part of cash and cash equivalent for the purpose of cashflow statement.

### Notes:

- The above cash flow from operating activities has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS)7- Statement of cash flows.
- During the previous year, the Company adjusted its receivables of ₹ 25,670 million and ₹ 3,297 million against the purchase consideration payable for acquiring the equity shares of Vadinar Oil Terminal Limited and acquisition of business of Vadinar Power Company Limited respectively. This being a non-cash transaction has not formed part of the above cash flow statement.
- Interest received on certain financial/ other assets and cash repayment of customer advances are being included under investing and operating activities, respectively, to reflect substance of the transactions. To ensure comparability, the Company has also reclassified previous year figures resulting in higher cash flows of ₹ 3,704 million from investing activities, higher cash flows of ₹ 805 million from financing activities, with a corresponding reduction in operating cash flows.
- Refer note 50 regarding merger of VPCL and NEPL with the Company. The Statement of Cash Flows for the year ended March 31, 2018 has been restated to give effect to the merger.

As per our report of even date

For and on behalf of the Board of Directors

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
Firm Registration No. 301003E/E300005

**Chin Hwee Tan**  
Director  
DIN : 07703660

**Deepak Kapoor**  
Director  
DIN : 00162957

**per Naman Agarwal**  
Partner  
Membership No. 502405

**C. Manoharan**  
Director  
DIN : 00184471

**B. Anand**  
Chief Executive Officer

New Delhi, June 17, 2019

**Anup Vikal**  
Chief Financial Officer

**Mayank Bhargava**  
Company Secretary

New Delhi, June 17, 2019

# Standalone Statement of Changes in Equity

for the year ended March 31, 2019

Particulars	For the year ended March 31, 2018	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance	15,072	15,072
Closing balance	15,072	15,072

a. Equity Share Capital (₹ in million)

## b. Other Equity Statement of Changes in equity for the year April 01, 2017 to March 31, 2018

(₹ in million)

Particulars	Reserves and Surplus						Total	
	Capital reserve	Securities premium	Debt redemption reserve	General reserve	Retained earnings	Effective portion of Cash Flow Hedges*		Foreign currency monetary item translation difference account
<b>Balance as at April 01, 2017</b>	409	78,014	108	488	81,957	(768)	(250)	1,59,958
Reserves assumed on merger of NEPL (refer note 50)	-	-	-	-	985	-	-	985
<b>Balance as at April 01, 2017 (Restated)</b>	409	78,014	108	488	82,942	(768)	(250)	1,60,943
Profit for the year (Restated refer note 50)	-	-	-	-	5,320	-	-	5,320
Other Comprehensive loss for the year	-	-	-	-	(10)	(399)	(51)	(460)
<b>Total Comprehensive income for the year</b>	-	-	-	-	5,310	(399)	(51)	4,860
Debt redemption reserve transferred to General Reserve	-	-	(106)	106	-	-	-	-
<b>Balance as at March 31, 2018 (Restated)</b>	409	78,014	2	594	88,252	(1,167)	(301)	1,65,803

# Standalone Statement of Changes in Equity

for the year ended March 31, 2019

Statement of Changes in equity for the year April 01, 2018 to March 31, 2019

(₹ in million)

Particulars	Reserves and Surplus					Other Comprehensive loss (OCI)			Total
	Capital reserve	Securities premium	Debt redemption reserve	General reserve	Retained Earnings	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account		
<b>Balance as at April 01, 2018 (restated)</b>	409	78,014	2	594	88,252	(1,167)	(301)	1,65,803	
Profit for the year	-	-	-	-	3,442	-	-	3,442	
Other Comprehensive income for the year	-	-	-	-	(87)	750	71	734	
<b>Total Comprehensive income for the year</b>	-	-	-	-	3,355	750	71	4,176	
Debt redemption reserve transferred to General Reserve	-	-	(2)	2	-	-	-	-	
<b>Balance as at March 31, 2019</b>	409	78,014	-	596	91,607	(417)	(230)	1,69,979	

\*1 including recycled from cash flow hedge reserve to statement of profit and loss account ₹ 16,520 million (net of tax) (Previous year ₹ 7,762 million)

As per our report of even date

**For S. R. Batliboi & Co. LLP**

Chartered Accountants  
Firm Registration No. 3011003E/E3000005

**per Naman Agarwal**

Partner  
Membership No. 502405

New Delhi, June 17, 2019

For and on behalf of the Board of Directors

**Chin Hwee Tan**

Director  
DIN : 07703660

**C. Manoharan**

Director  
DIN : 00184471

**Anup Vikal**

Chief Financial Officer

New Delhi, June 17, 2019

**Deepak Kapoor**

Director  
DIN : 00162957

**B. Anand**

Chief Executive Officer

**Mayank Bhargava**

Company Secretary

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 1. Corporate information

Nayara Energy Limited (formerly known as Essar Oil Limited) (the Company) is a public limited company incorporated under the provisions of the Companies Act, 1956 (since replaced by the Companies Act, 2013). The registered office of the Company is located at Devbhumi Dwarka, Gujarat, India. The Company is primarily engaged in the business of refining of crude oil, marketing of petroleum products in domestic and overseas markets. The Company owns India's second largest single site refinery at Vadinar, Gujarat with a current capacity of 20MMTPA. The Company has over 5,100 operational outlets and more than 2,600 outlets at various stages of completion.

The financial statements of Nayara Energy Limited for the year ended March 31, 2019 were authorised for issue in accordance with a resolution of the directors on June 17, 2019.

## 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind ASs), prescribed under Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These financial statements are prepared under the accrual basis and historical cost measurement, except for certain financial instruments (refer accounting policy on financial instruments), which are measured at fair values. The financial statements provide comparative information in respect of the previous period. The financial statements are presented in Indian National Rupee (₹) which is the functional currency of the Company, and all values are rounded to the nearest million, except where otherwise indicated. All amounts individually less than ₹ 0.5 million have been reported as "0".

## 3. Summary of significant accounting policies

### A. Fair value measurement

The Company measures financial instruments such as derivatives at fair value at each balance sheet date. The Company has also disclosed fair value of financial instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

assets, such as properties and unquoted financial assets, and significant liabilities.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (refer note 47)
- Quantitative disclosures of fair value measurement hierarchy (refer note 47)
- Financial instruments (including those carried at amortised cost) (refer note 47)

## B. Property, Plant and Equipment

Property, plant & equipment (PPE) is recorded at cost of acquisition less accumulated depreciation and impairment loss, if any. Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

Cost of acquisition comprises of all costs incurred to bring the assets to their present location and working condition up to the date the assets are ready for their intended use. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection including turnaround and maintenance is performed, its cost is recognised in the carrying amount of the plant and equipment if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

### Depreciation

Depreciation on PPE including assets whose ownership vests with a third party, is provided, pro-rata for the period of use, on a straight line method, as specified in schedule II of Companies Act, 2013 except in respect of

plant and machinery. The estimate of the useful life of these assets including catalysts has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Major inspection including turnaround and maintenance cost are depreciated over the next cycle. The estimated useful life of items of property, plant and equipment is mentioned below:

Particulars	Estimated useful life (in years)
Temporary Building	3
Building including taken on lease	15-60
Plant and machinery	2-40
Furniture and fixtures	1-10
Office equipment	1-6
Vehicles	1-10

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

## C. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period, and treated as change in estimate, if any change is required.

The Company has estimated the useful life of software and licenses ranging from 3 - 5 years from the date of acquisition and amortises the same over the said period on a straight line basis.

## De-recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

## D. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of

profit and loss.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

## E. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease, transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

An operating lease is a lease other than a finance lease. Lease expenses and lease income are recognised in the statement of profit and loss on a straight line basis over the lease term.

## F. Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of crude oil purchased and coal inventory is determined on a first in first out basis and the cost of all other inventories is determined on a monthly weighted average basis.

## G. Revenue recognition (also refer note 5(i))

### (i) Sale of goods

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer. Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The recovery of excise duty flows to Company on its own account, revenue includes excise duty.

## (ii) Variable consideration

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The volume rebates give rise to variable consideration. The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. The Company applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

## H. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

## I. Retirement and other employee benefits

Contributions to defined contribution plans are recognised as expense on accrual basis when employees have rendered services and as when the contributions are due.

The Company determines the present value of the defined benefit obligation and fair value of plan assets. The net liability or assets represents the deficit or surplus in the Company's defined benefit plans. (The surplus is limited to the present value of economic

benefits available in the form of refunds from the plans or reductions in future contributions to the plans). The present value of the obligation is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each year.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and  
The date that the Company recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under the head 'employee benefit expense' in the statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

## J. Foreign currencies

### Transaction and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange difference arising on settlement/ restatement of long-term foreign currency monetary items recognized in the financial statements for the year ended March 31, 2016 prepared under previous GAAP, are capitalized as a part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period/ upto the date of settlement of such monetary item, whichever is earlier and charged to the Statement of Profit and Loss on annual basis. The un-amortised exchange difference is carried under other equity as "Foreign currency monetary item translation difference account" net of tax effect thereon, where applicable. Exchange difference arising on settlement / restatement of other items are charged to statement of profit and loss.

## K. Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations' results are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss (refer note 36).

## L. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments comprise of financial assets and financial liabilities. Financial assets primarily comprise of loans and advances, deposits, trade receivables and cash and cash equivalents. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments. Derivatives can be financial assets or financial liabilities depending on whether value is positive or negative respectively.

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

### (i) Financial Assets

#### a) Initial Recognition and measurement

The Company initially recognises loans and advances, deposits and debt securities issued on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. A financial asset is initially measured at fair value plus / minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### b) Classification of financial assets

On initial recognition, a financial asset is classified into one of the following categories:

- Financial assets other than equity investment at amortised cost
- Financial assets other than equity investment at fair value through other comprehensive income (FVTOCI)
- Financial assets other than equity investment at fair value through profit or loss (FVTPL)

Financial assets other than equity investment measured at amortised cost:

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to deposits, trade and other receivables.

Financial assets other than equity investment at FVTOCI:

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not designated at FVTPL;

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than equity investment at FVTPL:

FVTPL is a residual category for financial assets. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

## c) Equity Investments

All equity investments within the scope of Ind AS 109 are measured at fair value with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

The Company accounts for its equity investments in subsidiaries and associates at cost less impairment loss (if any). The impairment, if any, is assessed, determined and recognised in accordance with policy applicable to 'impairment of non-financial assets

## d) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

## e) Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value Through Profit and Loss (FVTPL). Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- For other assets, the Company uses 12 month Expected Credit Loss to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime Expected Credit Loss is used.
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables, the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

## f) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in the statement of profit and loss and is included in the 'Other income' line item.

## (ii) Financial liabilities / debt and equity instruments

### a) Classification as financial liability / debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument in Ind AS 32.

### b) Financial liabilities / debt

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings including payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments. Derivative can be financial assets or financial liabilities depending on whether value is positive or negative respectively.

### c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

### d) Financial liabilities:

The Company does not have any financial liabilities, except which is used to minimise accounting mismatch,

to be classified as at FVTPL. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

### e) Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the new liability recognised plus consideration paid or payable is recognised in the statement of profit and loss.

### (iii) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

## M. Derivative financial instruments and hedge accounting

### (i) Initial recognition and subsequent measurement of Derivative and embedded derivatives financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, commodity price and foreign exchange rate risks. These derivatives include foreign exchange forward contracts, foreign exchange options, commodity forward contracts,

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

interest rate swaps and cross / full currency swaps.

All derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The resulting gain or loss is recognised in the statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss or otherwise depends on the nature of the hedge item.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 'Financial Instruments' are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

## (ii) Hedge Accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

## (iii) Cash flow hedges

Changes in the fair value of derivatives/ hedging instruments that are designated and qualify as cash flow

hedges are deferred in the "Cash Flow Hedge Reserve". The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss. Amounts deferred in the Cash Flow Hedge Reserve Account are recycled in the statement of profit and loss in the periods when the hedged item is recognised and affects the statement of profit and loss, in the same line as the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In case of cash flow hedges, any cumulative gain or loss deferred in the Cash Flow Hedge Reserve Account at that time is retained and is recognised when the forecast transaction is ultimately recognised and affects the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred is recognised immediately in the statement of profit and loss.

## N. Borrowing Costs

Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

## O. Taxes

### (i) Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. However, recognition of deferred tax asset is subject to the following exceptions: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it

is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on the same taxable entity.

## (iii) Sales tax (includes value added tax and Goods and service tax)

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## P. Provisions and Contingent liabilities

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A contingent liability is a possible obligation that arises



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

## Q. Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## R. Exceptional items

Exceptional items are those items that management considers, by virtue of their size or incidence, should be disclosed separately to ensure that the financial information allows a better understanding of the underlying performance of the business in the year and facilitates more appropriate comparison with prior periods. Exceptional items are adjusted in arriving at profit before tax.

## 4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses and accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

## A. Critical accounting judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

### i) Determination of functional currency

The Management makes judgements in determining the functional currency based on economic substance of the transactions relevant to each entity in the Company. In concluding that Indian Rupees is the functional currency for the parent company, the management considered (i) the currency that mainly influences the sales prices for goods and services, the labour, material and other costs of providing goods and services, and (ii) the effect of the competitive forces and regulations of the country which mainly determine the sales prices of the goods and services. As no single currency was clearly dominant, the management also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained. The management has concluded that INR is the functional currency of the parent.

### ii) Impairment of Investment

The investment in subsidiaries are tested for impairment in accordance with provisions applicable to impairment of non-financial assets. Generally these investment are tested for impairment on individual basis. However if the individual investment are not capable of generating cash flows independently being part of cash generating units of the group, then the same are tested for impairment as a part of cash generating unit of the group. This involves significant judgement in terms of how the individual cash generating unit is contributing towards generation of cash flows of the group.

The Company has considered investments in Vadinar Oil Terminal Limited (VOTL) as part of refinery business for impairment testing purpose.

## B. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

## i) Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystalizing or cannot be quantified reliably are treated as contingent liabilities. Among other matters, such determination require involvement of legal and other subject matter experts. Depending on materiality, the Company may involve internal and/or external experts to make such assessment. Contingent liabilities are disclosed in the notes but are not recognized. (refer note 39)

## ii) Fair value measurements of financial instruments

When the fair values of financial assets or financial liabilities recognised or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 47 for further disclosures.

## iii) Duty drawback

Income on duty draw-back is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company claims draw-back of National Calamity Contingent duty (NCCD) on exports in line with duty drawback rules and recognizes the same as revenue. The claim by the Company, even though initially allowed has been disputed and withheld by the revenue authorities, however, based on legal advice, the Company is confident of recovery and continues to recognise the same {refer note 40 (A)}.

## iv) Impairment of non-financial assets

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 51 in Standalone financial statements..

## 5. Changes in accounting policies and Standards issued but not yet effective

- i. With effect from April 1, 2018, Ind AS 115 Revenue from Contracts with Customers supersedes Ind AS 18 Revenue and related Appendices. Ind AS 115 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The Company has adopted Ind AS 115 using the modified retrospective approach / cumulative catch-up transition method and hereby applied it to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. However, the effect on adoption of Ind AS 115 is immaterial, except additional presentation and disclosures in the financial statements.

The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgments, taking into consideration all of the relevant facts and

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company is primarily engaged in the business of refining of crude oil, marketing of petroleum products in domestic and overseas markets. Given below are the key aspects related to Ind AS 115 adoption and its transitional impact:

## (a) Sale of goods – Timing

The Company's contracts with customers for the sale of petroleum products generally include one performance obligation. The Company has concluded that revenue from sale of petroleum products should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the petroleum products. In most cases, this is aligned to timing of revenue recognition under the erstwhile Ind AS 18.

## (b) Provisionally priced sales

Some of the Company's sales of petroleum products contain provisional pricing features which are currently considered to be embedded derivatives. Under Ind AS 18, revenue is recognised at the estimated fair value of the total consideration received or receivable when the control is transferred, which is generally on delivery of the petroleum products. This fair value is based on the estimated forward price that the Company expects to receive at the end of the provisional price period. The subsequent changes in fair value are recognised in the statement of profit or loss each period until final settlement and presented as part of 'Revenue from Operations.

Ind AS 115 will not change the assessment of the impact of these provisional pricing features. Ind AS 115 states that if a contract is partially within scope of this standard and partially in the scope of another standard, an entity will first apply the separation and measurement requirements of the other standard(s). Therefore, to the extent that provisional pricing features are considered to be in the scope of another standard, they will be outside the scope of Ind AS 115 and the Company will be required to account for these in accordance with Ind AS 109. While Ind AS 115 does not prohibit impact of provisional pricing features to be described as revenue, it does contain specific disclosure requirements for revenue from contracts with customers. Specifically, it requires the Company to disclose revenue recognised

from contracts with customers separately from its other sources of revenue either in the statement of profit or loss or in the notes. Therefore, the Company needs to separately track impact of provisional pricing features separately to disclose these amounts separately from revenue related to contracts with customers.

The Company has estimated that the impact of provisional pricing features is not material and therefore not disclosed it separately.

## (c) Sale and purchase transactions

The Company has entered into contracts with customers for purchase as well as sale of petroleum products at different locations across India to meet their business requirements. Such sales and purchases are negotiated independently, priced based on the point of time when control of the asset is transferred to / from the customer, there is no minimum commitment to purchase or sale over a period of time and the settlement for purchases and sales are done on a gross basis. Considering those factors, the Company has concluded that such contracts cannot be considered as non-monetary exchange of similar goods or services. Accordingly, the Company continues to recognise them as independent transaction of purchase and sale of goods.

## (d) Advance received from customers

In many cases, the Company receives advances from its customers. Long terms advances, if any, are interest bearing at market rate of interest. Upon the adoption of Ind AS 115, for short-term advances, the Company has used the practical expedient, whereby it will not separate financing coupon. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to the customer will be one year or less.

Therefore, the adoption of Ind AS 115 did not have any material impact on the timing and amount of revenue recognition.

## (e) Presentation and disclosure requirements

As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

flows are affected by economic factors. Refer note 29 for the disclosure on disaggregated revenue.

Overall, the impact if the Company would have continued to apply the erstwhile Ind AS 18 - Revenue instead of Ind AS 115 - Revenue from Contract with Customers would have been immaterial on the financial statements of the Company for the period ended and as of March 31, 2019.

ii. In addition, the below amendments have also become effective for the Company from financial year beginning April 1, 2018. However, the management has evaluated and determined that the adoption of these amendments will not have any material impact on the financial statements since there are no such transactions or the Company's existing policies are aligned to these amendments:

- a. Amendment to Ind AS 12 Income Taxes – regarding recognition of deferred tax assets on unrealised losses
- b. Applying Appendix B of Ind AS 21 The Effects of Changes in Foreign Exchange Rates
- c. Amendment to Ind AS 28 Investments in Associates and Joint Ventures
- d. Amendment to Ind AS 40 Investment Property - regarding transfer of investment property
- e. Amendment to Ind AS 112 Disclosure of Interests in Other Entities – regarding disclosure requirements

### iii. Standards issued but not yet effective

#### a. Ind AS 116 – Leases

The new lease standard requires lessees to recognize assets and liabilities for leases on their balance sheets. Lessees applying Ind AS 116 will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The new standard will be applicable from the financial year

beginning on or after April 1, 2019. The Company has established an implementation team to implement Ind AS 116 related to lease accounting and it continues to evaluate the changes to accounting system and processes, and basis the evaluation done till date, the accounting of leasing arrangements are in respect of commercial and residential premises, retail outlets lands, use of branding activities and storage and handling facilities etc would be significantly impacted under new lease Standard. The Company is in progress of quantifying the impact and additional disclosures requirements that may be necessary.

#### b. Other changes to Ind AS

In addition to Ind AS 116, the MCA has also notified the following changes to Ind AS 116 which are effective from financial year beginning 1 April 2019. The Company will adopt these changes from the date effective; however, the adoption of these changes is unlikely to have any impact on the financial statements:

- Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
- Amendments to Ind AS 109: Prepayment Features with Negative Compensation
- Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement
- Amendments to Ind AS 28: Long-term interests in associates and joint ventures
- Annual improvement to Ind AS (2018): These improvements include:
  - (i) Amendments to Ind AS 103: Party to a Joint Arrangements obtains control of a business that is a Joint Operation
  - (ii) Amendments to Ind AS 111: Joint Arrangements
  - (iii) Amendments to Ind AS 12: Income Taxes
  - (iv) Amendments to Ind AS 23: Borrowing Costs

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 6. Property, Plant and Equipment, Goodwill, Other Intangible assets and Capital-Work-In-Progress

Description of the assets (₹ in million)

Description of the assets	Gross block (I)					Depreciation/amortisation (II)					Net block (III) = (I - II) As at March 31, 2018			
	As at April 01, 2017	Elimination of lease on account of Merger VPCL (refer note 5 below)	Elimination of lease on account of Merger NEPL (refer note 5 below)	Addition consequent to merger of subsidiary*	Additions	Deductions	As at March 31, 2018	As at April 1, 2017	Addition consequent to merger of subsidiary*	Elimination of lease on account of Merger VPCL (refer note 5 below)		Elimination of lease on account of Merger NEPL (refer note 5 below)	During the year	Deductions
<b>A) Property, Plant &amp; Equipment - Owned</b>														
Land (Freehold)	50,832	-	-	1,971	8	-	52,811	-	-	-	-	-	-	52,811
Buildings	7,786	-	-	3,206	207	-	11,199	2,043	331	-	-	417	-	2,791
Plant and machinery	350,734	-	-	35,222	1,585	55	387,486	30,634	14	-	-	14,132	16	44,764
Furniture and fixtures	157	-	-	18	9	3	181	92	5	-	-	19	3	113
Office equipments	749	-	-	10	119	118	760	456	4	-	-	103	89	474
Vehicles	105	-	-	1	27	12	121	79	-	-	-	8	10	77
<b>Total (I)</b>	<b>410,363</b>	<b>-</b>	<b>-</b>	<b>40,428</b>	<b>1,955</b>	<b>188</b>	<b>452,558</b>	<b>33,304</b>	<b>354</b>	<b>-</b>	<b>-</b>	<b>14,679</b>	<b>118</b>	<b>48,219</b>
														<b>404,339</b>
<b>Property, Plant &amp; Equipment obtained on finance lease</b>														
Land	2	-	-	-	-	-	2	2	-	-	-	-	-	2
Buildings	1,076	349	727	-	-	-	-	353	25	331	3	-	-	-
Plant and machinery	11,351	11,295	32	-	-	-	24	790	815	14	62	-	-	23
Furniture and fixtures	8	-	8	-	-	-	-	5	-	5	-	-	-	-
Office equipments	5	-	5	-	-	-	-	4	-	4	-	-	-	-
<b>Total (II)</b>	<b>12,442</b>	<b>11,644</b>	<b>772</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>1,154</b>	<b>840</b>	<b>354</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>25</b>
														<b>1</b>
<b>Total Property, Plant and Equipment (I+II)</b>	<b>422,805</b>	<b>11,644</b>	<b>772</b>	<b>40,428</b>	<b>1,955</b>	<b>188</b>	<b>452,584</b>	<b>34,458</b>	<b>354</b>	<b>840</b>	<b>354</b>	<b>14,744</b>	<b>118</b>	<b>48,244</b>
														<b>404,340</b>
<b>B) Capital Work In Progress</b>														
Capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	5,987
<b>C) Goodwill</b>														
Goodwill	10,324	-	-	-	-	-	10,324	-	-	-	-	-	-	10,324
<b>D) Other intangible assets</b>														
Softwares & licenses	923	-	-	1	203	69	1,058	640	-	-	-	146	58	728
<b>Total (A+B+C+D)</b>	<b>434,052</b>	<b>11,644</b>	<b>772</b>	<b>40,429</b>	<b>2,158</b>	<b>257</b>	<b>463,966</b>	<b>35,098</b>	<b>354</b>	<b>840</b>	<b>354</b>	<b>14,890</b>	<b>176</b>	<b>48,972</b>
														<b>420,981</b>

\* Includes amounts which were capitalized as having obtained on finance lease. Also refer note 5 below.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

Description of the assets	Gross block (I)				Depreciation / amortisation (II)			Net block (III) = (I - II) As at March 31, 2019
	As at April 01, 2018	Additions	Deductions	As at March 31, 2019	As at April 01, 2018	During the year	As at March 31, 2019	
<b>A) Property, Plant &amp; Equipment - Owned</b>								
Land (Freehold)	52,811	3	-	52,814	-	-	-	52,814
Buildings	11,199	842	1	12,040	2,791	396	3,187	8,853
Plant and machinery	387,486	18,057	7,707	397,836	44,764	14,820	7,697	345,949
Furniture and fixtures	181	89	2	268	113	22	1	134
Office equipments	760	188	6	942	474	111	5	580
Vehicles	121	8	9	120	77	9	8	78
<b>Total (I)</b>	<b>452,558</b>	<b>19,187</b>	<b>7,725</b>	<b>464,020</b>	<b>48,219</b>	<b>15,358</b>	<b>7,711</b>	<b>408,154</b>
<b>Property, Plant &amp; Equipment obtained on finance lease</b>								
Land	2	-	2	-	2	-	2	-
Plant and machinery	24	-	24	-	23	-	23	-
<b>Total (II)</b>	<b>26</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>25</b>	<b>-</b>
<b>Total Property, Plant and Equipment (I+II)</b>	<b>452,584</b>	<b>19,187</b>	<b>7,751</b>	<b>464,020</b>	<b>48,244</b>	<b>15,358</b>	<b>7,736</b>	<b>408,154</b>
<b>B) Capital Work In Progress</b>								
Capital work-in-progress								4,761
<b>C) Goodwill</b>								
Goodwill	10,324	-	-	10,324	-	-	-	10,324
<b>D) Other intangible assets</b>								
Softwares & licenses	1,058	65	-	1,123	728	131	-	859
<b>Total (A+B+C+D)</b>	<b>463,966</b>	<b>19,252</b>	<b>7,751</b>	<b>475,467</b>	<b>48,972</b>	<b>15,489</b>	<b>7,736</b>	<b>56,725</b>

For details of assets pledged as security, refer note 20 and 24

## Notes:

- Land having carrying value of ₹ 22,969 million (Previous year ₹ 22,969 million) has been given on operating lease which are being used for principal business activities of the company. A charge has been created on this land in favour of the lenders of the company's subsidiary.
- Land and building having carrying value of ₹ 2,676 million (Previous year ₹ 2,676 million) has been pledged for a loan taken by a third party. The Company is in the process of discussion with the lender for release of the pledge.
- Additions to plant and machinery include exchange loss on long-term foreign currency borrowing taken to finance property plant and equipment (refer note 3(I)) amounting to ₹ 1,774 million (Previous year loss of ₹ 54 million) and borrowing cost of ₹ 1,76 million (Previous year ₹ Nil).
- In line with its major maintenance practices, the Company completed major maintenance of its refinery and all other plant and machinery during turnaround activity. The Company incurred total cost of ₹ 9,460 million (including raw materials consumption of ₹ 1,202 million, salary of ₹ 242 million and other expense of ₹ 3,119 million) on the major maintenance activity which have been capitalised to the plant and machinery, with corresponding write-off of the net carrying value of the last turnaround.
- During the year, approval of a scheme of arrangement of Vadinar Power Company Limited ("VPL") and Nayara Energy Properties Limited ("NEPL") (formerly known as Vadinar Properties Limited ("VPL")) were received on November 30, 2018 and accordingly, gross block & accumulated depreciation as on 31 March 2018 has been restated (Refer note 50).

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 7 Investments (Non Current) (Unquoted)

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>1 Investment in equity shares of subsidiaries - At cost</b>		
31,43,23,454 (Previous year 31,43,23,454) equity shares of ₹10 each of Vadinar Oil Terminal Limited (VOTL)**#	1,05,104	1,05,104
100 (Previous year 100) equity shares of USD 1 each of Nayara Energy Global Limited {formerly known as Essar Oil Trading Mauritius Limited (EOTML)}	0	0
37,500 (Previous year 13,000) equity shares of ₹10 each of Coviva Energy Terminals Limited (CETL) (formerly known as Vadinar Liquid Terminals Limited (VLTL))	0	0
<b>2 Other Investments - At FVTPL</b>		
13,000,000 (Previous year 13,000,000) equity shares of ₹10 each of Petronet VK Limited*	-	-
1,584,000 (Previous year 1,584,000) equity shares of ₹10 each of Petronet CI Limited * @	-	-
10,000,000 (Previous year 10,000,000) equity shares of ₹0.10 each of Petronet India Limited * @	-	-
<b>Total</b>	<b>1,05,104</b>	<b>1,05,104</b>

Particulars	As at March 31, 2019	As at March 31, 2018
Investment at cost	1,05,104	1,05,104
Investment at fair value through profit and loss account	-	-
<b>Total</b>	<b>1,05,104</b>	<b>1,05,104</b>

Particulars	As at March 31, 2019	As at March 31, 2018
Aggregate amount of unquoted investments	1,05,104	1,05,104
<b>Total</b>	<b>1,05,104</b>	<b>1,05,104</b>

\* Investments are fair valued at Zero.

\*\* Includes ₹2,376 million (Previous year ₹2,376 million) representing the fair value of a financial guarantee issued in favour of the said subsidiary.

@ companies are under liquidation

# A charge has been created on investment in favour of lenders of Company and the said subsidiary as well.

For details of investments pledged as security against borrowings, refer note 20 and 24.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 8 Other Financial Assets (Non Current) (Unsecured and considered good, unless otherwise stated) (₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Security deposits (A)</b>	<b>306</b>	<b>279</b>
<b>Other receivables</b>		
Export incentive receivables {refer note 40(A)}	4,163	4,090
From Others {refer note 40(B)}		
- Considered good	926	1,594
- significant increase in credit risk	159	199
Less: Expected credit loss {refer note 47(C)(v)}	(159)	(199)
<b>(B)</b>	<b>5,089</b>	<b>5,684</b>
Bank Deposits with remaining maturity of more than twelve months	(C) 0	2
Interest accrued on bank deposits	(D) 0	0
Derivative Assets	(E) 2,840	-
<b>Total (A+B+C+D+E)</b>	<b>8,235</b>	<b>5,965</b>

For details of assets pledged as security against borrowings, refer note 20 and 24.

## 9 Other non-current assets (₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	645	586
Capital advances	59	201
Claim receivables	2,377	1,932
<b>Total</b>	<b>3,081</b>	<b>2,719</b>

For details of assets pledged as security against borrowings, refer note 20 and 24.

## 10 Inventories (₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials {including in transit ₹31,447 million (Previous year ₹13,615 million)}	55,560	36,704
Work-in-progress	18,761	17,931
Finished goods {including in transit ₹658 million (Previous year ₹1,513 million)}	14,497	13,016
Trading goods	-	1
Stores and spare parts {including in transit ₹ 21 million (Previous year ₹ 35 million)}	4,110	3,910
Other consumables {including in transit ₹ 701 million (Previous year Nil)}	1,762	1,969
<b>Total</b>	<b>94,690</b>	<b>73,531</b>

For details of inventories pledged as security against borrowings, refer note 20 and 24, refer note 3(F) for basis of valuation



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 11 Investments (Current) (₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in mutual funds - At FVTPL*	1,001	13,021
<b>Total</b>	<b>1,001</b>	<b>13,021</b>

\*Aggregate amount of quoted investments and market value thereof.  
For the Company's exposure to credit risks refer note 47(C)(v).

## 12 Trade receivables (₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables considered good - Unsecured *	36,891	29,270
Trade Receivables - credit impaired	8	8
	36,899	29,278
Less: Expected credit loss [refer note 47(C)(v)]	(8)	(8)
<b>Total</b>	<b>36,891</b>	<b>29,270</b>

\* Includes ₹2,266 million (Previous year ₹1,371 million) backed by letters of credit.  
For the Company's exposure to credit and currency risks, and loss allowances related to trade receivables, refer note 47.  
For amounts due from related parties, refer note 49.  
For details of assets pledged as security against borrowings, refer note 20 and 24.  
For details of bills discounting not meeting derecognition criteria, refer note 24.

The Company has discounted export bill receivables amounting to ₹4,508 million (As at March 31, 2018 Nil), on non-recourse basis. The management has assessed that the Company does not have any continuing involvement with the said bills discounted, except in an unlikely scenario of dispute arising with regard to the existence of the receivable discounted. Accordingly, the discounting meets derecognition criteria and the money received has been netted off from the trade receivables discounted.

## 13 Cash and cash equivalents (₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Balances with banks in:</b>		
- Current accounts	3,323	12,008
- Exchange earners' foreign currency (EEFC) accounts	1,446	10,793
- Deposits with original maturities less than 3 months*	-	1,500
<b>Cheques on hand</b>	8	31
<b>Cash on hand</b>	1	1
<b>Total</b>	<b>4,778</b>	<b>24,333</b>

\*Short-term deposits are made with banks for varying periods of up to three months depending on the immediate cash requirements of the Company and to earn interest at the respective short-term deposit rates.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 14 Bank balances other than Cash and cash equivalents (₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Earmarked bank balances (debenture / unclaimed debenture interest)	9	9
Margin deposits*	6,274	10,092
Other deposits	0	-
<b>Total</b>	<b>6,283</b>	<b>10,101</b>

\* Mainly placed as margin for letters of credit facilities, guarantees and short term borrowings obtained from banks and to earn interest at the respective bank deposit rates.

## 15 Loans (Current) (₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Inter Corporate Deposits to a related party considered good - Unsecured	15	14
<b>Total</b>	<b>15</b>	<b>14</b>

## 16 Other Financial Assets (Current) (₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Security deposits</b>		
To related parties		
- Considered good	-	1,801
To others		
- Considered good	201	170
	<b>(A)</b>	<b>1,971</b>
<b>Other receivables</b>		
From related parties		
- Considered good	2	2
From others		
- Considered good	2,537	1,565
Significant increase in credit risk	270	39
Less: Expected credit loss {refer note 47(C)(v)}	(270)	(39)
	<b>(B)</b>	<b>1,567</b>
Interest accrued on bank deposits	<b>(C)</b>	<b>220</b>
Derivative assets	<b>(D)</b>	<b>1,766</b>
<b>Total (A+B+C+D)</b>	<b>6,770</b>	<b>5,524</b>

For details of assets pledged as security against borrowings, refer note 20 and 24.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

**17 Other Current assets**

(Unsecured and considered good, unless otherwise stated)

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Advances recoverable in cash or in kind or for value to be received	783	834
Prepaid expenses	4,518	3,770
Balances with government authorities	304	778
<b>(A)</b>	<b>5,605</b>	<b>5,382</b>
<b>- Claims / other receivables</b>		
- Considered good	42	544
- Considered doubtful	-	148
Less: Provision for doubtful debt	-	(148)
<b>(B)</b>	<b>42</b>	<b>544</b>
<b>Total (A+B)</b>	<b>5,647</b>	<b>5,926</b>

For details of assets pledged as security against borrowings, refer note 20 and 24.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

**18 Equity Share capital**

(₹in million)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised*</b>				
Equity shares of ₹ 10 each	8,00,06,80,000	80,007	5,00,00,00,000	50,000
Preference Shares of ₹ 10 each	1,00,00,00,000	10,000	-	-
<b>Issued and subscribed</b>				
Equity shares of ₹ 10 each	1,55,24,87,155	15,525	1,55,24,87,155	15,525
<b>Paid up</b>				
Equity shares of ₹ 10 each fully paid up	1,49,05,61,155	14,906	1,49,05,61,155	14,906
Add : Forfeited shares - Equity shares of ₹ 10 each	6,19,26,000	166	6,19,26,000	166
		<b>15,072</b>		<b>15,072</b>

\* Pursuant to the Scheme (refer note 50) which became effective post filing of orders approving Scheme of Amalgamation of Vadinar Power Company Limited (VPCL) and Nayara Energy Properties Limited (NEPL) with the Registrar of Companies, on November 30, 2018, the authorized share capital of VPCL and NEPL aggregating to ₹40,007 million was combined with the authorized share capital of the Company resulting in increase in authorised share capital of the Company from ₹50,000 million (divided into 5,000,000,000 equity shares of ₹ 10 each) to ₹ 90,007 million (divided into 8,000,680,000 equity shares of ₹ 10 each and 1,000,000,000 preference shares of ₹ 10 each).

**a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year :**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Equity Shares outstanding at the beginning of the year	1,49,05,61,155	14,906	1,49,05,61,155	14,906
Add : Equity shares issued	-	-	-	-
Shares outstanding at the end of the year	<b>1,49,05,61,155</b>	<b>14,906</b>	<b>1,49,05,61,155</b>	<b>14,906</b>

The above includes 951,463,854 (Previous year 951,463,854) underlying equity shares represented by 6,218,718 (Previous year 6,218,718) outstanding global depository shares (GDS). Each GDS represents 153 underlying equity shares.

**b) The rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital:**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of an equity share is entitled to one vote per share.

The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Holders of GDS are entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of equity shares, less the fees and expenses payable under the Deposit Agreement and any Indian tax applicable to such dividends. The holders of GDS are entitled to instruct the Depository to exercise the voting rights, arising under the equity shares represented by the GDS at general meetings and through postal ballot. In the event of liquidation the rights of the GDS holders are equivalent to rights of the equity shareholders.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

c) **Details of shareholders holding more than 5% shares (including GDS) in the Company:**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	% of shares	Number of shares	% of shares
3,109,359 GDS held by Kesani Enterprise Company Ltd	475,731,927	31.92%	475,731,927	31.92%
3,109,359 GDS held by Rosneft Singapore Pte. Limited (Formerly known as Petrol Complex Pte. Limited)	475,731,927	31.92%	475,731,927	31.92%
Equity shares held by Kesani Enterprise Company Ltd	256,594,520	17.21%	256,594,520	17.21%
Equity shares held by Rosneft Singapore Pte. Limited (Formerly known as Petrol Complex Pte. Limited)	256,594,519	17.21%	256,594,519	17.21%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of equity shares

19 **Other equity**

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
General reserve	596	594
Retained earnings	91,607	88,252
<b>Other Comprehensive Income:</b>		
Cash flow hedge reserve	(417)	(1,167)
Foreign currency monetary item translation difference account	(230)	(301)
<b>Other Reserves:</b>		
Capital reserve	409	409
Securities premium	78,014	78,014
Debenture redemption reserve	-	2
<b>Total</b>	<b>1,69,979</b>	<b>1,65,803</b>

**General reserve:** Represents the reserve mainly created on account of amount transfer from debenture redemption reserve on redemption of debentures. It can be used for distribution to equity shareholders only after complying with restrictions contained in The Companies (Declaration and Payment of Dividend) Rules, 2014.

**Retained earnings:** Net earnings, retained by the company to be reinvested in its core business. It also includes fair valuation of property, plant and equipment and other assets done by the Company on transition to Ind AS and used as deemed cost of the concerned assets. Whether the Company can use these amount for distribution depend on specific requirements of the Companies Act, 2013 (as amended) and rules framed thereunder. Particularly, unrealised fair value gains cannot be used for dividend distribution.

**Cash flow hedge reserve:** Changes in the fair value of derivatives/ hedging instruments that are designated and qualify as cash flow hedges are deferred in the "Cash Flow Hedge Reserve". The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss. Amounts deferred in the Cash Flow Hedge Reserve Account are recycled in the statement of profit and loss in the periods when the hedged item is recognised and affects the statement of profit and loss, in the same line as the hedged item.

**Foreign currency monetary item translation difference account:** Represents exchange differences arising on reporting of long-term foreign currency monetary items that are accumulated and amortised over the balance period of such long-term liability by recognition as income or expense in each such periods.

**Capital reserve:** Created reserve can be utilised for issuance of bonus shares.

**Securities premium:** The amount in the account represents the additional amount shareholders paid for their issued shares that was in excess of the par value of those shares. The same can be utilised for the items specified under section 52 of the Companies Act, 2013.

**Debenture redemption reserve:** The Companies Act requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption, the same amount can be transferred to either retained earnings or general reserve.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

20 Borrowings		(₹in million)	
Particulars	As at March 31, 2019	As at March 31, 2018	
<b>Secured Borrowings - At amortised cost</b>			
Non convertible debentures	23860	7	
Term loans from banks*	73,336	93,449	
Current maturities of long term debt included under other financial liabilities (refer note 26)	(7,826)	(14,673)	
<b>Total</b>	<b>89,370</b>	<b>78,783</b>	

\* refer note 47(C)(ii) for borrowings outstanding in foreign currencies

A. Security for term loans and funded interest facilities from banks and debentures		(₹in million)	
Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
i)	Term loans, funded interest facilities and debentures are secured by first charge, ranking pari passu with other term lenders on all present and future immovable and movable assets (except certain leased out assets and fixed assets of power plant) other than current assets and over the rights, title and interests under project documents and over all licenses, permits, approvals, assignments, concessions and consents of project, security interest on rights, title and interests in trust and retention accounts and all sub accounts created there under, insurance policies and second ranking pari-passu charge on current assets with other term lenders. Outstanding amount as on 31 March 2018 has been paid during the current year	-	6,950
ii)	ECB loan is secured by first charge, ranking pari passu with other term lenders on all present and future immovable assets (except certain leased out assets and fixed assets of power plant), all present and future movable assets, security interest on the rights, title and interest under project documents, insurance policies and second charge pari-passu with other term lenders on the current assets.	23,166	27,267
iii)	Rupee and USD loan availed from various banks are secured by first charge, ranking pari-passu with other term lenders on the fixed assets (movable and immovable), both present and future of the Company except land parcels leased out to Vadinar Oil Terminal Limited, and fixed assets of power plant. Second charge, pari-passu with other term lenders on the current assets of the Company, first charge by way of assignment or security interest over all rights, titles, insurance and interest in all project documents to which the Company is a party, first charge on DSRA/margin as and when created.	36,507	44,720
iv)	Non convertible debentures are secured by first charge, ranking pari-passu with other lenders on the fixed assets (movable and immovable except certain leased out assets and fixed assets of power plant), both present and future of the Company in relation to Project, Second charge, pari-passu with other term lenders on the current assets of the Company, first charge by way of assignment or security interest over insurance policy.	23,860	-
v)	Rupee Term Loans along with interest are secured by first pari passu charge over both movable and immovable fixed assets, current assets of power plant of the Company, both present and future, Second charge, pari-passu with other term lenders on the current assets of the Company.	13,663	14,519
<b>Total</b>		<b>97,196</b>	<b>93,456</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## B. Repayment and other terms:

(₹ in million)

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
i)	Outstanding debentures consists of Nil (Previous year 5,58,600) – Secured redeemable non – convertible debentures (NCDs) of ₹ 105/- each. These amounts carry interest ranging from fixed rate of 12.50% p.a to a prime lending rate/ base rate of respective banks plus margin and is repayable from December 2014 to June 2018. Outstanding amount as on 31 March 2018 has been repaid during the current year	-	7
ii)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks is based on their prime lending rate / base rate / 1 month LIBOR plus margin (margin ranges from 2.12% p.a. to 3.00% p.a.) with different quarterly/annual repayment unequal instalments starting from December 2009 to March 2026. Outstanding amount as on 31 March 2018 has been prepaid during the current year	-	239
iii)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks is repayable in unequal instalments from March 2021 to March 2026 and carries interest rate of 4.98%. The Company has an option, subject to consent of the lenders, to prepay these facilities as per agreed terms at a reduced amount at any point of time during its term. Outstanding amount as on 31 March 2018 has been prepaid during the current year	-	6,235
iv)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks is repayable in 40 equal quarterly instalments beginning June 30, 2015 and carried interest rate of 4.98%. The Company has an option, subject to consent of the lenders, to prepay this facility as per agreed terms at a reduced amount at any point of time during its term. Outstanding amount as on 31 March 2018 has been prepaid during the current year	-	469
v)	ECB Loans carry interest rate of 3 months / 6 months LIBOR + margin ranging from 3.60% p.a. to 5.00% p.a. are repayable in unequal instalments starting from March 2015 and ending in March 2024.	23,166	27,267
vi)	Rupee loan and USD Loan from various lenders carry interest of respective lenders rate of 3/6 month MCLR/ 3 months USD LIBOR + spread ranging from 40 bps to 360 bps and is repayable in unequal instalments starting from June 2018 and ending to March 2038.	36,507	44,720
vii)	The rupee term loan facility from banks carry interest rate at bank's 3M MCLR + 0.90% is repayable in 51 structured quarterly instalments beginning December 31, 2017 and ending to June 2030.	13,663	14,519
viii)	Non convertible debentures carry fixed interest of 9.50% p.a. is repayable in a single bullet in July 2021.	23,860	-
<b>Total</b>		<b>97,196</b>	<b>93,456</b>

- C In March 2017, the Company and Vadinar Power Company Limited (VPCL) (now merged with the Company) applied to one of its lenders to prepay the entire outstanding loans along with applicable interest and prepayment penalty. The said lender did not respond to the said request and subsequently in August 2017, the Company and VPCL went ahead and prepaid all their dues to the said lender aggregating to ₹ 6,037 million (including interest and prepayment penalty of ₹ 77 million). The Company has issued legal notice and filed writ petition in Hon'ble High Court of Bombay against the lender, which is under consideration. During the year, Mr. R. Sudarsan, Nominee of the lender on the Board of Company has resigned. The Company has obtained legal advice on the current situation, as per which no additional liability should devolve on the Company with respect to its borrowings from the said lender and accordingly, the Company has not recorded any liability with respect to the same.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 21. Other financial liabilities (Non-Current)

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	64	0
Derivative Liabilities	1,296	424
Financial guarantee obligation liability	1,351	2,049
Advances received from customers - designated as cashflow hedge*	68,797	69,197
<b>Total</b>	<b>71,508</b>	<b>71,670</b>

\*Based on the substance of its obligation, the Company has classified prepayment received under the contracts in the nature of financial instruments as "other financial liability". To maintain consistency, the current and non current amount of ₹ 72,139 million (USD 1,109 million) for the comparative period has also been reclassified.

## 22. Taxation

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Deferred tax liabilities (Net)</b>	<b>72,661</b>	<b>68,523</b>
<b>Total</b>	<b>72,661</b>	<b>68,523</b>

### (A) Income tax expense / (benefit)

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018 (restated-refer note 50)
Current tax (A)	(A)	-	1,781
Deferred tax	(B)	1,944	1,463
<b>Total tax expense charged to statement of profit and loss</b>	<b>(A+B)</b>	<b>1,944</b>	<b>3,244</b>
<b>Deferred tax charged / (reversed) to other comprehensive income / (loss)</b>		<b>394</b>	<b>(255)</b>

### (B) The income tax expenses for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018 (restated-refer note 50)
<b>Profit before tax (net of loss from Discontinued Operations) for the year</b>	<b>5,386</b>	<b>8,564</b>
Statutory tax rate	34.944%	34.944%
<b>Expected income tax expense at statutory rates</b>	<b>1,882</b>	<b>2,993</b>
<b>Items giving rise to difference in tax</b>		
Deferred tax asset not recognised	-	244
Effect of change in indexed cost of land	(243)	(206)
Effect of change in Statutory tax rate	-	735
Income not chargeable to Tax	-	(661)
Others	305	139
<b>Total Income tax expense</b>	<b>1,944</b>	<b>3,244</b>
<b>Effective tax rate</b>	<b>36.09%</b>	<b>37.88%</b>



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

(C) Composition of deferred tax (assets) / liabilities:

Deferred tax balance in relation to	As at March 31, 2018	Recognised through profit and loss	Recognised in other comprehensive income	Impact on account of merger (refer note E below)	As at March 31, 2019
Difference in Property, plant and equipment	93,183	3,842	-	-	97,025
Carried forward unabsorbed depreciation	(17,515)	(5,530)	-	-	(23,045)
Carried forward Business Loss	-	(512)	-	-	(512)
Effect of mark to market accounting	(25)	786	394	-	1,155
Others	(3,666)	3,358	-	-	(309)
<b>Total (A)</b>	<b>71,977</b>	<b>1,944</b>	<b>394</b>	<b>-</b>	<b>74,314</b>
<b>MAT credit entitlement (Total B)</b>	<b>(3,454)</b>	<b>-</b>	<b>-</b>	<b>1,801</b>	<b>(1,653)</b>
<b>Total (A+B)</b>	<b>68,523</b>	<b>1,944</b>	<b>394</b>	<b>1,801</b>	<b>72,661</b>

Deferred tax balance in relation to	As at March 31, 2017	Recognised through profit and loss	Recognised in other comprehensive income	Impact on account of merger (refer note 50)	As at March 31, 2018
Difference in Property, plant and equipment	90,935	2,248	-	-	93,183
Carried forward unabsorbed depreciation	(13,928)	(3,587)	-	-	(17,515)
Effect of mark to market accounting	(771)	1,001	(255)	-	(25)
Others	(7,281)	3,582	-	33	(3,666)
<b>Total (A)</b>	<b>68,955</b>	<b>3,244</b>	<b>(255)</b>	<b>33</b>	<b>71,977</b>
<b>MAT credit entitlement (Total B)</b>	<b>(1,653)</b>	<b>(1,781)</b>	<b>-</b>	<b>(20)</b>	<b>(3,454)</b>
<b>Total (A+B)</b>	<b>67,302</b>	<b>1,463</b>	<b>(255)</b>	<b>13</b>	<b>68,523</b>

(D) The Company has not recognised deferred tax assets of ₹ 7,923 million (March 31, 2018 ₹ 7,923 million) on carried forward short term capital losses in the absence of a reasonable certainty towards their utilisation. These losses can be carried forward upto March 31, 2026.

(E) Pursuant to the merger of the Company with its subsidiaries, Vadinar Power Company Limited and Nayara Energy Properties Limited (refer note 50), current tax liability for the year ended March 31, 2018 has reduced by ₹ 1,801 million with a corresponding increase in the deferred tax charge. The effect of the same has been accounted for in the current year.

23. Other Non-Current Liabilities

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Advances received from customers	35,821	-
<b>Total</b>	<b>35,821</b>	<b>-</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

**24. Short term borrowings**

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured Borrowings</b>		
Buyers' credits and bills discounting* @	32,729	38,658
Bank overdraft	1,729	0
Short term loan from banks	14,971	21,891
Working capital demand loan from bank	7,973	12,841
<b>Total</b>	<b>57,402</b>	<b>73,390</b>

**Security for short term borrowing**

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Buyers' credits and bills discounting is Secured / to be secured by first charge on entire current assets of the company (existing and future) on a pari passu basis among lenders, second charge on Property Plant and Equipment including both present and future (except certain leased out assets and fixed assets of power plants) on a pari passu with other lenders, and certain shares of a related party on a pari passu with other lenders. The loan carries an interest rate which is determined and fixed on date of availing of the loan which is presently between 2.88% p.a. to 8.40% p.a and are repayable within 6 months of being drawn	32,729	38,658
b) Bank overdraft / cash credit from bank is secured by fixed deposits maintained with a bank and carries interest rate of 1% over fixed deposits rate and is repayable on demand	1,729	0
c) Short Term Loan of from bank is secured by first charge on entire current assets of the company (existing and future) on a pari passu basis among lenders; second charge on Property Plant and Equipment including both present and future (except certain leased out assets and fixed assets of power plants) on a pari passu with other lender, and certain shares of a related party on a pari passu with other lenders. The loan carries an interest rate of 3 months marginal cost of funds based lending rate (MCLR) plus spread of 0.60%p.a and 6 months marginal cost of funds based lending rate (MCLR) plus spread of 0.60% p.a i.e 8.95% to 9.40% and is repayable within six month of being drawn.	14,971	21,891
d) Working Capital Demand loan from bank is secured / to be secured by i) first charge on all current assets both present and future including all receivables ranking pari passu basis among lenders, second charge by way of mortgage of immovable and movable properties, including revenues both present and future on pari passu with other lenders and certain shares of a related party on a pari passu with other lenders. These loans carry an interest rate based on 3 months marginal cost of funds based lending rate (MCLR) i.e 8.55% p.a. These loans are repayable on demand.	7,973	12,841
<b>Total</b>	<b>57,402</b>	<b>73,390</b>
* The Company has discounted trade receivable on full recourse basis. Accordingly, the monies received on this account are shown as borrowings as the trade receivable does not meet de-recognition criteria. The related trade receivables have been disclosed under note 12	17,165	10,219

@ refer note 47 for borrowings outstanding in foreign currencies

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 25. Trade Payables

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of Micro and small enterprises (refer note 45)	23	26
Total outstanding dues of creditors other than Micro and small enterprises	92,695	171,298
<b>Total</b>	<b>92,718</b>	<b>171,324</b>

Trade payables are non-interest bearing and are normally settled within 0-90 days

## 26. Other financial liabilities (Current)

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long term debt (refer note 20)	7,826	14,673
Interest accrued but not due on borrowings	1,779	202
Capital creditors	1,038	776
Security deposits	208	163
Unclaimed debenture interest and principal (secured)#	10	10
Advances received from customers - designated as cashflow hedge (refer note 21 and note 49)	55,424	2,942
Other liabilities	3,167	718
Financial guarantee obligation liability	256	326
Derivative Liabilities	1,819	1,424
<b>Total</b>	<b>71,527</b>	<b>21,234</b>

#There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at balance sheet date.

## 27. Other Current liabilities

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory dues@	9,696	9,756
Advances received from customers	15,883	22,380
Export Obligation Deferred Income*	303	1,600
Other Liabilities	-	22
<b>Total</b>	<b>25,882</b>	<b>33,758</b>

\*In respect of unfulfilled export obligation of ₹ 256,993 million (Previous year ₹ 42,802 million)

@Statutory dues mainly includes contribution to PF, withholding taxes, excise duty and sales tax / GST etc.

## 28. Provisions (Current)

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Provision for employee</b>		
Compensated absences	367	244
Gratuity (refer note 48)	429	335
<b>Total</b>	<b>796</b>	<b>579</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 29. Revenue from operations

(₹in million)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue from sale of products #</b>		
Sale of manufactured products	829,974	740,822
Sale of traded goods	152,746	112,212
Other operating revenues (refer note 40(A))*	4,409	2,584
<b>Total</b>	<b>987,129</b>	<b>855,618</b>

\* Includes duty drawback income of ₹ 862 million (Previous year ₹ 972 million) and export obligation fulfilment income of ₹ 1,919 million (Previous year ₹ 165 million)

# Comprises of revenue from contract with customer of ₹ 1,005,291 million (recognised at a point in time) and ₹ 22,571 million pertaining to hedging loss related to sales which are recycled from the cash flow hedge reserve when the underlying sales contract is executed and concluded.

### Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers. The management believes that such disaggregation better depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

(₹in million)

Particulars	For the year ended March 31, 2019
Export sales (including deemed export amounting to ₹ 4,086 million)	362,478
National Oil marketing companies	267,213
Retail outlets	332,967
Others	42,633
<b>Total revenue from contracts with customers</b>	<b>1,005,291</b>

Up to June 30, 2017, all products of the Company were liable to excise duty. From July 1, 2017 onwards (i) the production of HSD and MS continues to be liable to excise duty, and (ii) for all other products, the excise duty has been replaced with the Goods and Service Tax (GST). The Company collects excise duty on its own account and, therefore, is included in revenue. In contrast, the Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of this change in indirect taxes and resultant accounting impact, revenue from operations for the year ended March 31, 2019 is not comparable with the year ended March 31, 2018.

(₹in million)

Contract balances	As at March 31, 2019
Trade receivables	36,891
Contract liabilities	175,925

Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days. As on March 31, 2019, ₹ 8 million has been recognised towards provision for expected credit losses on trade receivables.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

Contract assets are initially recognised for revenue earned from sale of the petroleum products when receipt of consideration is conditional on successful completion of billing shipment. Upon completion of billing milestone, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities include long-term / short-term advances received to deliver petroleum products. The significant increase in contract liabilities in 2018-19 was mainly due to net increase in long-term advances and short-term advances received from customers during the year.

(₹in million)

Particulars	For the year ended March 31, 2019
Revenue recognised out of contract liabilities outstanding at the beginning of the year	25,539

## Reconciliation of the amount of revenue from contract with customers with the contracted price

(₹in million)

Particulars	For the year ended March 31, 2019
Revenue as per contracted price	1,007,422
<b>Adjustments</b>	
Discount and incentives	(2,131)
<b>Revenue from contract with customers</b>	<b>1,005,291</b>

### Performance obligation

The performance obligation is satisfied upon delivery of the goods and services made as per the terms agreed with customers and payment is generally due within 0 to 30 days from delivery.

## 30 Other income

(₹in million)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Interest income</b>		
- Bank deposits (carried at amortised cost)	708	696
- Other financial assets (carried at amortised cost) {refer note 40(B)}	120	2,872
- Derivative instruments - not designated as hedge	544	620
	<b>1,372</b>	<b>4,188</b>
<b>Dividend income</b>		
- Dividend from equity investment-carried at FVTPL	-	5
<b>Other non-operating income</b>	805	1,203
<b>Other gains (net)</b>		
- Gain on settlement of commodity derivative - carried at FVTPL	13,473	-
- Gain on discontinuance of an associate due to control acquisition {refer note 50 (b)}	-	1,891
- Net gain on investments carried at FVTPL	768	346
- Unwinding of finance guarantee obligation	769	-
- Gain on reversal of Expected credit loss (net) {refer note 47(C)(v)}	-	4,453
<b>Total</b>	<b>17,187</b>	<b>12,086</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

31 Changes in inventories of finished goods, work-in-progress and stock-in-trade (₹ in million)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Opening inventories:</b>		
- Finished goods	13,016	8,574
- Work-in-progress	17,931	15,990
- Stock-in-trade	1	323
<b>(A)</b>	<b>30,948</b>	<b>24,887</b>
<b>Closing inventories:</b>		
- Finished goods	14,497	13,016
- Work-in-progress	18,761	17,931
- Stock-in-trade	-	1
<b>(B)</b>	<b>33,258</b>	<b>30,948</b>
<b>Net (Increase) in Inventory</b>	<b>Total (A) - (B)</b>	<b>(6,061)</b>
	<b>(2,310)</b>	<b>(6,061)</b>

32 Employee benefits expense* (₹ in million)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	4,757	4,435
Contribution to provident and other funds (refer note 48)	311	329
Staff welfare expenses	199	146
<b>Total</b>	<b>5,267</b>	<b>4,910</b>

\* net of ₹ 242 million (Previous year Nil) capitalised during turnaround (refer note 6).

33 Finance costs* (₹ in million)		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest		
a) On debentures	1,530	949
b) On term loans	7,122	14,110
c) On others	9,135	4,624
Exchange differences regarded as an adjustment to borrowing costs	123	-
Other finance charges	4,419	8,022
<b>Total</b>	<b>22,329</b>	<b>27,705</b>

\* net of ₹ 176 million (Previous year Nil) capitalised during the year (refer note 6).

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 34 Other expenses\*

(₹ in million)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of chemical, catalyst, stores and spare parts	3,248	2,645
Product and Intermediate material storage charges	14,875	13,440
Consumption of power, fuel and electricity	9,662	10,160
Rent / Return on investment / Adhoc Compensation to retail outlets	671	1,087
Freight and Forwarding Charges	9,662	6,623
Rent, rates and taxes	3,400	2,055
Insurance	621	552
Legal and professional fees (refer note 43 for remuneration to Statutory Auditors)	2,975	1,405
Repairs and maintenance	1,627	1,511
Debit balance / doubtful debts written off net of provision	4	12
Loss on disposal / discard of property, plant and equipment (net)	172	118
Exchange differences (net)	6,809	4,386
Trade Mark Fees	2,555	2,281
Sundry expenses**	2,556	2,969
Expected credit loss {refer note 47(C)(v)}	190	-
<b>Total</b>	<b>59,027</b>	<b>49,244</b>

\* net of ₹ 3,119 million (Previous year Nil) capitalised during turnaround (refer note 6).

\*\* refer note 44 for expenditure incurred towards corporate social responsibility.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 35 Exceptional items

Exceptional items comprise of		(₹ in million)	
Particulars		Year ended March 31, 2019	Year ended March 31, 2018
(A)	Variation in foreign exchange fluctuation on overdue crude purchase liabilities (net of earmarked bank balances) and other related costs	1,773	19,471
(B)	Write-off of Capital Work-in Progress expenses relating to petrochemical and expansion projects on reassessment	-	2,970
(C)	Write-back of a liability arising out of a settlement with a trade creditor	-	(4,295)
<b>Total</b>		<b>1,773</b>	<b>18,146</b>

## 36 Discontinued Operations

As a condition precedent to the Share Purchase Agreement (SPA), the Company transferred its Exploration and Production division on March 31, 2017 to its wholly owned subsidiary, Essar Oil and Gas Exploration India Limited. The Company had recorded a loss of ₹ 923 million (comprising of loss on sale of investment of ₹775 million and expenses of ₹148 million towards such discontinued operations) and the said subsidiary had been disposed-off during the year ended March 31, 2018.

## 37 Earnings / (loss) per share

The following table reflects the profit and data on equity shares used in the basic and diluted EPS computations:

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
<b>From Continuing operations</b>			
Profit attributable to ordinary equity share holders for basic and diluted earnings (₹ In million)	(A)	3,442	6,243
<b>From Discontinuing operations</b>			
Loss attributable to ordinary equity share holders for basic and diluted earnings (₹ In million)	(B)	-	(923)
<b>From Continuing &amp; Discontinuing operations</b>			
Profit attributable to ordinary equity share holders for basic and diluted earnings (₹ In million)	(C)	3,442	5,320
Weighted average number of ordinary shares for basic and diluted EPS	(D)	1,490,561,155	1,490,561,155
Nominal value of ordinary shares (₹)		10/-	10/-
<b>Basic and Diluted earnings / (loss) per share (₹)</b>			
For Continuing operations	<b>(A/D)</b>	<b>2.31</b>	<b>4.19</b>
For Discontinuing operations	<b>(B/D)</b>	<b>-</b>	<b>(0.62)</b>
For Continuing & Discontinuing operations	<b>(C/D)</b>	<b>2.31</b>	<b>3.57</b>



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 38 Capital and other commitments

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(A) Capital commitments :</b>	1,779	5,458
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
<b>(B) Other commitments</b>		
(i) The Company has entered into an arrangement for standby bareboat charter with Essar Shipping (Cyprus) Limited (ESCL) for 3 ships at an average rate of USD 8,300 per day per ship for upto a period of 8 years ending on September 29, 2023. This bareboat charter gets implemented only if ESCL defaults in its payment with its lenders. However, ESCL has agreed to indemnify the Company against all losses, in the event of the bareboat charters becoming effective.		
(ii) In February 2017, the Company entered into long-term brand license agreements with third parties towards use of brand and related trademarks, which were subsequently amended in August 2017. The amended brand licence agreements envisage an annual commitment of USD 35 million (₹ 2,421 million) with an annual escalation of 2% or US CPI ratio whichever is lower, for the term of initial 20 years (USD 35 million (₹ 2,277 million as at March 31, 2018). In case of earlier termination of these brand license agreements, the Company will be obliged to pay the net present value (discounted @ 10%) of the unpaid brand license fees.		

## 39 Contingent liabilities

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
(A) In respect of income tax demands on various issues	263	250
(B) In respect of Sales tax / VAT on sale of SKO and LPG to Oil marketing companies which were ultimately sold through Public Distribution system {includes likely reimbursement of ₹ 31,243 million (as at March 31, 2018 ₹ 25,413 million)}	39,204	31,959
(C) Other demands of Sales tax /VAT	818	818
(D) In respect of custom duty / excise duty / service tax mainly relating to classification of products sold, allowability of cenvat credit {includes likely reimbursement of ₹ 521 million (as at March 31, 2018 ₹ 496 million)}	7,851	7,236
(E) Claims filed by creditors of an erstwhile subsidiary (EOGEPL). The Company reserves its right to claim the entire amount back from the said entity.	555	1,030
(F) Reserve Bank of India (RBI) levied a penalty of ₹ 2,412 million (March 31, 2018: ₹ 2,412 million) on the Company for delay in the allotment of equity against advances for Global Depository Shares (GDS). The Company contested the penalty and appealed to the RBI Governor which was rejected, and The Company has challenged the same before the Bombay High Court through a writ petition. In the meanwhile, the Enforcement Directorate initiated and closed an investigation in the matter and the order is awaited. The management is of the opinion that it should get relief and at most be liable for a sum of ₹ 49 million only (Previous year ₹ 49 million) for which necessary provision has been made in these financial statements.		
(G) Pursuant to a take or pay arrangement (arising out of assignment of a contract for specified periods) for supply of Natural gas, a claim has been raised on the Company by the supplier for a sum of ₹ 17,957 million (including interest of ₹ 6,183 million) (As at March 31, 2018: ₹ 16,297 million including interest of ₹ 4,522 million), after adjusting an amount of ₹ 1,860 million realised by invoking the Bank Guarantee provided by the Company which has since been reimbursed by the assignor, as on March 31, 2019. The Company has disputed the entire claim and the matter is currently under arbitration. The Company on the basis of legal advice does not expect any material liability to devolve on the Company.		
(H) Other claims against the Company	1,928	1,365
Third party claims where the possibility of outflow of resources embodying economic benefits is remote, and includes show cause notices which have not yet converted to regulatory demands, have not been disclosed as contingent liabilities.		

- 40 (A) Other operating revenue includes ₹ 526 million (Previous year ₹ 503 million) towards duty drawback on National calamity contingent duty (NCCD) paid on imported crude which was recognised based on a favourable order of the Commissioner (Appeals). (refer note 29) The appeal filed by the department against this order is pending before the Gujarat High Court for hearing. The total receivables on these accounts are ₹ 4,013 million (As at March 31, 2018 ₹ 3,487 million) (refer note 8).
- (B) The Company has a receivable of ₹ 834 million (As at March 31, 2018 ₹ 1,550 million) (refer note 8) from a customer which includes interest income for the year of ₹ 78 million (Previous year ₹ 78 million) (refer note 30). The Hon'ble Supreme Court of India in July 2015 had ordered the customer to pay the amount and accordingly the Company is accruing interest in line with the order of the apex court for the period of delay in payment. The company has assessed the recoverability of both the above balances as highly probable and hence has considered them as good of recovery.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

- 41 The Hon'ble High Court of Gujarat, in response to the Company's petition, vide its orders dated August 04, 2006 and August 11, 2006 had allowed the Company to account for interest on debentures, for the period October 1998 to April 2012, on 'cash basis', which is payable over the period up to year 2026. As per the legal advice obtained by the Company, even after the implementation of the Companies Act 2013 and Ind-AS, the Company can continue to exercise its option to account for such interest cost on cash basis and has thus elected to do so. Had the Company accounted for the interest cost following the principles under Ind AS 109, the same would have had no material impact on these financial statements.

## 42 Leases

### Operating lease:

The Company's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings) / storage and handling facilities. The lease rentals are recognised under "Cost of raw materials consumed" or "Other expenses" as applicable. Further, the Company has taken land on lease for retail outlets. Such lease period ranges from 15 to 35 years, which can be extended subject to mutual consideration but can be terminated at the option of the Company.

### The Company as lessee

Future minimum rentals payable under non-cancellable operating leases are as follows:

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than one year	11,363	10,031
Later than one year but not later than five years	23,971	952
<b>Total</b>	<b>35,334</b>	<b>10,983</b>

The Company has entered into USD denominated lease and services contract (host contract) for handling and storage of crude and petroleum products with Vadinar Oil Terminal Limited (VOTL). The Company has assessed and determined that the foreign currency payments embedded in the host contract are not closely related to the host contract and should be treated separately. Accordingly, the Company has separated foreign currency embedded derivative and recognised change in the fair value of foreign currency derivative in the statement of profit and loss for the year ended March 31, 2019. {refer note 47 (C)(e) for sensitivity analysis}

## 43 Auditors' remuneration

(₹ in million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Statutory audit fee	16	15
Fee for review of interim financial information	11	7
Fee for tax audit and transfer pricing and other certifications*	4	1
Fee for audit and/or review of financial information for reporting to promoters	3	-
Fee for the audit of Special purpose historical IFRS financial statements prepared for the purpose of a proposed bond issue	30	-
Fee for other Services	-	1
Out of pocket expenses	1	0
<b>Total</b>	<b>65</b>	<b>24</b>

\* Includes ₹ 3 million (Previous year: nil) towards audit of special purpose financial statements and revised tax audit prepared to give effect of the merger referred to in note 50

Additionally a sum of ₹ 4 million (Previous year nil) was paid to the auditors for reporting to the erstwhile promoters, the cost for which has been reimbursed to the Company.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 44 Expenditure on Corporate Social Responsibility

The Company has incurred an amount of ₹ 90 million (March 31, 2018 ₹ 131 million) towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 and is included in other expenses.

(₹ in million)

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	In - cash	Yet to be paid in - cash	In - cash	Yet to be paid in - cash
(A) Gross amount required to be spent by the Company during the year	198		241	
(B) Amount spent on:				
(i) Construction / acquisition of assets	-	-	-	-
(ii) On purposes other than (i) above (for CSR projects)	84	6	125	6
<b>Total</b>	<b>84</b>	<b>6</b>	<b>125</b>	<b>6</b>

## 45 Details of dues to micro and small enterprises

The information regarding principal and interest pertaining to micro and small enterprises based on available details (as per Section 22 of the Micro, Small and Medium Enterprises Development Act 2006) is as under:

(₹ in million)

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	23	26
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	0
3	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	0	-
4	Payments made beyond the appointed day during the year	13	117
5	Interest due and payable for the period of delay	0	0
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
7	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

## 46 Capital Management

The primary objective of the Company's capital management is to maximise the shareholder value while safeguarding its ability to continue as a going concern.

For the purpose of the Company's capital management, capital includes issued capital, securities premium and all other equity reserves attributable to the equity holders. The Net debt comprises all long term and short term borrowings as well as export advances having original maturities for more than 1 year less cash and bank balances. The Company is not exposed to any external imposed capital requirements. Bank loans availed by the Company are subject to certain financial covenants and the Company is compliant with these financial covenants on the reporting date as per the terms of the loan agreements. There is no outstanding default on the repayment of loans (including interest thereon) as at March 31, 2019

The Company monitors its capital using gearing ratio, which is net debt divided to equity and underlying net debt. The following table summarizes the capital of the Company:

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Long term borrowings (refer note 20)	89,370	78,783
Short term borrowings (refer note 24)	57,402	73,390
Upfront fees	1,047	1,073
Current maturity of long term borrowing (refer note 26)	7,826	14,673
Export advances having original maturities for more than 1 year (current and non-current portion) (refer note 21 and 26)	124,221	72,139
<b>Total debt</b>	<b>279,866</b>	<b>240,058</b>
Less : Bank balances (refer note 14)	(6,283)	(10,101)
Less : Cash and cash equivalents (refer note 13)	(4,778)	(24,333)
<b>Total cash and bank balances</b>	<b>(11,061)</b>	<b>(34,434)</b>
<b>Net debt (a)</b>	<b>268,805</b>	<b>205,624</b>
Equity share capital (refer note 18)	15,072	15,072
Other equity (refer note 19)	169,979	165,803
<b>Total equity</b>	<b>185,051</b>	<b>180,875</b>
<b>Equity and underlying net debt (b)</b>	<b>453,856</b>	<b>386,499</b>
<b>Gearing ratio (a/b)</b>	<b>59.23%</b>	<b>53.20%</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 47 Financial Instruments

### A) Categories of financial instruments :

Given below is the category wise carrying amount of Company's financial instruments:

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
	Carrying Value	Carrying Value
<b>Financial Assets measured at amortised cost **</b>		
Loan*	15	14
Trade receivables*	19,655	20,911
Cash and cash equivalent*	4,778	24,333
Bank balances other than cash and cash equivalent*	6,283	10,101
Other financial assets*	8,278	9,723
<b>Total financial assets measured at amortised cost (A)</b>	<b>39,009</b>	<b>65,082</b>
<b>Financial Assets measured at fair value through profit and loss</b>		
Current investments	1,001	13,021
Trade receivables	17,236	8,359
Derivative assets not designated as cash flow hedge	3,996	1,766
<b>Total financial assets measured at fair value through profit and loss (B)</b>	<b>22,233</b>	<b>23,146</b>
<b>Financial Assets designated as cash flow hedge</b>		
Derivative assets designated as cash flow hedge	2,731	-
<b>Total financial assets designated as hedge (C)</b>	<b>2,731</b>	<b>-</b>
<b>Total financial assets (A+B+C)</b>	<b>63,972</b>	<b>88,228</b>
<b>Financial Liabilities measured at amortised cost</b>		
Long-term borrowings#*	97,196	93,456
Short-term borrowings*	57,402	73,390
Trade payables*	92,718	171,324
Other financial liabilities*	7,873	76,383
<b>Total financial liabilities measured at amortised cost (A)</b>	<b>255,189</b>	<b>414,553</b>
<b>Financial Liabilities measured at fair value</b>		
Derivative liabilities designated as cash flow hedge	2,067	167
Advance received from export customers - designated as cash flow hedge	124,221	-
Derivative liabilities not designated as cash flow hedge	1,048	1,681
<b>Total financial liabilities measured at fair value (B)</b>	<b>127,336</b>	<b>1,848</b>
<b>Total financial liabilities (A+B)</b>	<b>382,525</b>	<b>416,401</b>

#including current maturities of long-term borrowings

\* The management assessed that the fair value of these financial assets and liabilities approximate their carrying amounts due to the short term maturities of these instruments. For fair value of long term borrowings, refer below level wise disclosure.

\*\* Does not include investments in subsidiaries of ₹ 105,104 million (Mar 31, 2018: ₹ 105,104 million) which is being carried at cost.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

**B) Level wise disclosure of fair value for financial instruments requiring fair value measurement/ disclosure:**

Particulars	As at March 31, 2019	As at March 31, 2018	Level	Valuation techniques and key inputs
<b>Instruments measured at fair value</b>				
Investment in mutual funds	1,001	13,021	I	Net asset value declared by mutual fund
Trade receivables	17,236	8,359	II	Discounted cashflow - future cashflows are based on the terms of trade receivables. Cashflows are discounted at the current market rate reflecting current market risks.
Foreign currency forward exchange contracts-Assets	66	307	II	Interest rate swaps, foreign exchange forward / option contracts and commodity forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.
Foreign currency forward exchange contracts-Liabilities	942	33	II	
Foreign currency option contracts-Assets	-	32	II	
Foreign currency option contracts-Liabilities	29	-	II	
Commodity Derivative Contracts -Assets	1,881	-	II	
Commodity Derivative Contracts -Liabilities	699	1,248	II	
Currency swap contracts -Assets	850	-	II	
Currency swap contracts -Liabilities	889	-	II	
Interest rate swap contracts -Liabilities	556	567	II	
Embedded derivative -Assets	3,930	1,427	II	
Advance received from export customers*	124,221	-	II	Long-term advances are evaluated based on parameters such as interest rates, specific country risk factors, credit risk and other relevant risk characteristics of the advance. The fair value is determined using the discounted cash flow method. The future cash flows are based on terms of the advance. These cash flows are discounted at a rate that reflects current market rate and the current market risk. Also, being foreign currency, amounts are restated at the closing rate.
<b>Instruments at amortised cost</b>				
Long term borrowings (including current maturities)	97,469	93,456	II	Long-term fixed-rate and variable-rate borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and the risk characteristics of the financed project. The fair value is determined using the discounted cash flow method. The future cash flows are based on terms of the borrowing. These cash flows are discounted at a rate that reflects current market rate and the current market risk.

\* Physical commodity contracts, when used for trading purposes or readily convertible into cash and designated as at FVTPL for mitigating accounting mismatch, are treated as financial instrument. Unless designated as hedging instruments, such contracts are measured at fair value and associated gains and losses are recognised in statement of profit and loss.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## **C) Financial risk management objectives**

The Company's principal financial liabilities, other than derivatives, comprise loans and overdrafts, export advances and trade payables. The management treats the export advances as financial instruments for risk management purposes. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, cash and short-term deposits which arise directly from its operations. The Company also invests surplus resources in mutual fund or similar instruments.

The Company is subject to fluctuations in commodity prices and currency exchange rates due to nature of its operations. Risks arising from the Company's financial instruments are commodity price risk, foreign currency risk, interest rate risk, liquidity risk and credit risk. The Company enters into derivative transactions, primarily in the nature of commodity derivative contracts, forward currency contracts, currency swap contracts, currency options contracts and interest rate swap contracts. The purpose is to manage commodity price risk, currency risks and interest rate risks arising from the Company's operations. To mitigate risk, the Company may also designate existing foreign currency financial assets and liabilities as economic hedge against highly probable sale/ purchases.

The Company has a Risk Management Committee established by its Board of Directors overseeing the risk management framework and developing and monitoring Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identification and mapping controls against this risk, monitor the risk and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and Company's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

### **i) Commodity price risk**

The prices of refined petroleum products and crude oil are linked to the international prices. The Company's revenues, cost and inventories are exposed to the risk of fluctuation in prices of crude oil and petroleum products in the international markets. From time to time, the Company uses commodity derivative instruments to hedge the price risk of forecasted transactions such as forecast crude oil purchases and refined product sales. These derivative instruments are considered economic hedges for which changes in their fair value are recorded in the statement of Profit and Loss. However, in cases where the Company designates these derivative instruments as cash flow hedge, the effective portion of gain / loss on derivative is recognised in other comprehensive income and accumulated in equity. The amount is reclassified to statement of profit and loss when the hedged items impacts the statement of profit and loss.

The Company operates a risk management desk that uses hedging instruments to seek to reduce the impact of market volatility in crude oil and product prices on the Company's profitability. The Company's risk management desk uses a range of conventional oil price-related financial and commodity derivative instruments such as futures, swaps and options that are available in the commodity derivative markets. (The derivative instruments used for hedging purposes typically do not expose the company to market risk because the change in their market value is usually offset by an equal and opposite change in the market value of the underlying asset, liability or transaction being hedged). The Company's open positions in commodity derivative instruments are monitored and managed on a daily basis to ensure compliance with its stated risk management policy which has been approved by the management.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

Category wise break-up of commodity derivative contracts entered into by the Company and outstanding as at balance sheet date:

Particulars	Qty. in Barrels ('000)		Fair value of assets/ (liabilities) (₹ in million)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Cash flow hedges</b>				
<b>Crude oil</b>				
<b>Buy Positions</b>				
Less than 1 year	6,350	16,828	157	(291)
<b>Sell Positions</b>				
Less than 1 year	-	(500)	-	(17)
<b>Petroleum products</b>				
<b>Buy Positions</b>				
Less than 1 year	17,400	-	22	-
<b>Sell Positions</b>				
Less than 1 year	(21,620)	(15,783)	1,003	(940)

The line items in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities.

Credit balance in cash flow hedge reserve of ₹ 1,182 million as at March 31, 2019 (debit balance of ₹ 1,248 million as at March 31, 2018) on commodity derivative (gross of tax) contracts have been recognised in other comprehensive income.

There are no hedge ineffectiveness on the commodity derivative contracts during the reporting periods.

The following table details sensitivity to a 5% increase in the price of respective commodity. A positive number below indicates an increase in equity and negative number would be an inverse impact on equity.

Particulars	Impact on Equity (Net of taxes)	
	As at March 31, 2019	As at March 31, 2018
<b>Cash flow hedges</b>		
<b>Crude oil</b>		
<b>Buy Positions</b>		
Less than 1 year	7	6
<b>Sell Positions</b>		
Less than 1 year	-	(3)
<b>Petroleum products</b>		
<b>Buy Positions</b>		
Less than 1 year	27	-
<b>Sell Positions</b>		
Less than 1 year	(2,088)	(851)

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## ii) Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed as per advice of Risk Management Committee (RMC) within approved policy parameters.

a) The carrying amounts of the Company's monetary assets and liabilities denominated in different currencies are as follows:

As at March 31, 2019 :

Particulars	Assets		Liabilities*	
	₹ in million	FC in Million	₹ in million	FC in Million
USD	16,909	244	287,462	4,156
EURO	141	2	19,819	255
Other Currencies	2	0	392	20
<b>TOTAL</b>	<b>17,052</b>		<b>307,673</b>	

As at March 31, 2018 :

Particulars	Assets		Liabilities*	
	₹ in million	FC in Million	₹ in million	FC in Million
USD	19,019	292	254,821	3,918
EURO	1,185	15	64,993	806
Other Currencies	3	0	26	0
<b>TOTAL</b>	<b>20,207</b>		<b>319,840</b>	

\* includes borrowings in foreign currency USD 661 million (₹ 45,734 million) {(previous year USD 939 million and Euro 32 million (₹ 63,667 million)}.



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## b) Outstanding foreign currency forward exchange and option contracts

The Company has entered into foreign exchange forward and option contracts with the intention of reducing the foreign exchange risk of recognised assets and liabilities. These foreign exchange forward and option contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

### Not designated in hedging relationship

Particulars	Notional amounts (in Foreign Currency Mn)		Fair value of assets/ (liabilities) (₹ in million)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Forward Contracts:</b>				
<b>Buy US\$</b>				
Less than 3 months	535	591	(830)	189
<b>Sell US\$</b>				
Less than 3 months	-	115	-	3
<b>Buy EUR Sell US\$</b>				
Less than 3 months	216	472	(46)	82
<b>Options:</b>				
<b>Buy Call / Sell Put US\$</b>				
Less than 3 months	14	65	(29)	32

Sensitivity to a 5% increase in foreign currency rate is ₹ 1,672 million (Previous year ₹1,299 million) (net of tax). A positive number indicates an increase in profit and negative number would be an inverse impact on profit.

## c) Foreign currency embedded derivative

The Company has entered into USD denominated lease and services contract (host contract) for handling and storage of crude and petroleum products with Vadinar Oil Terminal Limited (VOTL). The Company has assessed and determined that the foreign currency payments embedded in the host contract are not closely related to the host contract and should be treated separately.

Particulars	Notional amounts (in Foreign Currency Mn)		Fair value of assets/ (liabilities) (₹ in million)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Embedded derivative</b>				
Lease and service payments in USD (remaining tenure)	724	151	3,930	1,427

- d) Effective April 1, 2018, the management has designated certain financial liabilities in foreign currency as cash flow hedges against highly probable future forecast sales. Such designation help the Company to reduce/ mitigate foreign exchange risk of related liabilities and highly probable sales as gain/ loss on restatement of liabilities is recognised in other comprehensive income . As at March 31, 2019 the Company has restated such liabilities amounting to ₹ 124,221 million (USD 1,796 million) at closing exchange rate and has taken the resultant loss to cash flow hedge reserve.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## e) Unhedged currency risk position:

The foreign currency (FC) exposure of the Company as at balance sheet date that have not been hedged by a derivative instrument or otherwise are given below:

### As at March 31, 2019:

Currency	Assets		Liabilities	
	₹ in million	FC in Million	₹ in million	FC in Million
USD	16,909	244	125,266	1,811
EURO	141	2	3,074	39
Other Currencies	2	0	392	20
<b>Total</b>	<b>17,052</b>		<b>128,732</b>	

### As at March 31, 2018:

Currency	Assets		Liabilities	
	₹ in million	FC in Million	₹ in million	FC in Million
USD	11,539	177	212,185	3,262
EURO	1,185	15	26,945	334
Other Currencies	3	0	26	0
<b>Total</b>	<b>12,727</b>		<b>239,156</b>	

The following table details sensitivity to a 5% increase in foreign currency rates. A positive number below indicates an increase in profit or equity and negative number would be an inverse impact on profit or equity.

(₹ in million)

Particulars	Impact on Profit (net of taxes)		Impact on Equity (net of taxes)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Receivable</b>				
USD	550	619	-	-
EURO	5	39	-	-
Other Currencies	0	0	-	-
<b>Payables</b>				
USD	(5,310)	(8,289)	(4,041)	-
EUR	(645)	(2,114)	-	-
Other Currencies	(13)	(1)	-	-

The above impact is inclusive of foreign currency restatement impact of embedded derivative separated from the host service/ lease contract with VOTL. With regard to the said derivative, a 5% increase / (decrease) in foreign currency exchange rates would result in ₹ 1,577 million (Previous year: ₹ 318 million) (net of tax) (decrease) / increase in profit respectively.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## f) Currency swap contracts

The Company has also entered into currency swap contracts to cover the currency risk on forecasted sales. The following table details the currency swap contracts outstanding at the end of the reporting period:

### Designated as cash flow hedges

Sell US\$	Notional amounts (in USD Mn)		Fair value of liabilities (net) (₹ in million)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Less than 1 year	12	-	720	-
1 year to 2 years	13	-	654	-
2 years to 5 years	282	-	(1,413)	-
<b>Total</b>	<b>307</b>	<b>-</b>	<b>(39)</b>	<b>-</b>

The line items in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities. Debit balance in cash flow hedge reserve of ₹ 393 million as at March 31, 2019 (debit balance of ₹ 624 million as at March 31, 2018) (Gross of tax) on currency swap contracts have been recognised in other comprehensive income. There are no hedge ineffectiveness on currency swap contracts during the reporting periods.

Sensitivity to a 5% increase in foreign currency rate is ₹ 740 million (Previous year Nil) (net of tax). A positive number indicates a decrease in equity and negative number would be an inverse impact on equity.

## iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The borrowings of the Company are denominated in rupees and US dollars with a mix of floating and fixed interest rate. The Company hedges its US dollar interest rate risk through interest rate swaps to reduce the floating interest rate risk. The Company has exposure to interest rate risk, arising principally on changes in base lending rates and LIBOR rates. Hedging activities are evaluated regularly to align with interest rate views and define risk appetite, ensuring that the most cost effective hedging strategies are applied.

The following table provides a breakdown of the Company's fixed and floating rate liabilities:

Particulars	(₹ in million)	
	As at March 31, 2019	As at March 31, 2018
Fixed rate borrowings	24,000	22,204
Floating rate borrowings	131,645	145,715
Export advances having original maturities for more than 1 year at floating rate of interest	124,221	72,139
<b>Total</b>	<b>279,866</b>	<b>240,058</b>
Less: Upfront fee	(1,047)	(1,073)
<b>Total</b>	<b>278,819</b>	<b>238,985</b>

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended March 31, 2019 would decrease / increase by ₹ 832 million (Previous year ₹ 709 million) (net of tax). This is mainly attributable to the Company's exposure to interest rates on its variable rate liabilities.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Interest rate swap contracts

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the cash flow exposures on the variable rate loan. The following tables detail the nominal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

Certain interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Company's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

## Designated as cash flow hedges

### Outstanding Contracts (Floating to Fixed)

Particulars	Notional amounts (in USD Mn)		Fair value of liabilities (₹ in million)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Less than 1 year	21	20	(93)	(66)
1 year to 2 years	24	24	(126)	(106)
2 years to 5 years	100	76	(263)	(230)
More than 5 years	-	45	-	(26)
<b>Total</b>	<b>145</b>	<b>165</b>	<b>(482)</b>	<b>(428)</b>

The line items in the balance sheet that include the above hedging instruments are other financial liabilities.

Credit balance in cash flow hedge reserve of ₹ 39 million as at March 31, 2019 (credit balance of ₹ 78 million as at March 31, 2018) on interest rate swap derivative contracts (gross of tax) has been recognised in other comprehensive income.

There are no hedge ineffectiveness on interest rate swap contracts during the reporting periods.

A 50 basis points increase (decrease) in interest rate and all other variables held constant would result in ₹ 105 million (previous year: ₹ 142 million) (net of tax) increase (decrease) in equity.

## Not designated as cash flow hedges

### Outstanding Contracts (Floating to Fixed)

Particulars	Notional amounts (in USD Mn)		Fair value of liabilities (₹ in million)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Less than 1 year	21	29	(49)	(76)
1 year to 2 years	23	21	(25)	(45)
2 years to 5 years	-	23	-	(18)
<b>Total</b>	<b>44</b>	<b>73</b>	<b>(74)</b>	<b>(139)</b>

A 50 basis points increase (decrease) in interest rate and all other variables held constant would result in ₹ 11 million (previous year: ₹ 23 million) (net of tax) increase (decrease) in profit.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## iv) Liquidity Risk

The Company monitors its risk of shortage of funds using cash flow forecasting models. These models consider the maturity of their financial investments, committed funding and projected cash flows from operations. The following tables detail the Company's remaining contractual maturity for its derivative and non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates existing at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay. Details of maturity profile are as given below.

(₹ in million)				
<b>As at March 31, 2019</b>	<b>&lt; 1 Year</b>	<b>1 &gt; 5 Years</b>	<b>&gt; 5 Years</b>	<b>Total</b>
Long term Borrowings including future interest	16,899	75,886	58,902	151,687
Short Term Borrowings including future interest	58,491	-	-	58,491
Trade payables	92,718	-	-	92,718
Other financial liabilities including future interest on export advance	65,426	54,542	26,810	146,778
Derivatives	1,819	1,296	-	3,115
<b>Total</b>	<b>235,353</b>	<b>131,724</b>	<b>85,712</b>	<b>452,789</b>
(₹ in million)				
<b>As at March 31, 2018</b>	<b>&lt; 1 Year</b>	<b>1 &gt; 5 Years</b>	<b>&gt; 5 Years</b>	<b>Total</b>
Long term Borrowings including future interest	21,802	52,696	76,479	150,977
Short Term Borrowings including future interest	75,293	-	-	75,293
Trade payables	171,324	-	-	171,324
Other financial liabilities including future interest on export advance	10,702	52,074	40,889	103,665
Derivatives	1,424	398	26	1,848
<b>Total</b>	<b>280,545</b>	<b>105,168</b>	<b>117,394</b>	<b>503,107</b>

The Company has undrawn committed facilities as at March 31, 2019 of ₹22,905 million (₹34,315 million as at March 31, 2018) with maturities ranging from one to two years.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## v) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Company's credit risk arises principally from the trade receivables, investments, cash & bank balances and derivatives.

The Company has issued financial guarantees to banks on behalf of and in respect of loan facilities availed by its subsidiary. In accordance with the policy of the Company (refer note 3(L)(iii)), The Company has recognised those guarantees as liability (refer note 21 and 26). The credit risk exposure relating these financial guarantees contracts as at March 31, 2019 is ₹ 29,754 million (As at March 31, 2018 is ₹ 34,913 million).

### Trade receivables:

Customer credit risk is managed centrally by the Company and is subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on extensive credit rating and individual credit limits and approved in accordance with the Delegation of Authority.

Credit risk on receivables is also mitigated, to some extent, by securing the same against letter of credit and guarantees of reputed nationalised and private sector banks. Trade receivables consist of a large number of customers spread across geographical areas with no significant concentration of credit risk. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue trade receivables. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit period on sale of goods ranges from 0 to 30 days with or without security. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The history of trade receivables shows a negligible allowance for bad and doubtful debts. Given below is the ageing of trade receivables of the Company:

### Ageing of trade receivables (gross):

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Not due	34,732	28,544
0-30 days	2,130	732
31-180 days	26	2
More than 181 days	11	-
<b>Total</b>	<b>36,899</b>	<b>29,278</b>

The Company does not have a legal right of offset against any amounts owed by the Company to the counterparties. Trade receivables have been given as collateral towards borrowings (refer note 20 and 24). Expected credit losses are provided based on the credit risk of the counterparties (refer note 12).

### Investments, cash and bank balances and derivatives

The Company's treasury function manages the financial risks related to the business. The Treasury function focuses on capital protection, liquidity and yield maximisation. Investment of surplus funds are made in reputed mutual funds and bank deposits. Counterparty credit limits are reviewed and approved by Board/Audit Committee of the Company. These limits are set to minimise the concentration of risks and therefore mitigates the financial loss through counterparty's potential failure to make payments. Expected credit losses are provided based on the credit risk of the counterparties.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. Further, commodity derivative contracts are entered only with international over the counterparties having high credit rating and thus the risk of default is minimised.

### Movement in the expected credit loss allowance

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	247	6,231
Expected credit loss recognised / (reversed) (net)	190	(4,453)
Bad debts written off	-	(1,531)
<b>Balance at the end of the year</b>	<b>437</b>	<b>247</b>

The Company's maximum exposure to the credit risk for the components of the balance sheet as at March 31, 2019 and March 31, 2018 is the carrying amounts mentioned in note 8, note 12, and note 16.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 48 Defined benefit plans

### (1) Defined benefit plans :

#### i) Gratuity Plan

In accordance with the Payment of Gratuity Act, 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan") for employees who have completed 5 years of service. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. The Gratuity plan is a funded plan and the Company makes contribution to LIC of India / SBI Life Insurance in India.

(₹ in million)

Sr. No.	Particulars	Gratuity (Funded)	
		As at March 31, 2019	As at March 31, 2018
<b>A</b>	<b>Net assets / liability recognised in the balance sheet</b>		
i	Present value of defined benefit obligation	762	505
ii	Fair value of plan assets	333	170
iii	Funded status - deficit (iii = ii-i)	<b>(429)</b>	<b>(335)</b>
iv	Net assets / (liability) recognised in the balance sheet	<b>(429)</b>	<b>(335)</b>
<b>B</b>	<b>Expenses recognised in profit and loss for the year</b>		
i	Service cost	54	38
ii	Past Service cost	-	86
iii	Interest cost	19	13
	<b>Components of defined benefit costs recognised in Profit and loss</b>	<b>73</b>	<b>137</b>
i	Actuarial losses - experience	115	17
i	Actuarial losses/(gains) - assumptions	19	(4)
iii	Return on plan assets greater than discount rate	0	2
	<b>Components of defined benefit costs recognised in Other Comprehensive Income</b>	<b>134</b>	<b>15</b>
	<b>Total expenses</b>	<b>208</b>	<b>152</b>
<b>C</b>	<b>Change in obligation and assets</b>		
<b>i</b>	<b>Change in defined benefit obligation</b>		
a	Defined benefit obligation at beginning of the year	505	334
b	Defined benefit obligation on account of acquisition of subsidiary	-	29
c	Current Service cost	54	38
d	Interest cost	37	25
e	Past Service cost	-	86
f	Acquisition adjustment / Transfer Out @	63	-
g	Actuarial losses - experience	115	17
h	Actuarial losses - demographic assumptions	-	-
i	Actuarial losses/(gains) - financial assumptions	19	(2)
j	Benefit payments	(30)	(22)
k	Employees contribution	-	-
l	Defined Benefit obligation at the end of the year	762	505
<b>ii</b>	<b>Change in fair value of assets</b>		
a	Fair value of plan assets at the beginning of the year	170	172
b	Fair value of plan assets on account of acquisition of subsidiaries	-	4
c	Acquisition adjustment / Transfer Out@	46	(11)
d	Interest income on plan assets	17	12
e	Contributions made	130	16
f	Return on plan assets lesser than discount rate	(0)	(2)
g	Benefits payments	(30)	(22)
h	Fair value of plan assets at the end of the year	333	170
<b>D</b>	<b>Actuarial assumptions</b>		
1	Discount rate (per annum)	7.10%	7.50%
2	Rate of salary increase	12.00%	12.00%
3	Rate of Withdrawal Rate	11.00%	11.00%
4	Mortality	<b>Indian Assured Lives Mortality (2006-08) Ult. Modified</b>	
<b>E</b>	<b>Percentage of each category of plan assets to total fair value of plan assets</b>		
	Administered by Life Insurance Corporation of India / State Bank Of India	100%	100%
<b>F</b>	<b>Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date</b>	<b>106</b>	<b>74</b>

@ Employees were transferred from / to related parties / other body corporates with credit for past services.

- Figures in bracket indicates negative value.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

**Notes:**

Weighted average duration of the defined benefit obligation is 6 years as at March 31, 2019 and March 31, 2018.

**These plans typically expose the Company to actuarial risks such as: interest rate risk, salary risk and demographic risk**

- 1 Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
- 2 Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
- 3 Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The defined benefit obligations shall mature after year ended March 31, 2019 as follows:

(₹ in million)

Particulars	
As at March 31	
2020	105
2021	85
2022	97
2023	101
2024	110
March 31, 2025 to March 31, 2029	583

**Sensitivity Analysis:****Method used for sensitivity analysis:**

The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

Sr. No.	Particulars	Gratuity	
		As at March 31, 2019	As at March 31, 2018
		Increase/(decrease) in DBO	
<b>A)</b>	<b>Discount Rate :</b>		
	Defined benefit obligation	762	505
	Discount rate	7.10%	7.50%
	1. Effect on DBO due to 0.5% increase in Discount Rate	(23)	(16)
	2. Effect on DBO due to 0.5% decrease in Discount Rate	25	17
<b>B)</b>	<b>Salary Escalation Rate :</b>		
	Salary Escalation rate	12.00%	12.00%
	1. Effect on DBO due to 0.5% increase in Salary Escalation Rate	16	12
	2. Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(16)	(11)
<b>C)</b>	<b>Withdrawal Rate :</b>		
	Attrition rate	11.00%	11.00%
	1. Effect on DBO due to 5.00% increase in Withdrawal Rate	(31)	(22)
	2. Effect on DBO due to 5.00% decrease in Withdrawal Rate	46	34



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

**ii Provident Fund :**

Based on actuarial valuation in accordance with IND AS 19 for interest rate guarantee of exempted provident fund liability of employees, there is no interest shortfall in the funds managed by the trust and hence there is no further liability as at March 31, 2019 and March 31, 2018. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

Eligible employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The plan assets have been primarily invested in government securities and high quality corporate bonds.

The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has provided a valuation for provident fund liabilities using the deterministic approach guidance issued by Actuarial Society of India. The present value of benefit obligation as at March 31, 2019 is ₹ 2,658 million (₹ 2,155 million as at March 31, 2018) as per the actuarial report and the fair value of plan assets is higher than the same as at each reporting date. Hence, there is no shortfall as at March 31, 2019 and March 31, 2018.

Key assumptions used in determining the present value obligation of the interest rate guarantee are the Government of India (GOI) bond yield 7.10% (March 31, 2018 7.50%), Remaining term to maturity of portfolio 6 years (March 31, 2018: 7 years) and Expected guaranteed interest rate 8.65% for the first year and 8.60% thereafter (March 31, 2018 8.75% for the first year and 8.60% thereafter). The Company contributed ₹ 144 million and ₹ 113 million during the years ended March 31, 2019 and March 31, 2018, respectively. The same has been recognized in the Standalone Statement of Profit and Loss under the head employee benefit expense.

Each year, the Board of Trustees reviews the level of funding in the provident fund plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review."

**2. Defined contribution plans :**

Company's contribution to superannuation fund and pension fund aggregating to ₹ 9 million and ₹ 80 million (Previous year ₹ 8 million and ₹ 57 million) respectively are recognised in the statement of profit and loss as and when the contributions are due. There is no obligation other than the contribution payable to the respective trusts.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 49. Related party disclosures

### Notes

#### I. Names of related parties and description of relationship:

##### Relates Parties on or after August 18, 2017, with whom transactions have taken place

<b>Enterprises having significant influence</b>	Rosneft Trading SA
	Trafigura Pte. Ltd.
<b>Subsidiaries</b>	Vadinar Oil Terminal Limited (VOTL) (w.e.f. June 29, 2017)
	Vadinar Power Company Limited (VPCL)#
	Nayara Energy Properties Limited (NEPL)#
	Coviva Energy Terminals Limited (CETL) (Formerly known as Vadinar Liquid Terminals Limited (w.e.f. June 29, 2017))
	Enneagon Limited (ENL) (w.e.f. June 29, 2017)
	Nayara Energy Global Limited {formerly known as Essar Oil Trading Mauritius Limited (EOTML)}
	Essar Oil & Gas Exploration & Production Limited (EOGEPL) (upto July 31, 2017)
<b>Key management personnel</b>	Mr. Charles Anthony Fountain, Executive Chairman (from August 19, 2017)
	Mr. C. Manoharan, Director & Head of Refinery
	Mr. Didier Casimiro, Director (from July 05, 2018)
	Mr. Alexander Romanov, Director (from August 19, 2017)
	Mr. Andrew James Balgarnie, Director (from August 19, 2017 to December 27, 2018)
	Mr. Chin Hwee Tan, Director (from August 19, 2017)
	Ms. Elena Sapozhnikova, Director (from August 19, 2017 to October 08, 2018)
	Mr. Alexey Karavaykin, Director (from December 28, 2018)
	Mr. Johnathan Kollek, Director (from August 19, 2017)
	Mr. Alexander Bogdashin, Director (from October 9, 2018)
	Mr. Krzysztof Zielicki Antoni, Director (from August 19, 2017)
	Mr. Marcus George Cooper, Director (from August 19, 2017 upto July 04, 2018)
	Ms. Naina Lal Kidwai, Independent Director (from October 09, 2017)
	Mr. Deepak Kapoor, Independent Director (from December 18, 2017)
	Mr. R Sudarsan, Nominee Director (from January 15, 2013 to February 1, 2019)
	Mr. B. Anand, Chief Executive Officer (from August 19, 2017)
<b>Other related party</b>	Essar Oil Limited Employees Provident Fund (Controlled Trust)
<b>Related Parties before August 18, 2017</b>	
<b>List of related parties where control exists</b>	
<b>Ultimate holding Company</b>	Essar Global Fund Limited, Cayman
<b>Intermediate holding Companies</b>	Essar Energy Limited (Formerly Known As Essar Energy PLC)
	Essar Oil & Gas Limited, Mauritius
<b>Holding Company</b>	Essar Energy Holdings Limited
<b>Subsidiaries</b>	Nayara Energy Global Limited {formerly known as Essar Oil Trading Mauritius Limited (EOTML)}
	Nayara Energy Properties Limited (NEPL)#
	Essar Oil and Gas Exploration and Production Limited (EOGEPL) (w.e.f. May 10, 2016)

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 49. Related party disclosures

<b>Key management personnel</b>	Mr. Prashant Ruia, Chairman
	Mr. Lalit Kumar Gupta, Managing Director and CEO
	Mr. C Manoharan, Director - Refinery
	Mr. Suresh Jain, Director - Finance
	Mr. Dilip J. Thakkar, Independent Director
	Mr. K. N. Venkatasubramanian, Independent Director
	Mr. R. Sudarsan, Nominee Director - LIC of India
	Ms. Suparna Singh
	Mr. Sachikanta Mishra
<b>Relates Parties, with whom transactions have taken place</b>	
<b>Associates</b>	Vadinar Power Company Limited (VPCL)#
	Coviva Energy Terminals Limited (Formerly known as Vadinar Liquid Terminals Limited) (upto June 28, 2017)
<b>Fellow Subsidiaries</b>	Aegis Limited
	Bhander Power Limited
	Equinox Business Parks Private Limited
	Essar Bulk Terminal Limited
	Essar Bulk Terminal (Salaya) Limited
	Essar Energy Overseas Limited
	Essar Electric Power Development Corporation Limited
	Essar Exploration & Production Limited
	Essar Exploration & Production (India) Limited
	Arkay Logistics Limited (FKA Essar Logistics Limited)
	Essar Oil (UK) Limited
	Essar Oilfields Services India Limited
	Essar Power Gujarat Limited
	Essar Power Hazira Ltd
	EPC Construction (india) Limited (Formerly known as Essar Projects (I) Limited)
	Essar Ports Limited
	Essar Power (Jharkhand) Ltd
	Essar Power MP Limited
	Essar Power Limited
	Essar Power Orissa Ltd
	Essar Power Transmission Company Limited
	Essar Shipping Limited
	Essar Steel India Limited
	Ibrox Aviation And Trading Pvt Ltd.
	Vadinar Oil Terminal Limited (up to June 28, 2017)
<b>Other related party</b>	Essar Oil Limited Employees Provident Fund (Controlled Trust)

# During the year, approval of a scheme of arrangement of Vadinar Power Company Limited ("VPCL") and Nayara Energy Properties Limited ("NEPL") (formerly known as Vadinar Properties Limited ("VPL")) were received on November 30, 2018 giving the effect of merger from April 01, 2017 for NEPL and May 15, 2017 for VPCL.(refer note 50)

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## A Transactions with related parties

Nature of transactions	(₹in million)							
	Enterprises having significant influence		Subsidiaries		Fellow Subsidiaries		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Purchase of property, plant &amp; equipment</b>								
EPC Construction (India) Limited (Formerly known as Essar Projects (I) Limited)	-	-	-	-	-	52	-	52
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52</b>	<b>-</b>	<b>52</b>
<b>Security deposits given by the Company</b>								
Essar Exploration & Production (India) Limited	-	-	-	-	-	30	-	30
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>30</b>
<b>Advance received from customers</b>								
Trafigura Pte. Ltd.	47,222	9,757	-	-	-	-	47,222	9,757
<b>Total</b>	<b>47,222</b>	<b>9,757</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,222</b>	<b>9,757</b>
<b>Sale of products* (refer note (i) below)</b>								
Trafigura Pte. Ltd.	94,275	60,196	-	-	-	-	94,275	60,196
Rosneft Trading SA	36,997	-	-	-	-	-	36,997	-
Vadinar Oil Terminal Limited	-	-	11	6	-	2	11	8
Essar Energy Overseas Limited	-	-	-	-	-	14,794	-	14,794
Others	-	-	-	-	-	491	-	491
<b>Total</b>	<b>131,272</b>	<b>60,196</b>	<b>11</b>	<b>6</b>	<b>-</b>	<b>15,287</b>	<b>131,283</b>	<b>75,489</b>
<b>Interest income</b>								
Coviva Energy Terminals Limited	-	-	2	1	-	-	2	1
Vadinar Oil Terminal Limited	-	-	-	14	-	-	-	14
Essar Energy Overseas Limited	-	-	-	-	-	2,698	-	2,698
Others	-	-	-	-	-	3	-	3
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>15</b>	<b>-</b>	<b>2,701</b>	<b>2</b>	<b>2,716</b>
<b>Lease income</b>								
Vadinar Oil Terminal Limited	-	-	20	17	-	3	20	20
<b>Total</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>17</b>	<b>-</b>	<b>3</b>	<b>20</b>	<b>20</b>
<b>Purchase of raw material (refer note (i) below)</b>								
Rosneft Trading SA	16,565	-	-	-	-	-	16,565	-
Trafigura Pte. Ltd.	19,335	15,852	-	-	-	-	19,335	15,852
Essar Power Gujarat Ltd	0	-	-	-	-	45	-	45
<b>Total</b>	<b>35,900</b>	<b>15,852</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>35,900</b>	<b>15,897</b>
<b>Purchase of services- Storage and handling charges*</b>								
Vadinar Oil Terminal Limited	-	-	19,003	13,924	-	3,778	19,003	17,702
<b>Total</b>	<b>-</b>	<b>-</b>	<b>19,003</b>	<b>13,924</b>	<b>-</b>	<b>3,778</b>	<b>19,003</b>	<b>17,702</b>
<b>Rendering of services*</b>								
Vadinar Oil Terminal Limited	-	-	696	422	-	129	696	551
Others	-	-	-	-	-	7	-	7
<b>Total</b>	<b>-</b>	<b>-</b>	<b>696</b>	<b>422</b>	<b>-</b>	<b>136</b>	<b>696</b>	<b>558</b>
<b>Consultancy services</b>								
Trafigura Pte. Ltd. (refer note ii below)	725	9	-	-	-	-	725	9
Rosneft Trading SA (refer note iibelow)	727	-	-	-	-	-	727	-
Essar Exploration & Production (India) Limited*	-	-	-	-	-	144	-	144
Others*	-	-	-	-	-	614	-	614
<b>Total</b>	<b>1,452</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>758</b>	<b>1,452</b>	<b>767</b>
<b>Finance lease rent charged to Company*</b>								
Essar Steel Limited	-	-	-	-	-	0	-	0
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>
<b>Inter corporate deposits given#</b>								
Coviva Energy Terminals Limited	-	-	2	14	-	-	2	14
Vadinar Oil Terminal Limited	-	-	-	3,296	-	-	-	3,296
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>3,310</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>3,310</b>
<b>Loss on sale of discontinued operation</b>								
Essar Exploration & Production Limited	-	-	-	-	-	774	-	774
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>774</b>	<b>-</b>	<b>774</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

(₹ in million)

Nature of transactions	Enterprises having significant influence		Subsidiaries		Fellow Subsidiaries		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Proceeds from sale of discontinued operation</b>								
Essar Exploration & Production Limited	-	-	-	-	-	4,784	-	4,784
<b>Total</b>	-	-	-	-	-	4,784	-	4,784
<b>Expected Credit Loss</b>								
Essar Energy Overseas Limited	-	-	-	-	-	163	-	163
Essar Power Limited	-	-	-	-	-	79	-	79
Vadinar Oil Terminal Limited	-	-	-	-	-	294	-	294
Others	-	-	-	-	-	71	-	71
<b>Total</b>	-	-	-	-	-	607	-	607

\* Including taxes wherever applicable

# The Company has given inter-corporate deposits to its subsidiaries carrying interest rate of 13% and having either a fixed repayment schedule or are repayable on demand.

## B. Transactions with other classes of related parties

<b>i) Key management personnel (Short term employee benefits)@*</b>	254	518
@ including employer contribution to provident fund and exclusive of provisions for liability in respect of leave earned and gratuity, since this is based on actuarial valuation done on an overall basis for all employees.		
*Pursuant to an amendment to the Companies Act, 2013 effective September 12, 2018, whilst calculating net profit for the purposes of managerial remuneration, all 'brought forward losses' including losses pertaining to years prior to the commencement of the Companies Act, 2013 (i.e. financial years preceding April 1, 2014) need to be adjusted. Though the Company has been earning profits, adjustment of past accumulated losses has resulted in inadequacy of profits under section 198 of the Companies Act, 2013, as a consequence of which the remuneration paid to Mr. Charles Anthony Fountain, Executive Chairman and Mr. C. Manoharan, Director & Head of Refinery is excess by ₹ 101 million. The Company is in the process of obtaining the shareholders' approval, through special resolution, at its ensuing annual general meeting for regularising the excess remuneration paid.		
<b>ii) Key management personnel (Director Sitting Fees)</b>	11	8
<b>iii) Key management personnel (Commission to Directors)</b>	-	83
<b>iv) Contribution during the period (includes Employees' share and contribution) to the controlled trust</b>	599	370

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## C. Balances with related parties :

(₹in million)

Nature of transactions	Enterprises having significant influence		Subsidiaries		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Assets</b>						
<b>Financial assets</b>						
<b>Trade receivables (refer note (iii) A below)</b>						
Rosneft Trading SA	1,356	-	-	-	1,356	-
Trafigura Pte. Ltd.	4,649	4,471	-	-	4,649	4,471
Vadinar Oil Terminal Limited	-	-	0	-	0	-
<b>Total</b>	<b>6,005</b>	<b>4,471</b>	<b>0</b>	<b>-</b>	<b>6,005</b>	<b>4,471</b>
Loans						
<b>Inter corporate deposits</b>						
Coviva Energy Terminals Limited	-	-	15	14	15	14
<b>Total</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>14</b>	<b>15</b>	<b>14</b>
<b>Other financial assets</b>						
<b>Security deposits</b>						
Vadinar Oil Terminal Limited	-	-	-	1,801	-	1,801
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,801</b>	<b>-</b>	<b>1,801</b>
<b>Other receivables</b>						
Vadinar Oil Terminal Limited	-	-	-	1	-	1
Coviva Energy Terminals Limited	-	-	2	1	2	1
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Liabilities</b>						
<b>Other financial liabilities</b>						
<b>Trade payables (refer note (iii) B below)</b>						
Rosneft Trading SA	4,078	-	-	-	4,078	-
Trafigura Pte. Ltd.	653	2,068	-	-	653	2,068
Vadinar Oil Terminal Limited	-	-	57	496	57	496
<b>Total</b>	<b>4,731</b>	<b>2,068</b>	<b>57</b>	<b>496</b>	<b>4,788</b>	<b>2,564</b>
<b>Advance received from customers</b>						
Trafigura Pte. Ltd.	27,115	13,659	-	-	27,115	13,659
<b>Total</b>	<b>27,115</b>	<b>13,659</b>	<b>-</b>	<b>-</b>	<b>27,115</b>	<b>13,659</b>

### Notes:

(i) Rosneft Trading SA and Trafigura Pte. Ltd. under their respective contracts with the Company have the right to make the first offer for both sale of crude and purchase of finished products. In case the Company is able to get a better offer, these two parties reserve the right to match the offer, in which case the Company is obliged to transact with them. For supplies of finished products made against advance payments, premium / discounts to the market price index are pre-negotiated based on similar process. Where the Company participates in the tenders floated by these parties for purchasing crude oil, price to be quoted are determined on a case to case basis considering the prevailing market conditions and are approved by the management of the Company.

(ii) Rosneft Trading SA and Trafigura Pte. Ltd. have been advising the Company on regular basis and providing insight into the market dynamics which helps in strategizing the crude procurement and sale of finished products. In consideration for the same, the Company is paying a fee of US \$ 0.1 for every barrel of crude oil purchased and finished products exported.

(iii) Terms of receivables / payables:

- A. Unsecured trade receivables are collected within 30 days from the date of sale.  
B. Trade payables are non-interest bearing and are settled within 30 days of purchase.

(iv) For financial guarantees given on behalf of subsidiaries and outstanding at year end, refer note 47 (v)

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 50 Merger of Vadinar Power Company Limited (VPCL) and Nayara Energy Properties Limited (NEPL)

### a. Vadinar Power Company Limited and Nayara Energy Properties Limited merged with the Company

The Scheme of Amalgamation for merger of Vadinar Power Company Limited ("VPCL") and Nayara Energy Properties Limited ("NEPL"), two wholly owned subsidiaries of the Company, with the Company, was approved by the Hon'ble National Company Law Tribunal (NCLT) Bench at Ahmedabad vide its Order dated October 31, 2018. The certified copy of the Order along with certified copy of the Scheme was filed by the respective companies, with the Registrar of Company on November 30, 2018 ("Effective Date"). Consequently, VPCL and NEPL have been merged with the Company w.e.f. November 30, 2018. Consequently, VPCL and NEPL are merged with the Company on December 1, 2018. Given below is the relationship history:

Name of the subsidiary	% holding	Detail of activities	Relationship history
1. Vadinar Power Company Limited (VPCL)	100%	Owns and operates power plants at Vadinar and supplies steam and electricity to the Company	Associate till May 15, 2017 and control acquired on May 16, 2017 (i.e., in comparative period)
2. Nayara Energy Properties Limited (NEPL)	100%	Engaged in construction and development and leasing/ renting of residential township, colonies and residential complexes	Subsidiary before beginning of the comparative period

Based on the accounting prescribed in the NCLT Scheme which is in accordance with the accounting prescribed in Appendix C to Ind AS 103, the Company has used the pooling of interest method to account for the merger. The Company has applied guidance given in ITFG Bulletin 9 and used carrying amounts as appearing in the consolidated financial statement of the Company while applying the pooling of interest method. Based on the requirements of Appendix C to Ind AS 103, the Company has restated the financial information appearing in these financial statements in respect of prior periods as if the merger had occurred from the beginning of the preceding period, irrespective of the actual date of the combination. However, since VPCL acquisition has occurred after April 1, 2017, the prior period information for VPCL merger is restated only from the acquisition date. Hence, while preparing Ind AS Financial Statement for the year ended March 31, 2019:

- VPCL merger is restated from the date of common control, viz., May 16, 2017.
- NEPL merger is restated from the beginning of the comparative period, viz., April 1, 2017.

### Details of assets and liabilities taken over :

Particulars	(₹ in million)	
	VPCL May 16, 2017	NEPL April 1, 2017
<b>Non-current assets</b>		
(a) Property, Plant & Equipment @	26,890	1,957
(b) Goodwill	10,213	111
(c) Capital Work in Progress	-	2,297
(d) Intangible assets	1	-
(e) Other Financial Assets	12,010	201
(f) Other non-current assets	35	10
(g) Non-Current tax assets	234	-
	-	29
<b>Current assets</b>		
(a) Inventories	668	-
(b) Financial Assets	-	-
(i) Cash and Cash equivalents	5	2
(ii) Loans	1,275	-
(iii) Other Financial Assets	5,606	9
(c) Current Tax Assets	1,087	-
(d) Other Current Assets	81	1
<b>Total Assets</b>	<b>58,105</b>	<b>4,617</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

<b>Non-current liabilities</b>		
(a) Financial Liabilities	-	-
(i) Borrowings	20,851	367
(ii) Other Financial Liabilities	2,175	1,174
(b) Deferred tax liabilities (net)	3,807	405
(c) Other non-current liabilities	-	888
<b>Current liabilities</b>		
(a) Financial Liabilities	-	-
(i) Borrowing	-	90
(ii) Trade Payables	247	-
(iii) Other Financial Liabilities	6,900	662
(b) Other Current Liabilities	4	27
(c) Provisions	34	-
(d) Current tax Liabilities	916	2
<b>Total Liabilities</b>	<b>34,934</b>	<b>3,615</b>
<b>Net Assets - Acquired at values appearing in the consolidated financial statements of the Company (A)</b>	<b>23,171</b>	<b>1,002</b>
Value of investments given up*	2,921	17
Cash consideration paid	2,953	-
Adjusted against advances given for purchase of shares	14,000	-
Adjusted against other assets	3,297	-
<b>Total Consideration Paid (B)</b>	<b>23,171</b>	<b>17</b>
Reserves assumed on merger <b>(A-B)</b>	-	985

@ includes property, plant and equipments of gross value of ₹12,416 million and accumulated depreciation of ₹ 1,193 million owned by VPCL and NEPL which were treated as assets acquired on financial lease as on April 01,2017 for NEPL and May 15, 2017 for VPCL by the Company and consequent to the merger of the said entities have been treated as owned assets.

\* Since VPCL was an associate upto May 15, 2017 the carrying value of its investments was increased by ₹ 1,891 million to reflect its fair value on the date of acquisition. Hence the value of investments disclosed here includes such gains.



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

**b. Merger of Vadinar Power Company Limited and Nayara Energy Properties Limited (continued):**

iii. Reconciliation of profits as per this financial statements and the audited standalone financial statements for the year ended March 31, 2018 adopted at the meeting of Board of Directors dated July 5, 2018:

Particulars	(₹in million)
Profit for the year ended March 31 2018 of the Company as per financial statement issued on July 5 2018 (a)	2,804
<b>Profits of :</b>	
VPCL- from May 16, 2017 (date of establishment of common control) to March 31, 2018	806
NEPL-for the year ended March 31 2018	(44)
<b>Sub total (b)</b>	<b>762</b>
<b>Other adjustments:</b>	
Expected credit loss on balances of NEPL (note i)	(76)
Elimination of effects of lease accounting (note ii)	(131)
Additional depreciation on fair valuation of assets of VPCL	(37)
Elimination of unrealised profit included in inventories (note iii)	(83)
Gain on the disposal of associate (note iv)	1,891
Tax Impact on the above adjustment	190
<b>Sub total (c)</b>	<b>1,754</b>
<b>Restated Profit after Tax for March 31, 2018 (a+ b+c)</b>	<b>5,320</b>

**Notes:**

- (i) Nayara Energy Limited had created a provision for Expected credit loss on advances made to NEPL as on April 1, 2017 which was reversed during the year ended March 31, 2018. In the restated financial statements the effect of the same has been carried to the reserves as of April 1, 2017.
- (ii) VPCL and NEPL had given assets on finance lease to Nayara Energy Limited. The effects of the difference in discount rates has been eliminated.
- (iii) Unrealised profits as at March 31 2018 on intra group transactions between Nayara Energy Limited and VPCL has been eliminated upon merger.
- (iv) VPCL was an associate upto May 15, 2017. The same has been acquired on May 16, 2017 and the excess of fair value of VPCL over the carrying value of investments of VPCL has been recorded.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 51 Impairment testing of refining CGU

The Company recognised goodwill of ₹10,324 million arising on the merger of Vadinar Power Company Limited (VPCL) and Nayara Energy Properties Limited (NEPL) with the Company (refer note 50). The Company has determined that its entire operations fall into single CGU and single operating segment, viz., refining of crude oil and marketing of petroleum products in domestic and overseas market (refining business). Hence, the entire goodwill is allocable to the refining business CGU / segment and the carrying value of the CGU as at the balance sheet date is ₹ 528,607 million (March 31, 2018: ₹526,085 million).

The Company performed its annual impairment test for the financial year ended March 31, 2019 as on 31 January 2019. The Company considers various external and internal factors including significant changes in macro-economic environment and geopolitical developments, market interest rates, etc. when reviewing for indicators of impairment. For the financial year ended March 31, 2019, the Company has determined that there were no indicators of impairment, subsequent to the impairment testing date.

The recoverable amount of the CGU has been determined at ₹720,203 (US\$ 10,139) million [March 31, 2018: ₹650,530(US\$10,001) million] based on the value in use calculation using discounted cash flow model {refer note 4(B)(iv)} based on business assumptions approved by management covering a five-year period and is in line with the business plan presented to the Board. The projected cash flows have been updated to reflect the current market scenario and expected changes. Since the value in use is higher than the carrying amount of CGU, the Company has not determined the fair value less costs of disposal separately.

### Key assumptions used for value in use calculations

The calculation of value in use for the unit is most sensitive to the following assumptions:

**Gross Refining Margin (GRM)** - The GRM projections, which is a difference between total product revenue and total feedstock cost for the year, are broadly in line with the 5 year business plan of the CGU. Accordingly, the GRMs are estimated to increase from US\$ 10.2 per bbl in FY 2019-20 to US\$ 11.7 per bbl in FY 2023-24, and thereafter they increase at a nominal rate of 2% per annum post the 5 year period. A US\$ 0.5 per bbl decline in the projected GRM over the forecast period would lead to a decline in the recoverable value by ₹33,101 (US \$ 466 million).

**Discount rates** - Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. Accordingly, the Company has estimated a discount rate of 11.3%. An increase in the discount rate by 50 basis points leads to decline in the recoverable value by ₹34,877 million (US \$ 491 million).

Considering the above, the management has assessed that any reasonable possible change in assumptions will not trigger recognition of impairment.

## 52 Segment information

Segment information has been provided under the Notes to the Consolidated financial statements.

As per our report of even date

### For S. R. Batliboi & Co. LLP

Chartered Accountants  
Firm Registration No. 301003E/E300005

### per Naman Agarwal

Partner  
Membership No. 502405

New Delhi, June 17, 2019

For and on behalf of the Board of Directors

### Chin Hwee Tan

Director  
DIN : 07703660

### C. Manoharan

Director  
DIN : 00184471

### Anup Vikal

Chief Financial Officer

New Delhi, June 17, 2019

### Deepak Kapoor

Director  
DIN : 00162957

### B. Anand

Chief Executive Officer

### Mayank Bhargava

Company Secretary

# INDEPENDENT AUDITOR'S REPORT

To  
The Members of Nayara Energy Limited  
(Formerly known as 'Essar Oil Limited')

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated Financial Statements of Nayara Energy Limited (Formerly known as 'Essar Oil Limited') (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

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

### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Annual report is expected to be made available to us after the date of this auditor's report. When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibility of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the

Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based

on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Other Matter**

The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of two subsidiaries, whose financial statements and other financial information reflect total assets of Rs 1 million as at March 31, 2019, and net cash inflows of Rs 1 million for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the Management.

Our opinion, in so far as it relates to amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements and other financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

- (a) We have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company and by the directors of its subsidiary companies as on March 31, 2019 taken on record by the respective Board of Directors of the Holding Company and the subsidiary

companies, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate Report in Annexure to this report;
- (g) In our opinion, and to the best of our information and according to the explanations given to us, the remuneration paid / provided by Holding Company to its directors for the year ended March 31, 2019 is in excess of the amounts permissible under section 197 of the Act, read with Schedule V thereto (refer note 49).
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Financial Statements – Refer Note 38 to the Consolidated Financial Statements;
  - ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 20 and 25 to the Consolidated Financial Statements in respect of such items as it relates to the Group;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, incorporated in India during the year ended March 31, 2019.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

**per Naman Agarwal**  
Partner  
Membership Number: 502405  
Place of Signature: New Delhi  
Date: June 17, 2019

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NAYARA ENERGY LIMITED (Formerly known as 'Essar Oil Limited')**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Nayara Energy Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Nayara Energy Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

### **Meaning of Internal Financial Controls over Financial Reporting with reference to these Consolidated Financial Statements**

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

**per Naman Agarwal**  
Partner  
Membership Number: 502405  
Place of Signature: New Delhi  
Date: June 17, 2019

# Consolidated Balance Sheet

As at March 31, 2019

(₹ in million)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Property, plant and equipment	6	457,999	455,855
(b) Capital work-in-progress	6	4,823	6,780
(c) Goodwill	6	108,184	108,184
(d) Other Intangible assets	6	266	330
(e) Investments	7	-	-
(f) Financial assets	8	5,600	6,079
(g) Other non-current assets	9	3,202	2,731
(h) Non-current tax assets (net)		8,713	4,880
<b>2) Current assets</b>			
(a) Inventories	10	94,550	73,312
(b) Financial assets			
(i) Investments	11	1,001	13,021
(ii) Trade receivables	12	36,891	29,272
(iii) Cash and cash equivalents	13	7,059	24,593
(iv) Bank balances other than (iii) above	14	6,283	10,200
(v) Other financial assets	15	5,682	2,402
(c) Other current assets	16	5,930	6,251
<b>TOTAL ASSETS</b>		<b>746,183</b>	<b>743,890</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	17	15,072	15,072
(b) Other equity	18	174,461	166,939
<b>Equity attributable to equity holders of the parent</b>		<b>189,533</b>	<b>182,011</b>
Non-controlling Interests	45	2,632	2,536
<b>Total equity</b>		<b>192,165</b>	<b>184,547</b>
<b>LIABILITIES</b>			
<b>1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	118,266	113,277
(ii) Other financial liabilities	20	70,157	69,621
(b) Deferred tax liabilities (net)	21	80,706	75,919
(c) Other non current liabilities	22	35,821	-
<b>2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	57,402	73,391
(ii) Trade payables:	24		
-Total outstanding dues of micro and small enterprises		24	30
-Total outstanding dues of creditors other than micro and small enterprises		92,687	170,979
(iii) Other financial liabilities	25	72,020	21,322
(b) Other current liabilities	26	26,041	34,028
(c) Provisions	27	811	589
(d) Current tax liabilities (net)		83	187
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>746,183</b>	<b>743,890</b>

See accompanying notes to the consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

For S. R. Batliboi &amp; Co. LLP

Chartered Accountants

Firm Registration No. 301003E/E300005

per Naman Agarwal

Partner

Membership No. 502405

New Delhi, June 17, 2019

Chin Hwee Tan

Director

DIN : 07703660

C. Manoharan

Director

DIN : 00184471

Anup Vikal

Chief Financial Officer

New Delhi, June 17, 2019

Deepak Kapoor

Director

DIN : 00162957

B. Anand

Chief Executive Officer

Mayank Bhargava

Company Secretary



# Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in million)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Continuing Operations</b>			
<b>Income</b>			
Revenue from operations	28	986,594	855,280
Other income	29	16,538	11,647
<b>Total Income</b>		<b>1,003,132</b>	<b>866,927</b>
<b>Expenses</b>			
Cost of raw materials consumed		618,542	492,078
Excise duty		130,367	146,968
Purchases of stock-in-trade		146,102	108,631
Changes in inventory of finished goods, stock-in-trade and work-in-progress	30	(2,425)	(5,897)
Employee benefits expense	31	5,357	4,981
Finance costs	32	25,626	33,678
Depreciation and amortisation expense	6	18,366	17,011
Other expenses	33	48,880	40,326
<b>Total expenses</b>		<b>990,815</b>	<b>837,776</b>
<b>Profit before exceptional items and tax</b>		12,317	29,151
Exceptional items	34	1,773	18,447
<b>Profit before tax</b>		10,544	10,704
<b>Tax expense:</b>	21		
(a) Current tax expenses		967	1,651
(b) Deferred tax expenses		2,692	2,360
<b>Total tax expenses</b>		<b>3,659</b>	<b>4,011</b>
<b>Profit from continuing operations</b>		<b>6,885</b>	<b>6,693</b>
<b>Discontinued operations</b>			
Loss from discontinued operations (after tax)	35	-	(923)
<b>Profit for the year</b>		<b>6,885</b>	<b>5,770</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit and loss		(89)	(14)
Remeasurement losses on defined benefit plans		(137)	(22)
Income tax effect		48	8
		(89)	(14)
<b>Items that will be reclassified to profit and loss</b>		822	(451)
Effective portion of cash flow hedges (net)		1,153	(620)
Income tax effect		(403)	221
		750	(399)
Foreign currency monetary item translation difference account		109	(80)
Income tax effect		(38)	29
		71	(51)
Exchange difference arising on translation of foreign operation		1	(1)
Income tax effect		-	-
		1	(1)
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>733</b>	<b>(465)</b>
<b>Total comprehensive income for the year (comprising profit and other comprehensive income / (loss) for the year)</b>		<b>7,618</b>	<b>5,305</b>

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in million)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Profit for the year attributable to:</b>			
(a) Equity holders of the parent		6,789	5,757
(b) Non-controlling interests		96	13
<b>Other Comprehensive income / (loss) for the year attributable to:</b>			
(a) Equity holders of the parent		733	(465)
(b) Non-controlling interests		(0)	(0)
<b>Total comprehensive income attributable to:</b>			
(a) Equity holders of the parent		7,522	5,292
(b) Non-controlling interests		96	13
<b>Earnings / (loss) per share for basic and diluted in ₹ (Face value ₹10 per share)</b>	<b>36</b>		
(1) For Continuing operations		4.55	4.48
(2) For Discontinued operations		-	(0.62)
(3) For Continuing and discontinuing operations		4.55	3.86

See accompanying notes to the consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

**For S. R. Batliboi & Co. LLP**

Chartered Accountants

Firm Registration No. 301003E/E300005

**Chin Hwee Tan**

Director

DIN : 07703660

**Deepak Kapoor**

Director

DIN : 00162957

**per Naman Agarwal**

Partner

Membership No. 502405

**C. Manoharan**

Director

DIN : 00184471

**B. Anand**

Chief Executive Officer

**Anup Vikal**

Chief Financial Officer

**Mayank Bhargava**

Company Secretary

New Delhi, June 17, 2019

New Delhi, June 17, 2019

# Consolidated Statement of Cash Flows

for the year ended March 31, 2019

(₹ in million)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A Cash flow from operating activities</b>		
<b>Net profit before tax</b>	<b>10,544</b>	<b>9,781</b>
Adjustments for:		
Interest income	(1,461)	(4,375)
Dividend income	-	(5)
Depreciation and amortisation expense	18,366	17,011
Loss on disposal / discard of property, plant and equipment (net)	172	119
Capital work in progress written off (refer note 34)	-	2,970
Gain on investment / financial assets measured at FVTPL	(772)	(346)
Export obligation deferred income	(1,866)	-
Unrealised foreign exchange differences (net)	(2,710)	8,774
Net mark to market gain on derivative contracts	1,150	(830)
Net expected credit loss / (gain)	190	(4,711)
Doubtful debts written off	4	12
Unspent liability and excess provision written back	-	(5,098)
Gain on discontinuance of an associate due to control acquisition	-	(1,003)
Loss from discontinued operations (refer note 35)	-	775
Interest expense	25,626	33,678
<b>Operating profit before working capital changes</b>	<b>49,243</b>	<b>56,752</b>
Adjustments for working capital changes:		
(Increase) in inventories	(21,238)	(2,718)
(Increase) / Decrease in trade and other receivables	(12,350)	191,546
Increase / (Decrease) in trade and other payables	9,955	(143,193)
<b>Cash generated from operating activities</b>	<b>25,610</b>	<b>102,387</b>
Income tax paid (net) (including interest)	(3,191)	(2,179)
<b>Net cash generated from operating activities</b>	<b>22,419</b>	<b>100,208</b>
<b>B Cash flow from investing activities</b>		
Payments for property, plant and equipment (including capital work in progress, Intangible assets, Capital advances and Capital creditors)	(15,597)	(5,290)
Proceeds from sale / (Payments for purchase) of short term investments (net)	12,792	(12,774)
Proceeds from sale of long term investments	-	99
Dividend income received	-	5
Realisation of deposits	-	53,614
Proceeds from disposal of a subsidiary	-	4,784
Payments for acquisition of subsidiary and business (net of cash acquired)	-	(42,943)
Encashment of short term bank deposits (net)	3,786	5,142
Refund of inter corporate deposits	-	1,275
Interest received	2,281	5,802
<b>Net cash generated from investing activities</b>	<b>3,262</b>	<b>9,714</b>
<b>C Cash flow from financing activities</b>		
Proceeds from long-term borrowings	33,000	95,330
Repayment of long-term borrowings	(36,304)	(142,169)
Proceeds from short-term borrowings	55,000	70,715
Repayment of short-term borrowings	(82,782)	(99,383)
Net changes in short term borrowings of less than 3 months	10,189	2,824
Finance cost paid	(24,046)	(28,681)
<b>Net cash (used in) financing activities</b>	<b>(44,943)</b>	<b>(101,364)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(19,262)</b>	<b>8,558</b>
<b>Net exchange differences on foreign currency bank balances</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>24,601</b>	<b>16,043</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>5,339</b>	<b>24,601</b>
<b>Composition of Cash and cash equivalents included in the consolidated statement of cash flows comprise of the following consolidated balance sheet amounts:</b>		
<b>Cash and cash equivalents as per the consolidated balance sheet (refer note 13)</b>	<b>7,059</b>	<b>24,593</b>
<b>Add: Earmarked bank balances (refer note 14)</b>	<b>9</b>	<b>9</b>
<b>Less: Bank overdraft (refer note 23)</b>	<b>(1,729)</b>	<b>(1)</b>
<b>Total</b>	<b>5,339</b>	<b>24,601</b>

# Consolidated Statement of Cash Flows

for the year ended March 31, 2019

**Reconciliation between the opening and closing balances in the Consolidated balance sheet for liabilities arising from financing activities** (₹ in million)

Particulars	As at April 1, 2018	Cash changes (net)	Non cash changes (net)	As at March 31, 2019
Long term borrowings including current maturities classified in other financial liabilities	128,295	(3,304)	1,704	126,695
Short term borrowings *	73,390	(17,593)	(124)	55,673

Particulars	As at April 1, 2017	Cash changes (net)	Non cash changes (net)	As at March 31, 2018
Long term borrowings including current maturities classified in other financial liabilities	168,247	(46,839)	6,887	128,295
Short term borrowings *	99,234	(25,844)	0	73,390

\*Excluding bank overdraft disclosed as part of cash and cash equivalent for the purpose of cashflow statement.

**Notes:**

- The above cash flow from operating activities has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7- Statement of cash flows.
- During the previous year, the Company adjusted its receivables of ₹ 25,670 million and ₹ 3,297 million against the purchase consideration payable for acquiring the equity shares of Vadinar Oil Terminal Limited and acquisition of business of Vadinar Power Company Limited respectively. This being a non-cash transaction has not formed part of the above cash flow statement.
- Interest received on certain financial / other assets and cash repayment of customer advances are being included under investing and operating activities, respectively, to reflect substance of the transactions. To ensure comparability, the Group has also reclassified previous year figures resulting in higher cash flows of ₹ 3,704 million from investing activities, higher cash flows of ₹ 805 million from financing activities, with a corresponding reduction in operating cash flows.

As per our report of even date

For and on behalf of the Board of Directors

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
Firm Registration No. 301003E/E300005

**Chin Hwee Tan**  
Director  
DIN : 07703660

**Deepak Kapoor**  
Director  
DIN : 00162957

**per Naman Agarwal**  
Partner  
Membership No. 502405

**C. Manoharan**  
Director  
DIN : 00184471

**B. Anand**  
Chief Executive Officer

New Delhi, June 17, 2019

**Anup Vikal**  
Chief Financial Officer

**Mayank Bhargava**  
Company Secretary

New Delhi, June 17, 2019

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

a. Equity Share Capital		(₹ in million)	
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2019	
Opening balance	15,072	15,072	
Closing balance	15,072	15,072	

## b. Other Equity Consolidated Statement of Changes in Equity For the year April 01, 2017 to March 31, 2018

Particulars	Reserves and Surplus				Other Comprehensive Income / (loss) (OCI)				Attributable to owners of the Parent	Non-controlling interest	Total
	Capital reserve	Securities premium	Debt redemption reserve	General reserve	Retained earnings	Foreign currency Translation Reserve	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account			
<b>Balance as at April 01, 2017</b>	409	78,014	108	488	83,646	(0)	(768)	(250)	161,647	-	161,647
Profit for the year	-	-	-	-	5,757	-	-	-	5,757	13	5,770
Other Comprehensive loss for the year	-	-	-	-	(14)	(1)	(399)	(51)	(465)	(0)	(465)
<b>Total Comprehensive income for the year</b>	-	-	-	-	5,743	(1)	(399)	(51)	5,292	13	5,305
Debt redemption reserve transferred to General Reserve	-	-	(106)	106	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	2,523	2,523
<b>Balance as at March 31, 2018</b>	409	78,014	2	594	89,389	(1)	(1,167)	(301)	166,939	2,536	169,475

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

Consolidated Statement of Changes in Equity for the year April 01, 2018 to March 31, 2019

Particulars	Reserves and Surplus					Other Comprehensive Income / (loss) (OCI)				Attributable to owners of the Parent	Non-controlling interest	Total
	Capital reserve	Securities premium	Debt redemption reserve	General reserve	Retained Earnings	Foreign currency Translation Reserve	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account				
<b>Balance as at April 01, 2018</b>	409	78,014	2	594	89,389	(1)	(1,167)	(301)	166,939	2,536	169,475	
Profit for the year	-	-	-	-	6,789	-	-	-	6,789	96	6,885	
Other Comprehensive Income for the year	-	-	-	-	(89)	1	750	71	733	(0)	733	
<b>Total Comprehensive Income for the year</b>	-	-	-	-	6,700	1	750	71	7,522	96	7,618	
Debt redemption reserve transferred to General Reserve	-	-	(2)	2	-	-	-	-	-	-	-	
<b>Balance as at March 31, 2019</b>	409	78,014	-	596	96,089	(0)	(417)	(230)	174,461	2,632	177,093	

\* Including recycled from cash flow hedge reserve to statement of profit and loss account ₹ 16,520 million (net of tax) (Previous year ₹ 7,762 million)

As per our report of even date

**For S. R. Batilboi & Co. LLP**

Chartered Accountants

Firm Registration No. 301003E/E3000005

**per Naman Agarwal**

Partner

Membership No. 502405

New Delhi, June 17, 2019

**For and on behalf of the Board of Directors**

**Chin Hwee Tan**

Director

DIN : 07703660

**C. Manoharan**

Director

DIN : 00184471

**Anup Vikal**

Chief Financial Officer

New Delhi, June 17, 2019

**Deepak Kapoor**

Director

DIN : 00162957

**B. Anand**

Chief Executive Officer

**Mayank Bhargava**

Company Secretary

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 1. Corporate information

Nayara Energy Limited (formerly known as Essar Oil Limited) (the Company) is a public limited company incorporated under the provisions of the Companies Act, 1956 (since replaced by the Companies Act, 2013). The registered office of the Company is located at Devbhumi Dwarka, Gujarat, India. The Company and its subsidiaries (collectively referred to as the Group) are primarily engaged in the business of refining of crude oil, marketing of petroleum products in domestic and overseas markets, providing port and terminal services for the Company's refinery. The Company owns India's second largest single site refinery at Vadinar, Gujarat with a current capacity of 20MMTPA. The Company has over 5,100 operational outlets and more than 2,600 outlets at various stages of completion.

The consolidated financial statements of Nayara Energy Limited and its subsidiaries (collectively, the Group) for the year ended March 31, 2019 were authorised for issue in accordance with a resolution of the directors on June 17, 2019.

Information of the Group's structure is also provided in note 50. Information on other related party relationships of the Group is provided in note 49.

## 2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind ASs), prescribed under Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These consolidated financial statements are prepared under the accrual basis and historical cost measurement, except for certain financial instruments (refer accounting policy on financial instruments), which are measured at fair values. The consolidated financial statements provide comparative information in respect of the previous period. The consolidated financial statements are presented in Indian National Rupee (₹) which is the functional currency of the Company, and all values are rounded to the nearest million, except where otherwise indicated. All amounts individually less than ₹ 0.5 million have been reported as "0".

### A. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries

(collectively, the "Group") as at reporting date. Subsidiaries are entities controlled by the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31.

### Consolidation procedures:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.
- (d) Deferred tax assets and liabilities are recognised for temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests.

### 3. Summary of significant accounting policies

#### A. Business combinations and goodwill

##### Non-common control business combinations

Non-common control business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses [refer note 4 (B) (iii)].

#### B. Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each consolidated balance sheet date. The group has also disclosed fair value of financial instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (refer note 44)
- Quantitative disclosures of fair value measurement hierarchy (refer note 44)
- Financial instruments (including those carried at amortised cost) (refer note 44)

## C. Property, Plant and Equipment

Property, plant & equipment (PPE) is recorded at cost of acquisition less accumulated depreciation and impairment loss, if any. Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

Cost of acquisition comprises of all costs incurred to bring the assets to their present location and working condition up to the date the assets are ready for their intended use. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection including turnaround and maintenance is performed, its cost is recognised in the carrying amount of the plant and equipment if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

### Depreciation

Depreciation on PPE including assets whose ownership vests with a third party, is provided, pro-rata for the period of use, on a straight line method, as specified in schedule II of Companies Act, 2013 except in respect of plant and machinery. The estimate of the useful life of these assets including catalysts has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Major inspection including turnaround and maintenance cost are depreciated over the next cycle. The estimated useful life of items of

property, plant and equipment is mentioned below:

Particulars	Estimated useful life (in years)
Temporary Building	3
Building including taken on lease	15-60
Plant and machinery	2-40
Furniture and fixtures	1-10
Office equipment	1-6
Vehicles	1-10

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

## D. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period, and treated as change in estimate, if any change is required.

The Group has estimated the useful life of software and licenses ranging from 3 - 5 years from the date of acquisition and amortises the same over the said period on a straight line basis.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## De-recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

## E. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any

impairment loss for goodwill is recognised in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

## F. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease, transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

An operating lease is a lease other than a finance lease. Lease expenses and lease income are recognised in the statement of profit and loss on a straight line basis over the lease term.

## G. Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of crude oil purchased and coal inventory is determined on a first in first out basis and the cost of all other inventories is determined on a monthly weighted average basis.

## H. Revenue recognition (also refer note 5(i))

### (i). Sale of goods

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer. Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(ii). Variable consideration

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The volume rebates give rise to variable consideration. The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. The Group applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

## I. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

## J. Retirement and other employee benefits

Contributions to defined contribution plans are recognised as expense on accrual basis when employees have rendered services and as when the contributions are due.

The Group determines the present value of the defined benefit obligation and fair value of plan assets. The net liability or assets represents the deficit or surplus in the Group's defined benefit plans. (The surplus is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans). The present value of the obligation is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each year.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which

they occur. Remeasurements are not reclassified to the consolidated statement of profit and loss in subsequent periods.

Past service costs are recognised in the consolidated statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and  
The date that the Group recognises related restructuring costs  
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under the head 'employee benefit expense' in the consolidated statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

## K. Foreign currencies

The Group's consolidated financial statements are presented in Indian Rupees, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to the consolidated statement of profit and loss reflects the amount that arises from using this method.

(i) Transaction and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange difference arising on settlement/ restatement of long-term foreign currency monetary items recognized in the financial statements for the year ended March 31, 2016 prepared under previous GAAP, are capitalized as a part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

amortised over the maturity period/ upto the date of settlement of such monetary item, whichever is earlier and charged to the Statement of Profit and Loss on annual basis. The un-amortised exchange difference is carried under other equity as "Foreign currency monetary item translation difference account" net of tax effect thereon, where applicable. Exchange difference arising on settlement / restatement of other items are charged to statement of profit and loss.

## (ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date. The restated gain / loss is recognised in OCI.

## L. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or

- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations' results are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss (refer note 35).

## M. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments comprise of financial assets and financial liabilities. Financial assets primarily comprise of loans and advances, deposits, trade receivables and cash and cash equivalents. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments. Derivatives can be financial assets or financial liabilities depending on whether value is positive or negative respectively.

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

### (i) Financial Assets

#### a) Initial Recognition and measurement

The Group initially recognises loans and advances, deposits and debt securities issued on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument. A financial asset is initially measured at fair value plus / minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### b) Classification of financial assets

On initial recognition, a financial asset is classified into one of the following categories:

- Financial assets other than equity investment at amortised cost
- Financial assets other than equity investment at fair value through other comprehensive income (FVTOCI)
- Financial assets other than equity investment at fair value through profit or loss (FVTPL)

Financial assets other than equity investment measured at amortised cost:

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to deposits, trade and other receivables.

Financial assets other than equity investment at FVTOCI:

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not designated at FVTPL;

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than equity investment at FVTPL:

FVTPL is a residual category for financial assets. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in

the consolidated statement of profit and loss.

## c) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statement of profit and loss if such gain or loss would have otherwise been recognised in the consolidated statement of profit and loss on disposal of that financial asset.

## d) Impairment of financial assets

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value Through Profit and Loss (FVTPL). Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- For other assets, the Group uses 12 month Expected Credit Loss to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime Expected Credit Loss is used.
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables, the Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

## e) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in the consolidated statement of profit and loss and is included in the 'Other income' line item.

(ii) Financial liabilities / debt and equity instruments

a) Classification as financial liability / debt or equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument in Ind AS 32.

b) Financial liabilities / debt

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings including payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments. Derivative can be financial assets or financial liabilities depending on whether value is positive or negative respectively.

c) Financial liabilities:

The group does not have any financial liabilities, except which is used to minimise accounting mismatch, to be classified as at FVTPL. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

d) Derecognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the new liability recognised plus consideration paid or payable is recognised in the consolidated statement of profit and loss.

## N. Derivative financial instruments and hedge accounting

(i) Initial recognition and subsequent measurement of Derivative and embedded derivatives financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, commodity price and foreign exchange rate risks. These derivatives include foreign exchange forward contracts, foreign exchange options, commodity forward contracts, interest rate swaps and cross / full currency swaps.

All derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The resulting gain or loss is recognised in the consolidated statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated statement of profit and loss or otherwise depends on the nature of the hedge item.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 'Financial Instruments' are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## (ii) Hedge Accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

## (iii) Cash flow hedges

Changes in the fair value of derivatives/ hedging instruments that are designated and qualify as cash flow hedges are deferred in the "Cash Flow Hedge Reserve". The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss. Amounts deferred in the Cash Flow Hedge Reserve Account are recycled in the statement of profit and loss in the periods when the hedged item is recognised and affects the statement of profit and loss, in the same line as the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In case of cash flow hedges, any cumulative gain or loss deferred in the Cash Flow Hedge Reserve Account at that time is retained and is recognised when the forecast transaction is ultimately recognised and affects the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred is recognised immediately in the statement of profit and loss.

## O. Borrowing Costs

Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

## P. Taxes

### (i) Current Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside consolidated statement of profit and loss is recognised outside consolidated statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. However, recognition of deferred tax asset is subject to the following exceptions: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred

taxes relate to income taxes levied by the same taxation authority on the same taxable entity.

(iii) Sales tax (includes value added tax and Goods and service tax)

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

## Q. Provisions and Contingent liabilities

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

## R. Cash and short-term deposits

Cash and short-term deposits in the consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## S. Exceptional items

Exceptional items are those items that management considers, by virtue of their size or incidence, should be disclosed separately to ensure that the financial information allows a better understanding of the underlying performance of the business in the year and facilitates more appropriate comparison with prior periods. Exceptional items are adjusted in arriving at profit before tax.

## 4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses and accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### A. Critical accounting judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### i) Determination of functional currency

The Management makes judgements in determining the functional currency based on economic substance of the transactions relevant to each entity in the Group. In concluding that Indian Rupees is the functional currency for the parent company, the management considered (i) the currency that mainly influences the sales prices for goods and services, the labour, material and other costs of providing goods and services, and (ii) the effect of the competitive forces and regulations of the country which mainly determine the sales prices of the goods and services. As no single currency was clearly dominant, the management also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained. The management has concluded that INR is the functional currency of the parent.

## B. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### i) Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystalizing or cannot be quantified reliably are treated as contingent liabilities. Among other matters, such determination require involvement of legal and other subject matter experts. Depending on materiality, the Group may involve internal and/ or external experts to make such assessment. Contingent liabilities are disclosed in the notes but are not recognized. (refer note no 38)

### ii) Fair value measurements of financial instruments

When the fair values of financial assets or financial liabilities recognised or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 44 for further disclosures.

### iii) Impairment of non-financial assets

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount,

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

which is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 46.

#### iv) Duty drawback

Income on duty draw-back is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The Group claims draw-back of National Calamity Contingent duty (NCCD) on exports in line with duty drawback rules and recognizes the same as revenue. The claim by the Group, even though initially allowed has been disputed and withheld by the revenue authorities, however, based on legal advice, the Group is confident of recovery and continues to recognise the same {refer note 39 (A)}.

## 5. Changes in accounting policies and Standards issued but not yet effective

- i. With effect from April 1, 2018, Ind AS 115 Revenue from Contracts with Customers supersedes Ind AS 18 Revenue and related Appendices. Ind AS 115 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The Group has adopted Ind AS 115 using the modified retrospective approach / cumulative catch-up transition method and hereby applied it to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. However, the effect on adoption of Ind AS 115 is immaterial, except additional presentation and disclosures in the financial statements.

The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be

entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgments, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group is primarily engaged in the business of refining of crude oil, marketing of petroleum products in domestic and overseas markets. Given below are the key aspects related to Ind AS 115 adoption and its transitional impact:

#### (a) Sale of goods – Timing

The Group's contracts with customers for the sale of petroleum products generally include one performance obligation. The Group has concluded that revenue from sale of petroleum products should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the petroleum products. In most cases, this is aligned to timing of revenue recognition under the erstwhile Ind AS 18.

#### (b) Provisionally priced sales

Some of the Group's sales of petroleum products contain provisional pricing features which are currently considered to be embedded derivatives. Under Ind AS 18, revenue is recognised at the estimated fair value of the total consideration received or receivable when the control is transferred, which is generally on delivery of the petroleum products. This fair value is based on the estimated forward price that the Group expects to receive at the end of the provisional price period. The subsequent changes in fair value are recognised in the statement of profit or loss each period until final settlement and presented as part of 'Revenue from Operations'.

Ind AS 115 will not change the assessment of the impact of these provisional pricing features. Ind AS 115 states that if a contract is partially within scope of this standard and partially in the scope of another standard, an entity will first apply the separation and measurement requirements of the other standard(s). Therefore, to the extent that provisional pricing features are considered to be in the scope of another standard, they will be outside the scope of Ind AS 115 and the Group will be required to account for these in accordance with Ind

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

AS 109. While Ind AS 115 does not prohibit impact of provisional pricing features to be described as revenue, it does contain specific disclosure requirements for revenue from contracts with customers. Specifically, it requires the Group to disclose revenue recognised from contracts with customers separately from its other sources of revenue either in the statement of profit or loss or in the notes. Therefore, the Group needs to separately track impact of provisional pricing features separately to disclose these amounts separately from revenue related to contracts with customers.

The Group has estimated that the impact of provisional pricing features is not material and therefore not disclosed it separately.

## (c) Sale and purchase transactions

The Group has entered into contracts with customers for purchase as well as sale of petroleum products at different locations across India to meet their business requirements. Such sales and purchases are negotiated independently, priced based on the point of time when control of the asset is transferred to / from the customer, there is no minimum commitment to purchase or sale over a period of time and the settlement for purchases and sales are done on a gross basis. Considering those factors, the group has concluded that such contracts cannot be considered as non-monetary exchange of similar goods or services. Accordingly, the Group continues to recognise them as independent transaction of purchase and sale of goods.

### (d) Advance received from customers

In many cases, the Group receives advances from its customers. Long terms advances, if any, are interest bearing at market rate of interest. Upon the adoption of Ind AS 115, for short-term advances, the Group has used the practical expedient, whereby it will not separate financing coupon. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

Therefore, the adoption of Ind AS 115 did not have any material impact on the timing and amount of revenue recognition.

## (e) Presentation and disclosure requirements

As required for the financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. refer note 28 for the disclosure on disaggregated revenue.

Overall, the impact if the group would have continued to apply the erstwhile Ind AS 18 - Revenue instead of Ind AS 115 - Revenue from Contract with Customers would have been immaterial on the financial statements of the group for the period ended and as of March 31, 2019.

ii. In addition, the below amendments have also become effective for the Group from financial year beginning April 1, 2018. However, the management has evaluated and determined that the adoption of these amendments will not have any material impact on the financial statements since there are no such transactions or the Group's existing policies are aligned to these amendments:

- a. Amendment to Ind AS 12 Income Taxes – regarding recognition of deferred tax assets on unrealised losses
- b. Applying Appendix B of Ind AS 21 The Effects of Changes in Foreign Exchange Rates
- c. Amendment to Ind AS 28 Investments in Associates and Joint Ventures
- d. Amendment to Ind AS 40 Investment Property - regarding transfer of investment property
- e. Amendment to Ind AS 112 Disclosure of Interests in Other Entities – regarding disclosure requirements

## ii. Standards issued but not yet effective

### a. Ind AS 116 - Leases

The new lease standard requires lessees to recognize assets and liabilities for leases on their balance sheets. Lessees applying Ind AS 116 will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The new standard will be applicable from the financial year beginning on or after April 1, 2019. The Group has established an implementation team to implement Ind AS 116 related to lease accounting and it continues to evaluate the changes to accounting system and processes, and basis the evaluation done till date, the accounting of leasing arrangements are in respect of commercial and residential premises, retail outlets lands,

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

use of branding activities and storage and handling facilities etc would be significantly impacted under new lease Standard. The Group is in progress of quantifying the impact and additional disclosures requirements that may be necessary.

## **b. Other changes to Ind AS**

In addition to Ind AS 116, the MCA has also notified the following changes to Ind AS 116 which are effective from financial year beginning 1 April 2019. The Group will adopt these changes from the date effective; however, the adoption of these changes is unlikely to have any impact on the financial statements:

- Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
- Amendments to Ind AS 109: Prepayment Features with Negative Compensation
- Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement
- Amendments to Ind AS 28: Long-term interests in associates and joint ventures
- Annual improvement to Ind AS (2018): These improvements include:
  - ✓ Amendments to Ind AS 103: Party to a Joint Arrangements obtains control of a business that is a Joint Operation
  - ✓ Amendments to Ind AS 111: Joint Arrangements
  - ✓ Amendments to Ind AS 12: Income Taxes
  - ✓ Amendments to Ind AS 23: Borrowing Costs

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 6. Property, Plant and Equipment, Goodwill, Other Intangible assets and Capital-Work-In-Progress

Description of the assets	Gross block (I)						Depreciation / amortisation (II)			Net block (III) = (I - II)
	As at April 01, 2017	Addition consequent to acquisition of subsidiary*	As at March 31, 2018	As at April 01, 2017	During the year	Deductions*	As at March 31, 2018	As at March 31, 2018		
<b>A) Property, Plant &amp; Equipment - Owned</b>										
Land (Freehold)	52,788	19	52,815	-	-	-	-	-	52,815	
Buildings	8,520	7,366	16,093	2,373	679	-	3,052	-	13,041	
Plant and machinery	350,765	83,651	436,218	30,648	15,990	18	46,620	18	389,598	
Furniture and fixtures	166	13	184	97	21	4	114	4	70	
Office equipments	756	5	762	460	105	89	476	89	286	
Vehicles	105	1	121	80	7	10	77	10	44	
Aircraft	-	-	-	-	-	-	-	-	-	
<b>Total (I)</b>	<b>413,100</b>	<b>91,055</b>	<b>506,193</b>	<b>33,658</b>	<b>16,802</b>	<b>121</b>	<b>50,339</b>	<b>121</b>	<b>455,854</b>	
<b>Property, Plant &amp; Equipment obtained on finance lease</b>										
Land	2	-	2	2	-	-	2	-	-	
Buildings	349	-	349	22	2	24	-	-	-	
Plant and machinery	11,318	-	11,295	776	61	814	23	814	1	
<b>Total (II)</b>	<b>11,669</b>	<b>-</b>	<b>11,644</b>	<b>800</b>	<b>63</b>	<b>838</b>	<b>25</b>	<b>838</b>	<b>1</b>	
<b>Total Property, Plant and Equipment (I+II)</b>	<b>424,769</b>	<b>91,055</b>	<b>506,219</b>	<b>34,458</b>	<b>16,865</b>	<b>959</b>	<b>50,364</b>	<b>959</b>	<b>455,855</b>	
<b>B) Capital Work In Progress</b>										
Capital work-in-progress									6,780	
<b>C) Goodwill</b>										
Goodwill	111	108,073	108,184	-	-	-	-	-	108,184	
<b>D) Other intangible assets</b>										
Softwares & licenses	923	1	1,058	640	146	58	728	58	330	
<b>Total (A+B+C+D)</b>	<b>425,803</b>	<b>199,129</b>	<b>615,461</b>	<b>35,098</b>	<b>17,011</b>	<b>1,017</b>	<b>51,092</b>	<b>1,017</b>	<b>571,149</b>	

\* Includes assets given / taken on lease to / from entities, on which control was acquired during the year and hence lease accounting stands eliminated.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 6. Property, Plant and Equipment, Goodwill, Other Intangible assets and Capital-Work-In-Progress

Description of the assets	Gross block (I)				Depreciation / amortisation (II)				Net block (III) = (I - II) As at March 31, 2019
	As at April 01, 2018	Additions	Deductions	As at March 31, 2019	As at April 01, 2018	During the year	Deductions	As at March 31, 2019	
<b>A) Property, Plant &amp; Equipment - Owned</b>									
Land (Freehold)	52,815	3	-	52,818	-	-	-	-	52,818
Buildings	16,093	849	1	16,941	3,052	749	-	3,801	13,140
Plant and machinery	436,218	19,256	7,708	447,766	46,620	17,338	7,698	56,260	391,506
Furniture and fixtures	184	89	2	271	114	25	1	138	133
Office equipments	762	189	6	945	476	114	5	585	360
Vehicles	121	8	9	120	77	9	8	78	42
<b>Total (I)</b>	<b>506,193</b>	<b>20,394</b>	<b>7,726</b>	<b>518,861</b>	<b>50,339</b>	<b>18,235</b>	<b>7,712</b>	<b>60,862</b>	<b>457,999</b>
<b>Property, Plant &amp; Equipment obtained on finance lease</b>									
Land	2	-	2	-	2	-	2	-	-
Plant and machinery	24	-	24	-	23	-	23	-	-
<b>Total (II)</b>	<b>26</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>
<b>Total Property, Plant and Equipment (I+II)</b>	<b>506,219</b>	<b>20,394</b>	<b>7,752</b>	<b>518,861</b>	<b>50,364</b>	<b>18,235</b>	<b>7,737</b>	<b>60,862</b>	<b>457,999</b>
<b>B) Capital Work In Progress</b>									
Capital work-in-progress									4,823
<b>C) Goodwill</b>									
Goodwill	108,184	-	-	108,184	-	-	-	-	108,184
<b>D) Other intangible assets</b>									
Softwares & licenses	1,058	67	-	1,125	728	131	-	859	266
<b>Total (A+B+C+D)</b>	<b>615,461</b>	<b>20,461</b>	<b>7,752</b>	<b>628,170</b>	<b>51,092</b>	<b>18,366</b>	<b>7,737</b>	<b>61,721</b>	<b>571,272</b>

For details of assets pledged as security, refer note 19 and 23

### Notes:

- Land and building having carrying value aggregating to ₹2,676 million (Previous year ₹2,676 million) has been pledged for a loan taken by a third party. The Group is in the process of discussion with the lender for release of the pledge.
- Additions to plant and machinery include exchange loss on long-term foreign currency borrowing taken to finance property plant and equipment (refer note 3(K)), amounting to ₹1,774 million (Previous year loss of ₹54 million) and borrowing cost of ₹176 million (Previous year ₹Nil).
- In line with its major maintenance practices, the group completed major maintenance of its refinery and all other plant and machinery during turnaround. The Group incurred total cost of ₹9,728 million (including raw materials consumed of ₹1,202 million, employee benefits expense of ₹242 million and others expenses of ₹3,387 million) on the major maintenance activity which have been capitalised to the plant and machinery, with corresponding write-off of the net carrying value of the last turnaround.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 7. Investments (Non Current) (Unquoted)

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Other Investments - At FVTPL</b>		
<b>Investments in equity shares (fully paid-up)</b>		
13,000,000 (Previous year 13,000,000) equity shares of ₹10 each of Petronet VK Limited*	-	-
1,584,000 (Previous year 1,584,000) equity shares of ₹10 each of Petronet CI Limited * @	-	-
10,000,000 (Previous year 10,000,000) equity shares of ₹0.10 each of Petronet India Limited * @	-	-
<b>Total</b>	-	-

Particulars	As at March 31, 2019	As at March 31, 2018
Aggregate amount of unquoted investments	-	-
<b>Total</b>	-	-

\* Investments are fair valued at Zero.

@ companies are under liquidation

For details of investments pledged as security against borrowings, refer note 19 and 23.

## 8. Other Financial Assets (Non Current) (Unsecured and considered good, unless otherwise stated)

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	306	279
	<b>(A)</b>	279
<b>Other receivables</b>		
-Export Incentive Receivables {refer note 39(A)}	4,163	4,091
-From others {refer note 39(B)}		
- Considered good	925	1,707
- significant increase in credit risk	159	199
Less: Expected credit loss {refer note 44(C)(v)}	(159)	(199)
	<b>(B)</b>	5,798
Bank Deposits with remaining maturity of more than twelve months #	132	2
	<b>(C)</b>	2
Interest accrued on bank deposits	<b>(D)</b>	0
Derivative Assets	74	-
	<b>(E)</b>	-
<b>Total (A+B+C+D+E)</b>	<b>5,600</b>	<b>6,079</b>

# mainly placed as margin for guarantees obtained from banks and to earn interest at the respective short-term deposit rates.

For details of assets pledged as security against borrowings, refer note 19 and 23.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 9. Other non-current assets

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	647	588
Capital advances	63	211
Claim receivables	2,492	1,932
<b>Total</b>	<b>3,202</b>	<b>2,731</b>

For details of assets pledged as security against borrowings, refer note 19 and 23.

## 10. Inventories

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials {including in transit ₹31,447 million (Previous year ₹13,615 million)}	55,458	36,603
Work-in-progress	18,737	17,770
Finished goods {including in transit ₹658 million (Previous year ₹1,513 million)}	14,472	13,013
Trading goods	-	1
Stores and spare parts {including in transit ₹21 million (Previous year ₹35 million)}	4,121	3,956
Other consumables {including in transit ₹701 million (Previous year Nil)}	1,762	1,969
<b>Total</b>	<b>94,550</b>	<b>73,312</b>

For details of inventories pledged as security against borrowings, refer note 19 and 23. Refer note 3(G) for basis of valuation.

## 11. Investments (Current)

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in mutual funds - At FVTPL*	1,001	13,021
<b>Total</b>	<b>1,001</b>	<b>13,021</b>

\*Aggregate amount of quoted investments and market value thereof.  
For the Group's exposure to credit risks refer note 44(C)(v).

## 12. Trade receivables

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables considered good - Unsecured*	36,891	29,272
Trade Receivables - credit impaired	8	8
	<b>36,899</b>	<b>29,280</b>
Less: Expected credit loss {refer note 44(C)(v)}	(8)	(8)
<b>Total</b>	<b>36,891</b>	<b>29,272</b>

\* Includes ₹2,266 million (Previous year ₹1,371 million) backed by letters of credit.

For the Group's exposure to credit and currency risks, and loss allowances related to trade receivables, refer note 44.

For amounts due from related parties, refer note 49.

For details of assets pledged as security against borrowings, refer note 19 and 23.

For details of bills discounting not meeting derecognition criteria, refer note 23

The Group has discounted export bill receivables amounting to ₹4,508 million (As at March 31, 2018 Nil), on non-recourse basis. The management has assessed that the Group does not have any continuing involvement with the said bills discounted, except in an unlikely scenario of dispute arising with regard to the existence of the receivable discounted. Accordingly, the discounting meets derecognition criteria and the money received has been netted off from the trade receivables discounted.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 13. Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Balances with banks in:</b>		
-Current accounts	3,449	12,267
-Exchange earners' foreign currency (EEFC) accounts	1,446	10,793
-Deposits with original maturities less than 3 months*	2,155	1,502
<b>Cheques on hand</b>	8	31
<b>Cash on hand</b>	1	0
<b>Total</b>	<b>7,059</b>	<b>24,593</b>

\*Short-term deposits are made with banks for varying periods of up to three months depending on the immediate cash requirements of the Group and to earn interest at the respective short-term deposit rates.

## 14. Bank balances other than Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Earmarked bank balances (debenture / unclaimed debenture interest)	9	9
Margin deposits*	6,274	10,190
Other deposits	0	1
<b>Total</b>	<b>6,283</b>	<b>10,200</b>

\* Mainly placed as margin for letters of credit facilities, guarantees and short term borrowings obtained from banks and to earn interest at the respective bank deposit rates.

## 15. Other Financial Assets (Current) (Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Security deposits</b> (A)	216	226
<b>Other receivables</b>		
- Considered good	2,587	1,617
- significant increase in credit risk	274	44
Less: Expected credit loss {refer note 44(C)(v)}	(274)	(44)
(B)	2,587	1,617
Interest accrued on bank deposits (C)	157	220
Derivative Assets (D)	2,722	339
<b>Total (A+B+C+D)</b>	<b>5,682</b>	<b>2,402</b>

For details of assets pledged as security against borrowings, refer note 19 and 23.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

**16. Other Current assets (Unsecured and considered good, unless otherwise stated)**

(₹ in million)

Particulars	As at	
	March 31, 2019	March 31, 2018
Advances recoverable in cash or in kind or for value to be received	854	919
Prepaid expenses	4,675	3,903
Balances with government authorities	351	877
	<b>(A)</b>	<b>5,880</b>
<b>Other receivables</b>		
<b>-Claims / other receivables</b>		
- Considered good	50	552
- Considered doubtful	-	148
Less: Provision for doubtful debt	-	(148)
	<b>(B)</b>	<b>50</b>
	<b>Total (A+B)</b>	<b>5,930</b>
		<b>6,251</b>

For details of assets pledged as security against borrowings, refer note 19 and 23.

**17. Equity Share capital**

(₹ in million)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised*</b>				
Equity shares of ₹10 each	8,000,680,000	80,007	5,000,000,000	50,000
Preference Shares of ₹10 each	1,000,000,000	10,000	-	-
<b>Issued and subscribed</b>				
Equity shares of ₹10 each	1,552,487,155	15,525	1,552,487,155	15,525
<b>Paid up</b>				
Equity shares of ₹10 each fully paid up	1,490,561,155	14,906	1,490,561,155	14,906
Add : Forfeited shares - Equity shares of ₹10 each	61,926,000	166	61,926,000	166
		<b>15,072</b>		<b>15,072</b>

\* Pursuant to the Scheme which became effective post filing of orders approving Scheme of Amalgamation of Vadinar Power Company Limited (VPCL) and Nayara Energy Properties Limited (NEPL) with the Registrar of Companies, on November 30, 2018, the authorized share capital of VPCL and NEPL aggregating to ₹40,007 million was combined with the authorized share capital of the Company resulting in increase in authorised share capital of the Company from ₹50,000 million (divided into 5,000,000,000 equity shares of ₹10 each) to ₹90,007 million (divided into 8,000,680,000 equity shares of ₹10 each and 1,000,000,000 preference shares of ₹10 each).

**a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year :**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	1,490,561,155	14,906	1,490,561,155	14,906
Add : Equity shares issued	-	-	-	-
Shares outstanding at the end of the year	1,490,561,155	14,906	1,490,561,155	14,906

The above includes 951,463,854 (Previous year 951,463,854) underlying equity shares represented by 6,218,718 (Previous year 6,218,718) outstanding global depository shares (GDS). Each GDS represents 153 underlying equity shares.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

**b) The rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital:**

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of an equity share is entitled to one vote per share.

The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Holders of GDS are entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of equity shares, less the fees and expenses payable under the Deposit Agreement and any Indian tax applicable to such dividends. The holders of GDS are entitled to instruct the Depository to exercise the voting rights, arising under the equity shares represented by the GDS at general meetings and through postal ballot. In the event of liquidation the rights of the GDS holders are equivalent to rights of the equity shareholders.

**c) Details of shareholders holding more than 5% shares (including GDS) in the Company:**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	% of shares	Number of shares	% of shares
3,109,359 (3,109,359 as at March 31, 2018) GDS held by Kesani Enterprise Company Ltd	475,731,927	31.92%	475,731,927	31.92%
3,109,359 (3,109,359 as at March 31, 2018) GDS held by Rosneft Singapore Pte. Limited (Formerly known as Petrol Complex Pte. Limited)	475,731,927	31.92%	475,731,927	31.92%
Equity shares held by Kesani Enterprise Company Ltd	256,594,520	17.21%	256,594,520	17.21%
Equity shares held by Rosneft Singapore Pte. Limited (Formerly known as Petrol Complex Pte. Limited)	256,594,519	17.21%	256,594,519	17.21%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of equity shares.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

**18. Other Equity**

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
General reserve	596	594
Retained Earnings	96,089	89,389
<b>Other Comprehensive Income:</b>		
Cash flow hedge reserve	(417)	(1,167)
Foreign currency monetary item translation difference account	(230)	(301)
<b>Other Reserves:</b>		
Capital reserve	409	409
Securities premium	78,014	78,014
Debenture redemption reserve	-	2
Foreign currency Translation Reserve	(0)	(1)
<b>Total</b>	<b>174,461</b>	<b>166,939</b>

**General reserve:** Represents the reserve created mainly on account of amount transfer from debenture redemption reserve on redemption of debentures. It can be used for distribution to equity shareholders only after complying with restrictions contained in The Companies (Declaration and Payment of Dividend) Rules, 2014.

**Retained earnings:** Net earnings, retained by the Group to be reinvested in its core business. It also includes fair valuation of property, plant and equipment and other assets done by the Group on transition to Ind AS and used as deemed cost of the concerned assets. Whether the Company can use these amount for distribution depend on specific requirements of the Companies Act, 2013 (as amended) and rules framed thereunder. Particularly, unrealised fair value gains cannot be used for dividend distribution.

**Cash flow hedge reserve:** Changes in the fair value of derivatives/ hedging instruments that are designated and qualify as cash flow hedges are deferred in the "Cash Flow Hedge Reserve". The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss. Amounts deferred in the Cash Flow Hedge Reserve Account are recycled in the statement of profit and loss in the periods when the hedged item is recognised and affects the statement of profit and loss, in the same line as the hedged item.

**Foreign currency monetary item translation difference account:** Represents exchange differences arising on reporting of long-term foreign currency monetary items that are accumulated and amortised over the balance period of such long-term liability by recognition as income or expense in each such periods.

**Capital reserve:** Created reserve can be utilised for issuance of bonus shares.

**Securities premium:** The amount in the account represents the additional amount shareholders paid for their issued shares that was in excess of the par value of those shares. The same can be utilised for the items specified under section 52 of the Companies Act, 2013.

**Debenture redemption reserve:** The Companies Act requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption, the same amount can be transferred to either retained earnings or general reserve.

**Foreign currency translation reserve:** Represents exchange differences arising on translation of the foreign operations. The cumulative amount is reclassified to profit or loss when the foreign operation is disposed-off.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 19. Borrowings (₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured Borrowings - At amortised cost</b>		
<b>Debentures</b>		
Non convertible debentures	23,860	7
<b>Term loans*</b>		
From banks	102,835	128,288
Current maturities of long term debt included under other financial liabilities (refer note 25)	(8,429)	(15,018)
<b>Total</b>	<b>118,266</b>	<b>113,277</b>

\* Refer note 44 (C)(ii) for borrowings outstanding in foreign currencies

## (A) Security for term loans and funded interest facilities from banks and debentures (₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
i) Term loans, funded interest facilities and debentures are secured by first charge, ranking pari passu with other term lenders on all present and future immovable and movable assets (except power plant assets) other than current assets and over the rights, title and interests under project documents and over all licenses, permits, approvals, assignments, concessions and consents of project, security interest on rights, title and interests in trust and retention accounts and all sub accounts created there under, insurance policies and second ranking pari-passu charge on current assets with other term lenders. Outstanding amount as on 31 March 2018 has been paid during the current year	-	6,950
ii) ECB loan is secured by first charge, ranking pari passu with other term lenders on all present and future immovable assets (except power plant assets), all present and future movable assets, security interest on the rights, title and interest under project documents, insurance policies and second charge pari-passu with other term lenders on the current assets.	23,166	27,264
iii) Rupee and USD loan availed from various banks are secured by first charge, ranking pari-passu with other term lenders on the fixed assets (movable and immovable), both present and future of the Group (except power plant assets), Second charge, pari-passu with other term lenders on the current assets of the Group, first charge by way of assignment or security interest over all rights, titles, insurance and interest in all project documents to which the Group is a party, first charge on DSRA/margin as and when created.	66,006	79,562
iv) Non convertible debentures are secured by first charge, ranking pari-passu with other lenders on the fixed assets (movable and immovable except power plant assets), both present and future of the Group in relation to Project, Second charge, pari-passu with other term lenders on the current assets of the Group, first charge by way of assignment or security interest over insurance policy.	23,860	-
v) Rupee Term Loans along with interest are secured by first pari passu charge over both movable and immovable fixed assets, current assets of power plant of the Group, both present and future, Second charge, pari-passu with other term lenders on the current assets of the Group.	13,663	14,519
<b>Total</b>	<b>126,695</b>	<b>128,295</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

**(B) Repayment and other terms:**

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
i) Outstanding debentures consists of Nil (Previous year 5,58,600) – Secured redeemable non – convertible debentures (NCDs) of ₹ 105/- each. These amounts carry interest ranging from fixed rate of 12.50% p.a to a prime lending rate/ base rate of respective banks plus margin and is repayable from December 2014 to June 2018. Outstanding amount as on 31 March 2018 has been repaid during the current year	-	7
ii) The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks is based on their prime lending rate / base rate / 1 month LIBOR plus margin (margin ranges from 2.12% p.a. to 3.00% p.a.) with different quarterly/ annual repayment unequal instalments starting from December 2009 to March 2026. Outstanding amount as on 31 March 2018 has been prepaid during the current year	-	239
iii) The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks is repayable in unequal instalments from March 2021 to March 2026 and carries interest rate of 4.98%. The Company has an option, subject to consent of the lenders, to prepay these facilities as per agreed terms at a reduced amount at any point of time during its term. Outstanding amount as on 31 March 2018 has been prepaid during the current year	-	6,235
iv) The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks is repayable in 40 equal quarterly instalments beginning June 30, 2015 and carried interest rate of 4.98%. The Company has an option, subject to consent of the lenders, to prepay this facility as per agreed terms at a reduced amount at any point of time during its term. Outstanding amount as on 31 March 2018 has been prepaid during the current year	-	469
v) ECB Loans carry interest rate of 3 months / 6 months LIBOR + margin ranging from 3.60% p.a. to 5.00% p.a. are repayable in unequal instalments starting from March 2015 and ending in March 2024.	23,166	27,264
vi) Rupee loan and USD Loan from various lenders carry interest of respective lenders rate of 3/6 month MCLR/ 3 months USD LIBOR + spread ranging from 40 bps to 360 bps and is repayable in unequal instalments starting from March 2018 and ending to March 2038.	66,006	79,562
vii) The rupee term loan facility from banks carry interest rate at bank's 3M MCLR + 0.90% is repayable in 51 structured quarterly instalments beginning December 31, 2017 and ending to June 2030.	13,663	14,519
viii) Non convertible debentures carry fixed interest of 9.50% p.a. is repayable in a single bullet in July 2021.	23,860	-
<b>Total</b>	<b>126,695</b>	<b>128,295</b>

- (C) In March 2017, the Company and its subsidiaries Vadinar Oil Terminal Limited and Vadinar Power Company Limited (VPCL) (now merged with the Company) applied to one of its lenders to prepay the entire outstanding loans along with applicable interest and prepayment penalty. The said lender did not respond to the said request and subsequently in August 2017, the Company, VOTL and VPCL went ahead and prepaid all their dues to the said lender aggregating to ₹8,282 million (including interest and prepayment penalty of ₹152 million). The Company has issued legal notice and filed writ petition in Hon'ble High Court of Bombay against the lender, which is under consideration. During the year, Mr. R. Sudarsan, Nominee of the lender on the Board of Company has resigned.

The Company has obtained legal advice on the current situation, as per which no additional liability should devolve on the Group with respect to its borrowings from the said lender and accordingly, the Group has not recorded any liability with respect to the same.

**20. Other financial liabilities (Non-Current)**

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	64	0
Derivative Liabilities	1,296	424
Advances received from customers - designated as cashflow hedge*	68,797	69,197
<b>Total</b>	<b>70,157</b>	<b>69,621</b>

\*Based on the substance of its obligation, the Company has classified prepayment received under the contracts in the nature of financial instruments as "other financial liability". To maintain consistency, the current and non current amount of ₹72,139 million (USD 1,109 million) for the comparative period has also been reclassified.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 21. Taxation

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities (Net)	80,706	75,919
<b>Total</b>	<b>80,706</b>	<b>75,919</b>

### (A) Income tax expense / (benefit)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax (A)	967	1,651
Deferred tax (B)	2,692	2,360
<b>Total tax expense charged to statement of profit and loss (A+B)</b>	<b>3,659</b>	<b>4,011</b>
<b>Deferred tax charged / (reversed) to other comprehensive income / (loss)</b>	<b>393</b>	<b>(258)</b>

### (B) The income tax expenses for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Profit before tax (net of loss from Discontinued Operations) for the year</b>	<b>10,544</b>	<b>9,781</b>
Statutory tax rate	34.944%	34.944%
<b>Expected income tax expense at statutory rates</b>	<b>3,684</b>	<b>3,418</b>
<b>Items giving rise to difference in tax</b>		
Deferred tax asset not recognised	-	244
Effect of change in indexed cost of land	(243)	(206)
Effect of change in Statutory tax rate	-	650
Others	218	(95)
<b>Total Income tax expense</b>	<b>3,659</b>	<b>4,011</b>
<b>Effective tax rate</b>	<b>34.702%</b>	<b>41.008%</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

**(C) Composition of deferred tax (assets) / liabilities:**

Deferred tax balance in relation to	As at March 31, 2018*	Recognised through profit and loss	Recognised in other comprehensive income	Impact on account of merger (refer note E below)	As at March 31, 2019
Difference in Property, plant and equipment	105,890	4,672	-	-	110,562
Carried forward unabsorbed depreciation	(22,130)	(3,267)	-	-	(25,397)
Carried forward Business Loss	-	(512)	-	-	(512)
Effect of mark to market accounting	(35)	(577)	393	-	(219)
Others	(3,946)	3,343	-	-	(604)
<b>Total (A)</b>	<b>79,779</b>	<b>3,659</b>	<b>393</b>	<b>-</b>	<b>83,830</b>
<b>MAT credit entitlement (Total B)</b>	<b>(3,860)</b>	<b>(967)</b>	<b>-</b>	<b>1,703</b>	<b>(3,124)</b>
<b>Total (A+B)</b>	<b>75,919</b>	<b>2,692</b>	<b>393</b>	<b>1,703</b>	<b>80,706</b>

Deferred tax balance in relation to	As at March 31, 2017*	Recognised through profit and loss	Recognised in other comprehensive income	Impact on account of merger	As at March 31, 2018
Difference in Property, plant and equipment	105,033	857	-	-	105,890
Carried forward unabsorbed depreciation	(17,647)	(4,483)	-	-	(22,130)
Effect of mark to market accounting	(769)	992	(258)	-	(35)
Others	(10,591)	6,645	-	-	(3,946)
<b>Total (A)</b>	<b>76,026</b>	<b>4,011</b>	<b>(258)</b>	<b>-</b>	<b>79,779</b>
<b>MAT credit entitlement (Total B)</b>	<b>(2,209)</b>	<b>(1,651)</b>	<b>-</b>	<b>-</b>	<b>(3,860)</b>
<b>Total (A+B)</b>	<b>73,817</b>	<b>2,360</b>	<b>(258)</b>	<b>-</b>	<b>75,919</b>

\* includes deferred tax liabilities of Vadinar Oil Terminal Ltd (VOTL) and Vadinar Power Company Ltd (VPCL), as on the date of their respective acquisition date, of ₹6,315 million and ₹3,807 million respectively.

(D) The Group has not recognised deferred tax assets of ₹7,923 million (March 31, 2018 ₹7,923 million) on carried forward short term capital losses in the absence of a reasonable certainty towards their utilisation. These losses can be carried forward upto March 31, 2026.

(E) Pursuant to the merger of the Company with its subsidiaries, Vadinar Power Company Limited and Nayara Energy Properties Limited, current tax liability for the year ended March 31, 2018 has reduced by ₹1,703 million with a corresponding increase in the deferred tax charge. The effect of the same has been accounted for in the current year.

**22. Other Non Current Liabilities**

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Advances received from customers	35,821	-
<b>Total</b>	<b>35,821</b>	<b>-</b>



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 23. Short term borrowings

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured Borrowings</b>		
Buyers' credits and bills discounting* @	32,729	38,658
Bank overdraft	1,729	1
Short term loan from banks	14,971	21,891
Working capital demand loan from bank	7,973	12,841
<b>Total</b>	<b>57,402</b>	<b>73,391</b>

### Security for short term borrowing:

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
a) Buyers' credits and bills discounting is Secured / to be secured by first charge on entire current assets of the Group (existing and future) on a pari passu basis among lenders, second charge on Property Plant and Equipment including both present and future (except fixed assets of power plants) on a pari passu with other lenders, and certain shares of a related party on a pari passu with other lenders. The loan carries an interest rate which is determined and fixed on date of availing of the loan which is presently between 2.88% p.a. to 8.40% p.a and are repayable within 6 months of being drawn	32,729	38,658
b) Bank overdraft / cash credit from bank is secured by fixed deposits maintained with a bank and carries interest rate of 1% over fixed deposits rate and is repayable on demand	1,729	1
c) Short Term Loan of from bank is secured by first charge on entire current assets of the company (existing and future) on a pari passu basis among lenders; second charge on Property Plant and Equipment including both present and future (except fixed assets of power plants) on a pari passu with other lender, and certain shares of a related party on a pari passu with other lenders. The loan carries an interest rate of 3 months marginal cost of funds based lending rate (MCLR) plus spread of 0.60%p.a and 6 months marginal cost of funds based lending rate (MCLR) plus spread of 0.60% p.a i.e 8.95% to 9.40% and is repayable within six month of being drawn.	14,971	21,891
d) Working Capital Demand loan from bank is secured / to be secured by i) first charge on all current assets both present and future including all receivables ranking pari passu basis among lenders, second charge by way of mortgage of immovable and movable properties, including revenues both present and future on pari passu with other lenders and certain shares of a related party on a pari passu with other lenders. These loans carry an interest rate based on 3 months marginal cost of funds based lending rate (MCLR) i.e 8.55% p.a. These loans are repayable on demand.	7,973	12,841
<b>Total</b>	<b>57,402</b>	<b>73,391</b>

\* The Company has discounted trade receivable on full recourse basis. Accordingly, the monies received on this account are shown as borrowings as the trade receivable does not meet de-recognition criteria. The related trade receivables have been disclosed under note 12.

@ Refer note 44 for borrowings outstanding in foreign currencies

## 24. Trade Payables

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of Micro and small enterprises	24	30
Total outstanding dues of creditors other than Micro and small enterprises	92,687	170,979
<b>Total</b>	<b>92,711</b>	<b>171,009</b>

Trade payables are non-interest bearing and are normally settled within 0-90 days

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

**25. Other financial liabilities - Current**

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long term debt (refer note 19)	8,429	15,018
Interest accrued but not due on borrowings	1,779	202
Capital creditors	1,184	788
Security deposits	208	222
Unclaimed debenture interest and principal (secured) #	10	10
Advances received from customers - designated as cashflow hedge (refer note 20 and note 49)	55,424	2,942
Other liabilities	3,167	716
Derivative Liabilities	1,819	1,424
<b>Total</b>	<b>72,020</b>	<b>21,322</b>

# There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at balance sheet date.

**26. Other Current liabilities**

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory dues@	9,855	10,027
Advances received from customers	15,883	22,380
Export Obligation Deferred Income*	303	1,599
Other liabilities	-	22
<b>Total</b>	<b>26,041</b>	<b>34,028</b>

\*In respect of unfulfilled export obligation of ₹256,993 million (Previous year ₹42,802 million)

@Statutory dues mainly includes contribution to PF, withholding taxes, excise duty and sales tax / GST etc.

**27. Provisions (Current)**

(₹in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Provision for employee benefits</b>		
Compensated absences	375	249
Gratuity (refer note 48)	436	340
<b>Total</b>	<b>811</b>	<b>589</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 28. Revenue from operations

(₹in million)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue from sale of products #</b>		
Sale of manufactured products	829,974	740,822
Sale of traded goods	152,746	112,212
<b>Other operating revenues {refer note 39 (A)}*</b>	3,874	2,246
<b>Total</b>	<b>986,594</b>	<b>855,280</b>

\* Includes duty drawback income of ₹862 million (Previous year ₹972 million) and export obligation fulfilment income of ₹1,919 million (Previous year ₹165 million)

# Comprises of revenue from contract with customer of ₹1,005,291 million (recognised at a point in time) and ₹22,571 million pertaining to hedging loss related to sales which are recycled from the cash flow hedge reserve when the underlying sales contract is executed and concluded.

### Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers. The management believes that such disaggregation better depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

(₹in million)

Particulars	For the year ended March 31, 2019
Export sales (including deemed export amounting to ₹4,086 million)	362,478
National Oil marketing companies	267,213
Retail Outlets	332,967
Others	42,633
<b>Total revenue from contracts with customers</b>	<b>1,005,291</b>

Up to June 30, 2017, all products of the Group were liable to excise duty. From July 1, 2017 onwards (i) the production of HSD and MS continues to be liable to excise duty, and (ii) for all other products, the excise duty has been replaced with the Goods and Service Tax (GST). The Group collects excise duty on its own account and, therefore, is included in revenue. In contrast, the Group collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of this change in indirect taxes and resultant accounting impact, revenue from operations for the year ended March 31, 2019 is not comparable with the year ended March 31, 2018.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(₹in million)

<b>Contract balances</b>	<b>As at March 31, 2019</b>
Trade receivables	36,891
Contract liabilities	175,925

Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days. As on March 31, 2019, ₹8 million has been recognised towards provision for expected credit losses on trade receivables.

Contract assets are initially recognised for revenue earned from sale of the petroleum products when receipt of consideration is conditional on successful completion of billing shipment. Upon completion of billing milestone, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities include long-term / short-term advances received to deliver petroleum products. The significant increase in contract liabilities in 2018-19 was mainly due to net increase in long-term advances and short-term advances received from customers during the year.

(₹in million)

<b>Particulars</b>	<b>For the year ended March 31, 2019</b>
Revenue recognised out of contract liabilities outstanding at the beginning of the year	25,539

## Reconciliation of the amount of revenue from contract with customers with the contracted price

(₹in million)

<b>Particulars</b>	<b>For the year ended March 31, 2019</b>
Revenue as per contracted price	1,007,422
<b>Adjustments</b>	
Discount and incentives	(2,131)
<b>Revenue from contract with customers</b>	<b>1,005,291</b>

## Performance obligation

The performance obligation is satisfied upon delivery of the goods and services made as per the terms agreed with customers and payment is generally due within 0 to 30 days from delivery.

## 29. Other income

(₹in million)

<b>Particulars</b>	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
<b>Interest income</b>		
- Bank deposits (carried at amortised cost)	799	756
- Other financial assets (carried at amortised cost) {refer note 39 (B)}	118	2,999
- Derivative instruments-not designated as hedge	544	620
	<b>1,461</b>	<b>4,375</b>
<b>Dividend income</b>		
- Dividend from equity investment-carried at FVTPL	-	5
Other non-operating income	832	1,207
<b>Other gains (net)</b>		
- Gain on settlement of commodity derivative - carried at FVTPL	13,473	-
- Gain on discontinuance of an associate due to control acquisition	-	1,003
- Net gain on investments carried at FVTPL	772	346
- Gain on reversal of Expected credit loss (net) {refer note 44(C)(v)}	-	4,711
<b>Total</b>	<b>16,538</b>	<b>11,647</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 30. Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹in million)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Opening inventories:</b>		
- Finished goods	13,013	8,574
- Work-in-progress	17,770	15,990
- Stock-in-trade	1	323
	<b>(A) 30,784</b>	<b>24,887</b>
<b>Closing inventories:</b>		
- Finished goods	14,472	13,013
- Work-in-progress	18,737	17,770
- Stock-in-trade	-	1
	<b>(B) 33,209</b>	<b>30,784</b>
Net (Increase) in Inventory	<b>Total (A) - (B) (2,425)</b>	<b>(5,897)</b>

## 31 Employee benefits expense\*

(₹in million)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	4,841	4,499
Contribution to provident and other funds (refer note 48)	316	335
Staff welfare expenses	200	147
<b>Total</b>	<b>5,357</b>	<b>4,981</b>

\* net of ₹242 million (Previous year Nil) capitalised during turnaround (refer note 6).

## 32 Finance costs\*

(₹in million)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest		
a) On debentures	1,530	949
b) On term loans	10,342	19,287
c) On others	9,135	4,624
Exchange differences regarded as an adjustment to borrowing costs	123	-
Other finance charges	4,496	8,818
<b>Total</b>	<b>25,626</b>	<b>33,678</b>

\* net of ₹176 million (Previous year Nil) capitalised during the year (refer note 6).

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

**33 Other expenses\***

(₹in million)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of chemical, catalyst, stores and spare parts	3,324	2,686
Product and Intermediate material storage charges	-	4,417
Consumption of power, fuel and electricity	9,662	10,162
Rent / Return on investment / Adhoc Compensation to retail outlets	671	1,087
Freight and Forwarding Charges	9,662	6,623
Rent, rates and taxes	5,292	2,226
Insurance	743	527
Legal and professional fees	2,998	1,500
Repairs and maintenance	1,661	1,627
Debit balance / doubtful debts written off net of provision	4	12
Loss on disposal / discard of property, plant and equipment (net)	172	119
Exchange differences (net)	9,314	4,045
Trade Mark Fees	2,555	2,281
Expected credit loss (net of write off) {refer note 44(C)(v)}	190	-
Sundry expenses	2,632	3,014
<b>Total</b>	<b>48,880</b>	<b>40,326</b>

**Note:**

\* net of ₹3,387 (Previous year Nil) capitalised during turnaround (refer note 6).

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 34 Exceptional items

Exceptional items comprise of

(₹ in million)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(A) Variation in foreign exchange fluctuation on overdue crude purchase liabilities (net of earmarked bank balances) and other related costs	1,773	19,471
(B) Write-off of Capital Work-in Progress expenses relating to petrochemical and expansion projects on reassessment	-	2,970
(C) Write-back of a liability arising out of a settlement with a trade creditor	-	(4,295)
(D) Loss on buyback of equity by Enneagon Limited, a subsidiary	-	301
<b>Total</b>	<b>1,773</b>	<b>18,447</b>

## 35 Discontinued Operations

As a condition precedent to the Share Purchase Agreement (SPA), the Group transferred its Exploration and Production division on March 31, 2017 to its wholly owned subsidiary, Essar Oil and Gas Exploration India Limited. The Group had recorded a loss of ₹ 923 million (comprising of loss on sale of investment of ₹ 775 million and expenses of ₹ 148 million towards such discontinued operations) and the said subsidiary had been disposed-off during the year ended March 31, 2018.

## 36 Earnings / (loss) per share

The following table reflects the profit and data on equity shares used in the basic and diluted EPS computations:

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
<b>From Continuing operations</b>			
Profit attributable to ordinary equity share holders of the parent for basic & diluted earnings (₹ In million)	(A)	6,789	6,680
<b>From Discontinuing operations</b>			
Loss attributable to ordinary equity share holders of the parent for basic & diluted earnings (₹ In million)	(B)	-	(923)
<b>From Continuing &amp; Discontinuing operations</b>			
Profit attributable to ordinary equity holders of the parent for basic & diluted earnings (₹ In million)	(C)	6,789	5,757
Weighted average number of ordinary shares for basic and diluted EPS	(D)	1,490,561,155	1,490,561,155
Nominal value of ordinary shares (₹)		10/-	10/-
<b>Basic and Diluted earnings / (loss) per share (₹)</b>			
For Continuing operations	(A/D)	4.55	4.48
For Discontinuing operations	(B/D)	-	(0.62)
For Continuing & Discontinuing operations	(C/D)	4.55	3.86

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

**37 Capital and other commitments**

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(A) Capital commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,030	5,500

**(B) Other commitments**

(i) The Group has entered into an arrangement for standby bareboat charter with Essar Shipping (Cyprus) Limited (ESCL) for 3 ships at an average rate of USD 8,300 per day per ship for up to a period of 8 years ending on September 29, 2023. This bareboat charter gets implemented only if ESCL defaults in its payment with its lenders. However, ESCL has agreed to indemnify the Group against all losses, in the event of the bareboat charters becoming effective.

(ii) In February 2017, the Group entered into long-term brand license agreements with third parties towards use of brand and related trademarks, which were subsequently amended in August 2017. The amended brand licence agreements envisage an annual commitment of USD 35 million (₹ 2,421 million) with an annual escalation of 2% or US CPI ratio whichever is lower, for the term of initial 20 years {USD 35 million (₹ 2,277 million as at March 31, 2018)}. In case of earlier termination of these brand license agreements, the Group will be obliged to pay the net present value (discounted @ 10%) of the unpaid brand license fees.

**38 Contingent liabilities**

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
(A) In respect of income tax demands on various issues	263	250
(B) In respect of Sales tax / VAT on sale of SKO and LPG to Oil marketing companies which were ultimately sold through Public Distribution system {includes likely reimbursement of ₹ 31,243 million (as at March 31, 2018 ₹ 25,413 million)}	39,204	31,959
(C) Other demands of Sales tax /VAT	818	818
(D) In respect of custom duty / excise duty / service tax mainly relating to classification of products sold, allowability of cenvat credit {includes likely reimbursement of ₹ 521 million (as at March 31, 2018 ₹ 496 million)}	7,851	7,236
(E) Claims filed by creditors of an erstwhile subsidiary (EOGEPL). The Group reserves its right to claim the entire amount back from the said entity.	555	1,030
(F) Reserve Bank of India (RBI) levied a penalty of ₹2,412 million (March 31, 2018: ₹2,412 million) on the Company for delay in the allotment of equity against advances for Global Depository Shares (GDS). The Company contested the penalty and appealed to the RBI Governor which was rejected, and The Company has challenged the same before the Bombay High Court through a writ petition. In the meanwhile, the Enforcement Directorate initiated and closed an investigation in the matter and the order is awaited. The management is of the opinion that it should get relief and at most be liable for a sum of ₹49 million only (Previous year ₹49 million) for which necessary provision has been made in these financial statements.		
(G) Pursuant to a take or pay arrangement (arising out of assignment of a contract for specified periods) for supply of Natural gas, a claim has been raised on the Company by the supplier for a sum of ₹17,957 million (including interest of ₹6,183 million) (As at March 31, 2018: ₹16,297 million including interest of ₹ 4,522 million), after adjusting an amount of ₹1,860 million realised by invoking the Bank Guarantee provided by the Company which has since been reimbursed by the assignor, as on March 31, 2019. The Company has disputed the entire claim and the matter is currently under arbitration. The Company on the basis of legal advice does not expect any material liability to devolve on the Company.		
(H) Other claims against the Group	3,015	2,112
Third party claims where the possibility of outflow of resources embodying economic benefits is remote, and includes show cause notices which have not yet converted to regulatory demands, have not been disclosed as contingent liabilities.		



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

- 39 (A) Other operating revenue includes ₹ 526 million (Previous year ₹ 503 million) towards duty drawback on National calamity contingent duty (NCCD) paid on imported crude which was recognised based on a favourable order of the Commissioner (Appeals) (refer note 28). The appeal filed by the department against this order is pending before the Gujarat High Court for hearing. The total receivables on these accounts are ₹ 4,013 million (As at March 31, 2018 ₹ 3,487 million) (refer note 8).
- (B) The Company has a receivable of ₹834 million (As at March 31, 2018 ₹ 1,550 million) (refer note 8) from a customer which includes interest income for the year of ₹ 78 million (Previous year ₹78 million) (refer note 29). The Hon'ble Supreme Court of India in July 2015 had ordered the customer to pay the amount and accordingly the Company is accruing interest in line with the order of the apex court for the period of delay in payment. The company has assessed the recoverability of both the above balances as highly probable and hence has considered them as good of recovery.
- 40 The Hon'ble High Court of Gujarat, in response to the Group's petition, vide its orders dated August 04, 2006 and August 11, 2006 had allowed the Group to account for interest on debentures, for the period October 1998 to April 2012, on 'cash basis', which is payable over the period up to year 2026. As per the legal advice obtained by the Group, even after the implementation of the Companies Act 2013 and Ind-AS, the Group can continue to exercise its option to account for such interest cost on cash basis and has thus elected to do so. Had the Group accounted for the interest cost following the principles under Ind AS 109, the same would have had no material impact on these financial statements.

## 41 Leases

### A) Operating lease:

- i) The Group's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings). The lease rentals are recognised under "Other expenses". Further, the Group has taken land on lease for retail outlets. Such lease period ranges from 15 to 35 years which can be extended subject to mutual consideration but can be terminated at the option of the Group.

### ii) The Group as lessee

Future minimum rentals payable under non-cancellable operating leases are as follows:

(₹ in million)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Payable not later than 1 year	281	218
Payable later than 1 year and not later than 5 years	892	1,124
Payable later than 5 years	191	240
<b>Total</b>	<b>1,364</b>	<b>1,582</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 42 Segment information

### Identification of Segments:

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Management committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 Operating Segments), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

According to the management, the Group with all its subsidiaries are engaged in the single business of refining of crude oil and marketing of petroleum products in domestic and overseas market (refining business). The management believes that activities such as operation of crude oil terminal, power plant and construction & leasing of township, etc., are supporting the refining business. Hence, the management views operations of the entire Group as one activity for measuring performance. Basis this, the management has decided that the entire Group is a single segment entity.

### Information about major customers:

One customer in the Refining and Marketing segment contributed revenues (including excise duty) aggregating to ₹ 149,777 million, (for the year ended March 31, 2018 : Two customers in the Refining and Marketing segment contributed revenues aggregating to ₹ 262,328 million). No other customer contributed 10% or more, to the total revenue for both the year ended March 31, 2019 and March 31, 2018.

### Information about product and services

The Groups sells only petroleum products hence product wise disclosure is not applicable

### Geographical segment:

The Group operates in below geographical segments.

(₹ in million)		
Revenue from operations	Year ended March 31, 2019	For the year ended March 31, 2018
Within India	628,202	546,743
Outside India:		
Singapore	51,690	105,620
UAE	63,811	50,638
Malaysia	51,778	27,928
Other Countries	191,113	124,351
<hr/>		
Non current assets (excluding financial assets and non current tax assets)	As at March 31, 2019	As at March 31, 2018
Within India	574,474	573,880
Outside India:	-	-

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 43 Capital Management

The primary objective of the Group's capital management is to maximise the shareholder value while safeguarding its ability to continue as a going concern.

For the purpose of the Group's capital management, capital includes issued capital, securities premium and all other equity reserves attributable to the equity holders of the parent and non-controlling interests. The Net Debt comprises all long term and short term borrowings as well as export advances having original maturities for more than 1 year less cash and bank balances. The Group is not exposed to any external imposed capital requirements. Bank loans availed by the Group are subject to certain financial covenants based on information presented in standalone financial statements of the Company and the Company is compliant with these financial covenants on the reporting date as per the terms of the loan agreements. There is no outstanding default on the repayment of loans (including interest thereon) as at March 31, 2019

The Group monitors its capital using gearing ratio, which is net debt divided to equity and underlying net debt.

The following table summarizes the capital of the Group:

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Long term borrowings (refer note 19)	118,266	113,277
Short term borrowings (refer note 23)	57,402	73,391
Upfront fees	1,302	1,145
Current maturities of long term borrowings (refer note 25)	8,429	15,018
Export advances having original maturities for more than 1 year (current and non-current portion) (refer note 20 and 25)	124,221	72,139
<b>Total debt</b>	<b>309,620</b>	<b>274,970</b>
Less: Cash and cash equivalents (refer note 13)	(7,059)	(24,593)
Less: Bank balances other than above (refer note 14)	(6,283)	(10,200)
<b>Total cash and bank balances</b>	<b>(13,342)</b>	<b>(34,793)</b>
<b>Net debt (a)</b>	<b>296,278</b>	<b>240,177</b>
Equity share capital (refer note 17)	15,072	15,072
Other equity (refer note 18)	174,461	166,939
Non-controlling Interests (refer note 45)	2,632	2,536
<b>Total equity</b>	<b>192,165</b>	<b>184,547</b>
<b>Equity and underlying net debt (b)</b>	<b>488,443</b>	<b>424,724</b>
<b>Gearing ratio (a/b)</b>	<b>60.66%</b>	<b>56.55%</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 44 Financial Instruments

### A) Categories of financial instruments:

Given below is the category wise carrying amount of Group's financial instruments:

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
	Carrying Value	Carrying Value
<b>Financial assets measured at amortised cost</b>		
Trade receivables*	19,655	20,913
Cash and cash equivalent*	7,059	24,593
Bank balances other than cash and cash equivalent*	6,283	10,200
Other financial assets*	8,486	8,142
<b>Total financial assets measured at amortised cost (A)</b>	<b>41,483</b>	<b>63,848</b>
<b>Financial assets measured at fair value through profit and loss</b>		
Current investments	1,001	13,021
Trade receivables	17,236	8,359
Derivative assets not designated as cash flow hedge	65	339
<b>Total financial assets measured at fair value through profit and loss (B)</b>	<b>18,302</b>	<b>21,719</b>
<b>Financial assets designated as cash flow hedge</b>		
Derivative assets designated as cash flow hedge	2,731	-
<b>Total financial assets designated as hedge (C)</b>	<b>2,731</b>	<b>-</b>
<b>Total financial assets (A+B+C)</b>	<b>62,516</b>	<b>85,567</b>
<b>Financial liabilities measured at amortised cost</b>		
Long-term borrowings#*	126,695	128,295
Short-term borrowings*	57,402	73,391
Trade payables*	92,711	171,009
Other financial liabilities*	6,412	74,077
<b>Total financial liabilities measured at amortised cost (A)</b>	<b>283,220</b>	<b>446,772</b>
<b>Financial liabilities measured at fair value</b>		
Derivative liabilities designated as cash flow hedge	2,067	167
Advance received from export customers - designated as cash flow hedge	124,221	-
Derivative liabilities not designated as cash flow hedge	1,048	1,681
<b>Total financial liabilities at fair value (B)</b>	<b>127,336</b>	<b>1,848</b>
<b>Total financial liabilities (A+B)</b>	<b>410,556</b>	<b>448,620</b>

#including current maturities of long-term borrowings

\* The management assessed that the fair value of these financial assets and liabilities approximate their carrying amounts due to the short term maturities of these instruments. For fair value of long term borrowings, refer below level wise disclosure.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## B) Level wise disclosure of fair value for financial instruments requiring fair value measurement/ disclosure:

Particulars	As at March 31, 2019	As at March 31, 2018	Level	Valuation techniques and key inputs
<b>Instruments measured at fair value</b>				
Investment in mutual funds	1,001	13,021	I	Net asset value declared by mutual fund
Trade receivables	17,236	8,359	II	Discounted cashflow - future cashflows are based on the terms of trade receivables. Cashflows are discounted at the current market rate reflecting current market risks.
Foreign currency forward exchange contracts-Assets	66	307	II	Interest rate swaps, foreign exchange forward / option contracts and commodity forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.
Foreign currency forward exchange contracts-Liabilities	942	33	II	
Foreign currency option contracts-Assets	-	32	II	
Foreign currency option contracts-Liabilities	29	-	II	
Commodity Derivative Contracts -Assets	1,881	-		
Commodity Derivative Contracts -Liabilities	699	1,248	II	
Currency swap contracts -Assets	849	-	II	
Currency swap contracts -Liabilities	889	-	II	
Interest rate swap contracts -Liabilities	556	567	II	
Advance received from export customers*	124,221	-	II	
<b>Instruments at amortised cost</b>				
Long term borrowings (including current maturities)	127,749	128,295	II	Long-term fixed-rate and variable-rate borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, credit risk and the risk characteristics of the financed project. The fair value is determined using the discounted cash flow method. The future cash flows are based on terms of the borrowing. These cash flows are discounted at a rate that reflects current market rate and the current market risk.

\*Physical commodity contracts, when used for trading purposes or readily convertible into cash and designated as at FVTPL for mitigating accounting mismatch, are treated as financial instrument. Unless designated as hedging instruments, such contracts are measured at fair value and associated gains and losses are recognised in the consolidated statement of profit and loss.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## (C) Financial risk management objectives

The Group's principal financial liabilities, other than derivatives, comprise loans and overdrafts, export advances and trade payables. The management treats the export advances as financial instruments for risk management purposes. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits which arise directly from its operations. The Group also invests surplus resources in mutual fund or similar instruments.

The Group is subject to fluctuations in commodity prices and currency exchange rates due to nature of its operations. Risks arising from the Group's financial instruments are commodity price risk, foreign currency risk, interest rate risk, liquidity risk and credit risk. The Group enters into derivative transactions, primarily in the nature of commodity derivative contracts, forward currency contracts, currency swap contracts, currency options contracts and interest rate swap contracts. The purpose is to manage commodity price risk, currency risks and interest rate risks arising from the Group's operations. To mitigate risk, the Group may also designate existing foreign currency financial assets and liabilities as economic hedge against highly probable sale/ purchases.

The Group has a Risk Management Committee established by its Board of Directors overseeing the risk management framework and developing and monitoring Group's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identification and mapping controls against this risk, monitor the risk and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and Group's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Group. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

### i) Commodity price risk

The prices of refined petroleum products and crude oil are linked to the international prices. The Group's revenues, cost and inventories are exposed to the risk of fluctuation in prices of crude oil and petroleum products in the international markets. From time to time, the Group uses commodity derivative instruments to hedge the price risk of forecasted transactions such as forecast crude oil purchases and refined product sales. These derivative instruments are considered economic hedges for which changes in their fair value are recorded in the statement of Profit and Loss. However, in cases where the Group designates these derivative instruments as cash flow hedge, the effective portion of gain / loss on derivative is recognised in other comprehensive income and accumulated in equity. The amount is reclassified to statement of profit and loss when the hedged items impacts the statement of profit and loss.

The Group operates a risk management desk that uses hedging instruments to seek to reduce the impact of market volatility in crude oil and product prices on the Group's profitability. The Group's risk management desk uses a range of conventional oil price-related financial and commodity derivative instruments such as futures, swaps and options that are available in the commodity derivative markets. (The derivative instruments used for hedging purposes typically do not expose the Group to market risk because the change in their market value is usually offset by an equal and opposite change in the market value of the underlying asset, liability or transaction being hedged). The Group's open positions in commodity derivative instruments are monitored and managed on a daily basis to ensure compliance with its stated risk management policy which has been approved by the management.

Category wise break-up of commodity derivative contracts entered into by the Group and outstanding as at balance sheet date:

Particulars	Qty. in Barrels ('000)		Fair value of assets/ (liabilities) (₹ in million)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Cash flow hedges</b>				
<b>Crude oil</b>				
<b>Buy Positions</b>				
Less than 1 year	6,350	16,828	157	(291)
<b>Sell Positions</b>				
Less than 1 year	-	(500)	-	(17)
<b>Petroleum products</b>				
<b>Buy Positions</b>				
Less than 1 year	17,400	-	22	-
<b>Sell Positions</b>				
Less than 1 year	(21,620)	(15,783)	1,003	(940)

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

The line items in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities

Credit balance in cash flow hedge reserve of ₹ 1,182 million as at March 31, 2019 (debit balance of ₹ 1,248 million as at March 31, 2018) on commodity derivative (gross of tax) contracts have been recognised in other comprehensive income.

There are no hedge ineffectiveness on the commodity derivative contracts during the reporting periods.

The following table details sensitivity to a 5% increase in the price of respective commodity. A positive number below indicates an increase in equity and negative number would be an inverse impact on equity.

(₹ in million)

Particulars	Impact on Equity (Net of taxes)	
	As at March 31, 2019	As at March 31, 2018
<b>Cash flow hedges</b>		
<b>Crude oil</b>		
<b>Buy Positions</b>		
Less than 1 year	7	6
<b>Sell Positions</b>		
Less than 1 year	-	(3)
<b>Petroleum products</b>		
<b>Buy Positions</b>		
Less than 1 year	27	-
<b>Sell Positions</b>		
Less than 1 year	(2,088)	(851)

## ii) Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed as per advice of Risk Management Committee (RMC) within approved policy parameters.

a) The carrying amounts of the Group's monetary assets and liabilities denominated in different currencies are as follows:

### As at March 31, 2019

Particulars	Assets		Liabilities*	
	₹ in Million	FC in Million	₹ in Million	FC in Million
USD	16,911	244	287,467	4,156
EURO	141	2	19,819	255
Other Currencies	2	0	392	20
<b>TOTAL</b>	<b>17,054</b>		<b>307,678</b>	

### As at March 31, 2018

Particulars	Assets		Liabilities*	
	₹ in Million	FC in Million	₹ in Million	FC in Million
USD	19,021	292	254,825	3,918
EURO	1,185	15	64,993	806
Other Currencies	3	0	26	0
<b>TOTAL</b>	<b>20,209</b>		<b>319,844</b>	

\* includes borrowings in foreign currency USD 661 million (₹ 45,734 million) {(previous year USD 939 million and Euro 32 million (₹ 63,667 million))}.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## b) Outstanding foreign currency forward exchange and option contracts

The Group has entered into foreign exchange forward and option contracts with the intention of reducing the foreign exchange risk of recognised assets and liabilities. These foreign exchange forward and option contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

### Not designated in hedging relationship

Particulars	Notional amounts (in Foreign Currency Mn)		Fair value of assets/ (liabilities) (₹ in million)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Forward Contracts:</b>				
<b>Buy US\$</b>				
Less than 3 months	535	591	(830)	189
<b>Sell US\$</b>				
Less than 3 months	-	115	-	3
<b>Buy EUR Sell US\$</b>				
Less than 3 months	216	472	(46)	82
<b>Options:</b>				
<b>Call US\$</b>				
Less than 3 months	14	65	(29)	32

Sensitivity to a 5% increase in foreign currency rate is ₹ 1,672 million (Previous year ₹ 1,299 million) (net of tax). A positive number indicates an increase in profit and negative number would be an inverse impact on profit.

c) Effective April 1, 2018, the management has designated certain financial liabilities in foreign currency as cash flow hedges against highly probable future forecast sales. Such designation help the Company to reduce/ mitigate foreign exchange risk of related liabilities and highly probable sales as gain/ loss on restatement of liabilities is recognised in other comprehensive income. As at March 31, 2019 the Company has restated such liabilities amounting to ₹ 124,221 million (USD 1,796 million) at closing exchange rate and has taken the resultant loss to cash flow hedge reserve.

d) Unhedged currency risk position:

The foreign currency (FC) exposure of the Group as at balance sheet date that have not been hedged by a derivative instrument or otherwise are given below:

### As at March 31, 2019

Currency	Assets		Liabilities	
	₹ in Million	FC in Million	₹ in Million	FC in Million
USD	16,911	244	125,271	1,811
EURO	141	2	3,074	39
Other Currencies	2	0	392	20
<b>TOTAL</b>	<b>17,054</b>		<b>128,737</b>	

### As at March 31, 2018

Currency	Assets		Liabilities	
	₹ in Million	FC in Million	₹ in Million	FC in Million
USD	11,539	177	212,185	3,262
EURO	1,185	15	26,945	334
Other Currencies	3	0	26	0
<b>TOTAL</b>	<b>12,727</b>		<b>239,156</b>	



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

The following table details sensitivity to a 5% increase in foreign currency rates. A positive number below indicates an increase in profit or equity and negative number would be an inverse impact on profit or equity.

(₹ in million)

Particulars	Impact on Profit (net of taxes)		Impact on Equity (net of taxes)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Receivable</b>				
USD	550	375	-	-
EURO	5	39	-	-
Other Currencies	0	-	-	-
<b>Payables</b>				
USD	(5,310)	(6,902)	(4,041)	-
EUR	(645)	(875)	-	-
Other Currencies	(13)	(1)	-	-

## e) Currency swap contracts

The Group has also entered into currency swap contracts to cover the currency risk on forecasted sales. The following table details the currency swap contracts outstanding at the end of the reporting period

### Designated as cash flow hedges

Sell US\$	Notional amounts (in USD Mn)		Fair value of liabilities (₹ in million)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Less than 1 year	12	-	720	-
1 year to 2 years	13	-	654	-
2 years to 5 years	282	-	(1,413)	-
<b>TOTAL</b>	<b>307</b>	<b>-</b>	<b>(39)</b>	<b>-</b>

The line items in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities.

Debit balance in cash flow hedge reserve of ₹ 393 million as at March 31, 2019 (debit balance of ₹ 624 million as at March 31, 2018) (Gross of tax) on currency swap contracts have been recognised in other comprehensive income. There are no hedge ineffectiveness on currency swap contracts during the reporting periods.

Sensitivity to a 5% increase in foreign currency rate is ₹ 740 million (Previous year Nil) (net of tax). A positive number indicates a decrease in equity and negative number would be an inverse impact on equity.

## iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The borrowings of the Group are denominated in rupees and US dollars with a mix of floating and fixed interest rate. The Group hedges its US dollar interest rate risk through interest rate swaps to reduce the floating interest rate risk. The Group has exposure to interest rate risk, arising principally on changes in base lending rates and LIBOR rates. Hedging activities are evaluated regularly to align with interest rate views and define risk appetite, ensuring that the most cost effective hedging strategies are applied.

The following table provides a breakdown of the Group's fixed and floating rate liabilities:

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed rate borrowings	24,000	22,204
Floating rate borrowings	161,399	180,627
Export advances having original maturities for more than 1 year at floating rate of interest	124,221	72,139
<b>Total</b>	<b>309,620</b>	<b>274,970</b>
Less: Upfront fee	(1,302)	(1,145)
<b>Total</b>	<b>308,318</b>	<b>273,825</b>

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Group's, profit for the year ended March 31, 2019 would decrease / increase by ₹ 929 million (Previous year ₹ 822 million) (net of tax). This is mainly attributable to the Group's exposure to interest rates on its variable rate liabilities.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the variable rate loan. The following tables detail the nominal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

Certain interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

## Designated as cash flow hedges

### Outstanding Contracts (Floating to Fixed)

Particulars	Notional amounts (in USD Mn)		Fair value of liabilities (₹ in million)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Less than 1 year	21	20	(93)	(66)
1 year to 2 years	24	24	(126)	(106)
2 years to 5 years	100	76	(263)	(230)
More than 5 years	-	45	-	(26)
<b>Total</b>	<b>145</b>	<b>165</b>	<b>(482)</b>	<b>(428)</b>

The line items in the balance sheet that include the above hedging instruments are other financial liabilities.

Credit balance in cash flow hedge reserve of ₹ 39 million as at March 31, 2019 (credit balance of ₹ 78 million as at March 31, 2018) on interest rate swap derivative contracts (gross of tax) has been recognised in other comprehensive income.

There are no hedge ineffectiveness on interest rate swap contracts during the reporting periods.

A 50 basis points increase (decrease) in interest rate and all other variables held constant would result in ₹ 105 million (previous year: ₹ 142 million) (net of tax) increase (decrease) in equity.

## Not designated in hedging relationship

### Outstanding Contracts (Floating to Fixed)

Particulars	Notional amounts (in USD Mn)		Fair value of liabilities (₹ in million)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Less than 1 year	21	29	(49)	(76)
1 year to 2 years	23	21	(25)	(45)
2 years to 5 years	-	23	-	(18)
<b>Total</b>	<b>44</b>	<b>73</b>	<b>(74)</b>	<b>(139)</b>

A 50 basis points increase (decrease) in interest rate and all other variables held constant would result in ₹ 11 million (previous year: ₹ 23 million) (net of tax) increase (decrease) in profit.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## iv) Liquidity Risk

The Group monitors its risk of shortage of funds using cash flow forecasting models. These models consider the maturity of their financial investments, committed funding and projected cash flows from operations. The following tables detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates existing at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay. Details of maturity profile are as given below.

(₹ in million)

As at March 31, 2019	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings including future interest	20,631	92,247	102,154	215,032
Short Term Borrowings including future interest	58,491	-	-	58,491
Trade payables	92,711	-	-	92,711
Other financial liabilities including future interest on export advance	65,316	53,798	26,203	145,317
Derivatives	1,819	1,296	-	3,115
<b>Total</b>	<b>238,968</b>	<b>147,341</b>	<b>128,357</b>	<b>514,666</b>

(₹ in million)

As at March 31, 2018	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings including future interest	25,418	68,533	135,874	229,825
Short Term Borrowings including future interest	75,293	-	-	75,293
Trade payables	171,009	-	-	171,009
Other financial liabilities including future interest on export advance	10,456	50,912	40,002	101,370
Derivatives	1,424	398	26	1,848
<b>Total</b>	<b>283,600</b>	<b>119,843</b>	<b>175,902</b>	<b>579,345</b>

The Group has undrawn committed facilities as at March 31, 2019 of ₹ 22,905 million (₹ 34,315 million as at March 31, 2018) with maturities ranging from one to two years.

## v) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Group's credit risk arises principally from the trade receivables, investments, cash & bank balances and derivatives.

### Trade receivables:

Customer credit risk is managed centrally by the Group and is subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on extensive credit rating and individual credit limits and approved in accordance with the Delegation of Authority.

Credit risk on receivables is also mitigated, to some extent, by securing the same against letter of credit and guarantees of reputed nationalised and private sector banks. Trade receivables consist of a large number of customers spread across geographical areas with no significant concentration of credit risk. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue trade receivables. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit period on sale of goods ranges from 0 to 30 days with or without security. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The history of trade receivables shows a negligible allowance for bad and doubtful debts. Given below is the ageing of trade receivables of the Group:

Ageing of trade receivables (gross):

(₹ in million)

Particulars	As at March 31, 2019	As at March 31, 2018
Not due	34,732	28,547
0-30 days	2,130	732
31-180 days	26	1
More than 181 days	11	-
<b>Total</b>	<b>36,899</b>	<b>29,280</b>

The Group does not have a legal right of offset against any amounts owed by the Group to the counterparties. Trade receivables have been given as collateral towards borrowings (refer note 19 and 23). Expected credit losses are provided based on the credit risk of the counterparties (refer note 12).

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## Investments, cash and bank balances and derivatives

The Group's treasury function manages the financial risks related to the business. The Treasury function focuses on capital protection, liquidity and yield maximisation. Investment of surplus funds are made in reputed mutual funds and bank deposits. Counterparty credit limits are reviewed and approved by Board/Audit Committee of the Company. These limits are set to minimise the concentration of risks and therefore mitigates the financial loss through counterparty's potential failure to make payments. Expected credit losses are provided based on the credit risk of the counterparties.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. Further, commodity derivative contracts are entered only with international over the counterparties having high credit rating and thus the risk of default is minimised.

## Movement in the expected credit loss allowance

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	251	6,307
Addition on account of purchase of subsidiaries	-	187
Expected credit loss recognised / (reversed) (net)	190	(4,711)
Bad debts written off	-	(1,532)
Balance at the end of the year	<b>441</b>	<b>251</b>

The Group's maximum exposure to the credit risk for the components of the balance sheet as at March 31, 2019 and March 31, 2018 is the carrying amounts mentioned in note 8, note 12, note 15.

## 45 Non-Controlling Interest (NCI)

NCI relates to 2.37% (previous year: 2.37%) shares held by other shareholders in VOTL. VOTL is engaged in Handling and storage of crude oil and petroleum products. Its principal place of business is in India.

The table below shows summarized financial information of VOTL

(₹ in million)		
Particulars	As at March 31, 2019	As at March 31, 2018
Non-current assets	147,370	148,234
Current assets	2,815	1,437
Non-current liabilities	37,034	38,581
Current liabilities	2,133	4,103
<b>Net Assets</b>	<b>111,018</b>	<b>106,987</b>
Equity attributable to owners of the group	108,386	104,451
<b>Non-controlling interest</b>	<b>2,632</b>	<b>2,536</b>

(₹ in million)		
Particulars	As at March 31, 2019	As at March 31, 2018
Revenue (Including other income)	15,611	14,974
Expenses (including exceptional items)	9,323	13,251
<b>Profit for the year</b>	<b>4,033</b>	<b>651</b>
Profit attributable to owners of the Group	3,937	638
Profit attributable to non-controlling interests	96	13
<b>Profit for the year</b>	<b>4,033</b>	<b>651</b>
Other comprehensive loss attributable to the owners of the Group	(2)	(3)
Other comprehensive loss attributable to non-controlling interests	(0)	(0)
Other comprehensive loss during the year	(2)	(3)
Total comprehensive income attributable to the owners of the Group	3,935	635
Total comprehensive income attributable to non-controlling interests	96	13
Total comprehensive income during the year	4,031	648
<b>Cash flows</b>		
Net cash inflow from operating activities	10,960	8,284
Net cash inflow from investing activities	(301)	28,581
Net cash outflow from financing activities	(8,639)	(36,633)
<b>Net cash inflow</b>	<b>2,020</b>	<b>232</b>

Transaction towards non-controlling interests in Coviva Energy Terminals Limited (Formerly known as Vadinar Liquid Terminals Limited), being immaterial, has not been disclosed.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 46 Impairment testing of refining CGU

The Group recognised goodwill of ₹108,073 million during the financial year ended March 31, 2018 arising on the acquisition of Vadinar Oil Terminal Limited (VOTL) and Vadinar Power Company Limited (VPCL). The Group has determined that its entire operations fall into single CGU and single operating segment, viz., refining of crude oil and marketing of petroleum products in domestic and overseas market (refining business). Hence, the entire goodwill is allocable to the refining business CGU / segment and the carrying value of the CGU as at the balance sheet date is ₹ 571,272 million (March 31, 2018: ₹ 571,149 million).

The Group performed its annual impairment test for the financial year ended March 31, 2019 as on 31 January 2019. The Group considers various external and internal factors including significant changes in macro-economic environment and geopolitical developments, market interest rates, etc. when reviewing for indicators of impairment. For the financial year ended March 31, 2019, the Group has determined that there were no indicators of impairment, subsequent to the impairment testing date.

The recoverable amount of the CGU has been determined at ₹720,203 million (US\$ 10,139 million) [March 31, 2018: ₹ 650,530 (US\$ 10,001) million] based on the value in use calculation using discounted cash flow model (refer note 4(B)(iii)) based on business assumptions approved by management covering a five-year period and is in line with the business plan presented to the Board. The projected cash flows have been updated to reflect the current market scenario and expected changes. Since the value in use is higher than the carrying amount of the refining business CGU, the Group has not determined the fair value less costs of disposal separately.

### Key assumptions used for value in use calculations

The calculation of value in use for the unit is most sensitive to the following assumptions:

**Gross Refining Margin (GRM)** – The GRM projections, which is a difference between total product revenue and total feedstock cost for the year, are broadly in line with the 5 year business plan of the CGU. Accordingly, the GRMs are estimated to increase from US\$ 10.2 per bbl in FY 2019-20 to US\$ 11.7 per bbl in FY 2023-24, and thereafter they increase at a nominal rate of 2% per annum post the 5year period. A US\$ 0.5 per bbl decline in the GRM over the forecast period would lead to a decline in the recoverable value by ₹ 33,101 million (US \$ 466 million).

**Discount rates** - Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. Accordingly, the Group has estimated a discount rate of 11.3%. An increase in the discount rate by 50 basis points leads to a decline in recoverable value by ₹34,877 million (US \$ 491 million).

Considering the above, the management has assessed that any reasonable possible change in assumptions will not trigger recognition of impairment.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 47 Additional information as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as Subsidiaries / Associates

Name of Entity	2018-19							
	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	(₹ in million)	As % of consolidated profit or loss	(₹ in million)	As % of consolidated other comprehensive income	(₹ in million)	As % of total comprehensive income	(₹ in million)
<b>Parent:</b>								
Nayara Energy Limited (formerly known as Essar Oil Limited)	96.30%	185,051	49.99%	3,442	100.14%	734	54.82%	4,176
<b>Subsidiaries:-</b>								
<b>Indian:</b>								
Vadinar Oil Terminal Limited	3.65%	7,016	58.58%	4,033	-0.27%	(2)	52.91%	4,031
Coviva Energy Terminals Limited (formerly known as Vadinar Liquid Terminals Limited)	0.00%	(7)	-0.03%	(2)	0.00%	-	-0.03%	(2)
Nayara Energy Global Limited (formerly known as Essar Oil Trading Mauritius Limited)	0.00%	0	0.04%	3	0.00%	(0)	0.04%	3
Enneagon Limited	0.00%	-	-0.03%	(2)	0.14%	1	-0.01%	(1)
<b>Inter Group Elimination and Consolidation Adjustments</b>	0.05%	105	-8.55%	(589)	0.00%	0	-7.73%	(589)
<b>Grand Total</b>	<b>100.00%</b>	<b>192,165</b>	<b>100.00%</b>	<b>6,885</b>	<b>100.00%</b>	<b>733</b>	<b>100.00%</b>	<b>7,618</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

Name of Entity	2017-18							
	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	(₹ in million)	As % of consolidated profit or loss	(₹ in million)	As % of consolidated other comprehensive income	(₹ in million)	As % of total comprehensive income	(₹ in million)
<b>Parent:</b>								
Nayara Energy Limited (formerly known as Essar Oil Limited)	98.01%	180,875	92.20%	5,320	98.92%	(460)	91.61%	4,860
<b>Subsidiaries:-</b>								
Essar Oil and Gas Exploration and Production Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Vadinar Oil Terminal Limited	1.62%	2,986	9.55%	551	0.65%	(3)	10.33%	548
Coviva Energy Terminals Limited (formerly known as Vadinar Liquid Terminals Limited)	0.00%	(5)	-0.03%	(2)	-	-	-0.04%	(2)
Nayara Energy Global Limited (formerly known as Essar Oil Trading Mauritius Limited)	0.00%	(3)	-0.02%	(1)	-	-	-0.02%	(1)
Enneagon Limited	0.00%	1	-0.75%	(43)	-	-	-0.81%	(43)
<b>InterGroup Elimination and Consolidation Adjustments</b>	0.38%	693	-0.95%	(55)	-	(2)	-1.07%	(57)
<b>Grand Total</b>	<b>100.00%</b>	<b>184,547</b>	<b>100.00%</b>	<b>5,770</b>	<b>99.57%</b>	<b>(465)</b>	<b>100.00%</b>	<b>5,305</b>

**Notes:**

- "0.00%" represents % less than 0.005%.
- Standalone financial information of the Company is restated to reflect the merger of Vadinar Power Company Limited (VPCL) and Nayara Energy Properties Limited (NEPL) with the Company, hence, no additional information has been furnished.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 48 Defined benefit plans

### (1) Defined benefit plans :

#### i) Gratuity Plan

In accordance with the Payment of Gratuity Act, 1972, the Group contributes to a defined benefit plan (the "Gratuity Plan") for employees who have completed 5 years of service. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Group. The Gratuity plan is a funded plan and the Group makes contribution to LIC of India / SBI Life Insurance in India.

(₹ in million)

Sr. No.	Particulars	Gratuity (Funded)	
		As at March 31, 2019	As at March 31, 2018
<b>A</b>	<b>Net assets / liability recognised in the balance sheet</b>		
i	Present value of defined benefit obligation	781	520
ii	Fair value of plan assets	345	180
iii	Funded status - deficit (iii = ii-i)	<b>(436)</b>	<b>(340)</b>
iv	Net assets / (liability) recognised in the balance sheet	<b>(436)</b>	<b>(340)</b>
<b>B</b>	<b>Expenses recognised in profit and loss for the year</b>		
i	Service cost	55	37
ii	Past Service cost	-	89
iii	Interest cost	20	13
	<b>Components of defined benefit costs recognised in Profit and loss</b>	<b>75</b>	<b>139</b>
i	Actuarial losses - experience	118	21
i	Actuarial losses/(gains) - assumptions	19	(1)
iii	Return on plan assets greater than discount rate	0	2
	<b>Components of defined benefit costs recognised in Other Comprehensive Income</b>	<b>137</b>	<b>22</b>
	<b>Total expenses</b>	<b>212</b>	<b>160</b>
<b>C</b>	<b>Change in obligation and assets</b>		
<b>i</b>	<b>Change in defined benefit obligation</b>		
a	Defined benefit obligation at beginning of the year	520	334
b	Defined benefit obligation on account of acquisition of subsidiary	-	42
c	Current Service cost	55	37
d	Interest cost	38	26
e	Past Service cost	-	89
f	Acquisition adjustment / Transfer Out @	63	-
g	Actuarial losses - experience	118	21
h	Actuarial losses - demographic assumptions	-	-
i	Actuarial losses/(gains) - financial assumptions	19	1
j	Benefit payments	(31)	(30)
k	Employees contribution	-	-
l	Defined Benefit obligation at the end of the year	781	520
<b>ii</b>	<b>Change in fair value of assets</b>		
a	Fair value of plan assets at the beginning of the year	180	172
b	Fair value of plan assets on account of acquisition of subsidiaries	-	15
c	Acquisition adjustment / Transfer Out@	46	(11)
d	Interest income on plan assets	18	13
e	Contributions made	132	23
f	Return on plan assets lesser than discount rate	(0)	(2)
g	Benefits payments	(31)	(30)
h	Fair value of plan assets at the end of the year	345	180
<b>D</b>	<b>Actuarial assumptions</b>		
1	Discount rate (per annum)	7.10%	7.50%
2	Rate of salary increase	12.00%	12.00%
3	Rate of Withdrawal Rate	11.00%	11.00%
4	Mortality	Indian Assured Lives Mortality (2006-08) Ult. Modified	
<b>E</b>	<b>Percentage of each category of plan assets to total fair value of plan assets</b>		
	Administered by Life Insurance Corporation of India / State Bank Of India	100%	100%
<b>F</b>	<b>Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date</b>	<b>108</b>	<b>76</b>

@ Employees were transferred from / to related parties / other body corporates with credit for past services.

- Figures in bracket indicates negative value.



# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## Notes :

Weighted average duration of the defined benefit obligation is 6 years as at March 31, 2019 and March 31, 2018.

**These plans typically expose the Group to actuarial risks such as: interest rate risk, salary risk and demographic risk**

- 1 Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
- 2 Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
- 3 Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The defined benefit obligations shall mature after year ended March 31, 2019 as follows:

Particulars	(₹ in million)
As at March 31	
2020	108
2021	88
2022	99
2023	102
2024	111
March 31, 2025 to March 31, 2029	596

## Sensitivity Analysis:

### Method used for sensitivity analysis:

The sensitivity results below determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
		Increase/(decrease) in DBO	
<b>A)</b>	<b>Discount Rate :</b>		
	Defined benefit obligation	781	520
	Discount rate	7.10%	7.50%
	1. Effect on DBO due to 0.5% increase in Discount Rate	(23)	(16)
	2. Effect on DBO due to 0.5% decrease in Discount Rate	26	17
<b>B)</b>	<b>Salary Escalation Rate :</b>		
	Salary Escalation rate	12.00%	12.00%
	1. Effect on DBO due to 0.5% increase in Salary Escalation Rate	16	12
	2. Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(16)	(12)
<b>C)</b>	<b>Withdrawal Rate :</b>		
	Attrition rate	11.00%	11.00%
	1. Effect on DBO due to 5.00% increase in Withdrawal Rate	(32)	(23)
	2. Effect on DBO due to 5.00% decrease in Withdrawal Rate	47	35

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## ii Provident Fund :

Based on actuarial valuation in accordance with IND AS 19 for interest rate guarantee of exempted provident fund liability of employees, there is no interest shortfall in the funds managed by the trust and hence there is no further liability as at March 31, 2019 and March 31, 2018. Having regard to the assets of the Fund and the return on the investments, the Group does not expect any deficiency in the foreseeable future.

Eligible employees of the Group receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Group contributes a portion to the Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The plan assets have been primarily invested in government securities and high quality corporate bonds.

The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has provided a valuation for provident fund liabilities using the deterministic approach guidance issued by Actuarial Society of India. The present value of benefit obligation as at March 31, 2019 is ₹ 2,658 million (₹ 2,155 million as at March 31, 2018) as per the actuarial report and the fair value of plan assets is higher than the same as at each reporting date. Hence, there is no shortfall as at March 31, 2019 and March 31, 2018

Key assumptions used in determining the present value obligation of the interest rate guarantee are the Government of India (GOI) bond yield 7.10% (March 31, 2018 7.50%), Remaining term to maturity of portfolio 6 years (March 31, 2018: 7 years) and Expected guaranteed interest rate 8.65% for the first year and 8.60% thereafter (March 31, 2018 8.75% for the first year and 8.60% thereafter). The Group contributed ₹ 144 million and ₹ 113 million during the years ended March 31, 2019 and March 31, 2018, respectively. The same has been recognized in the Consolidated Statement of Profit and Loss under the head employee benefit expense.

Each year, the Board of Trustees reviews the level of funding in the provident fund plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review.

## (2) Defined contribution plans :

Group's contribution to superannuation fund, provident fund and pension fund aggregating to ₹ 9 million and ₹ 84 million (Previous year ₹ 8 million and ₹ 61 million) respectively are recognised in the consolidated statement of profit and loss as and when the contributions are due. There is no obligation other than the contribution payable to the respective trusts.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 49. Related party disclosures

### I. Names of related parties and description of relationship:

#### Relates Parties on or after August 18, 2017, with whom transactions have taken place

<b>Enterprises having significant influence</b>	Rosneft Trading SA
	Trafigura Pte. Ltd.
<b>Key management personnel</b>	Mr. Charles Anthony Fountain, Executive Chairman (from August 19, 2017)
	Mr. C. Manoharan, Director & Head of Refinery
	Mr. Didier Casimiro, Director (from July 05, 2018)
	Mr. Alexander Romanov, Director (from August 19, 2017)
	Mr. Andrew James Balgarnie, Director (from August 19, 2017 to December 27, 2018)
	Mr. Chin Hwee Tan, Director (from August 19, 2017)
	Ms. Elena Sapozhnikova, Director (from August 19, 2017 to October 08, 2018)
	Mr. Alexey Karavaykin, Director (from December 28, 2018)
	Mr. Johnathan Kollek, Director (from August 19, 2017)
	Mr. Alexander Bogdashin, Director (from October 9, 2018)
	Mr. Krzysztof Zielicki Antoni, Director (from August 19, 2017)
	Mr. Marcus George Cooper, Director (from August 19, 2017 upto July 04, 2018)
	Ms. Naina Lal Kidwai, Independent Director (from October 09, 2017)
	Mr. Deepak Kapoor, Independent Director (from December 18, 2017)
	Mr. R Sudarsan, Nominee Director (from January 15, 2013 to February 1, 2019)
	Mr. B. Anand, Chief Executive Officer (from August 19, 2017)
<b>Other related party</b>	Essar Oil Limited Employees Provident Fund (Controlled Trust)
<b>Related Parties before August 18, 2017</b>	
<b>List of related parties where control exists</b>	
<b>Ultimate holding Company</b>	Essar Global Fund Limited, Cayman
<b>Intermediate holding Companies</b>	Essar Energy Limited (Formerly Known As Essar Energy PLC)
	Essar Oil & Gas Limited, Mauritius
<b>Holding Company</b>	Essar Energy Holdings Limited

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 49. Related party disclosures

<b>Key management personnel</b>	Mr. Prashant Ruia, Chairman
	Mr. Lalit Kumar Gupta, Managing Director and CEO
	Mr. C Manoharan, Director - Refinery
	Mr. Suresh Jain, Director - Finance
	Mr. Dilip J. Thakkar, Independent Director
	Mr. K. N. Venkatasubramanian, Independent Director
	Mr. R. Sudarsan, Nominee Director - LIC of India
	Ms. Suparna Singh
	Mr. Sachikanta Mishra
<b>Relates Parties, with whom transactions have taken place</b>	
<b>Associates</b>	Vadinar Power Company Limited (upto May 15, 2017)
	Coviva Energy Terminals Limited (Formerly known as Vadinar Liquid Terminals Limited) (upto June 28, 2017)
<b>Fellow Subsidiaries</b>	Aegis Limited
	Bhander Power Limited
	Equinox Business Parks Private Limited
	Essar Bulk Terminal Limited
	Essar Bulk Terminal (Salaya) Limited
	Essar Energy Overseas Limited
	Essar Electric Power Development Corporation Limited
	Essar Exploration & Production Limited
	Essar Exploration & Production (India) Limited
	Arkay Logistics Limited (FKA Essar Logistics Limited)
	Essar Oil (UK) Limited
	Essar Oilfields Services India Limited
	Essar Power Gujarat Limited
	Essar Power Hazira Ltd
	EPC Construction (india) Limited (Formerly known as Essar Projects (I) Limited)
	Essar Ports Limited
	Essar Power (Jharkhand) Ltd
	Essar Power MP Limited
	Essar Power Limited
	Essar Power Orissa Ltd
	Essar Power Transmission Company Limited
	Essar Shipping Limited
	Essar Steel India Limited
	Ibrox Aviation And Trading Pvt Ltd.
	Vadinar Oil Terminal Limited (up to June 28, 2017)
<b>Other related party</b>	Essar Oil Limited Employees Provident Fund (Controlled Trust)

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 49 Related party disclosures

### A. Transactions with related parties

(₹ in million)

Nature of transactions	Enterprises having significant influence		Fellow Subsidiaries		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Purchase of property, plant &amp; equipment</b>						
EPC Construction (India) Limited (Formerly known as Essar Projects (I) Limited)	-	-	-	52	-	52
<b>Total</b>	-	-	-	<b>52</b>	-	<b>52</b>
<b>Security deposits given by the Company</b>						
Essar Exploration & Production (India) Limited	-	-	-	30	-	30
<b>Total</b>	-	-	-	<b>30</b>	-	<b>30</b>
<b>Advance received from customers</b>						
Trafigura Pte. Ltd.	47,222	9,757	-	-	47,222	9,757
<b>Total</b>	<b>47,222</b>	<b>9,757</b>	-	-	<b>47,222</b>	<b>9,757</b>
<b>Sale of products* (refer note (i) below)</b>						
Trafigura Pte. Ltd.	94,275	60,196	-	-	94,275	60,196
Rosneft Trading SA	36,997	-	-	-	36,997	-
Vadinar Oil Terminal Limited	-	-	-	2	-	2
Essar Energy Overseas Limited	-	-	-	14,794	-	14,794
Others	-	-	-	491	-	491
<b>Total</b>	<b>131,272</b>	<b>60,196</b>	-	<b>15,287</b>	<b>131,272</b>	<b>75,483</b>
<b>Interest income</b>						
Essar Energy Overseas Limited	-	-	-	2,698	-	2,698
Others	-	-	-	3	-	3
<b>Total</b>	-	-	-	<b>2,701</b>	-	<b>2,701</b>
<b>Lease income</b>						
Vadinar Oil Terminal Limited	-	-	-	3	-	3
<b>Total</b>	-	-	-	<b>3</b>	-	<b>3</b>
<b>Purchase of raw material (refer note (i) below)</b>						
Rosneft Trading SA	16,565	-	-	-	16,565	-
Trafigura Pte. Ltd.	19,335	15,852	-	-	19,335	15,852
Essar Power Gujarat Ltd	-	-	-	45	-	45
<b>Total</b>	<b>35,900</b>	<b>15,852</b>	-	<b>45</b>	<b>35,900</b>	<b>15,897</b>
<b>Purchase of services- Storage and handling charges*</b>						
Vadinar Oil Terminal Limited	-	-	-	3,778	-	3,778
<b>Total</b>	-	-	-	<b>3,778</b>	-	<b>3,778</b>
<b>Rendering of services*</b>						
Vadinar Oil Terminal Limited	-	-	-	129	-	129
Others	-	-	-	7	-	7
<b>Total</b>	-	-	-	<b>136</b>	-	<b>136</b>
<b>Consultancy services</b>						
Trafigura Pte. Ltd. (refer note ii below)	725	9	-	-	725	9
Rosneft Trading SA (refer note ii below)	727	-	-	-	727	-
Essar Exploration & Production (India) Limited*	-	-	-	144	-	144
Others*	-	-	-	674	-	674
<b>Total</b>	<b>1,452</b>	<b>9</b>	-	<b>818</b>	<b>1,452</b>	<b>827</b>
<b>Finance lease rent charged to Company*</b>						
Essar Steel Limited	-	-	-	0	-	0
<b>Total</b>	-	-	-	<b>0</b>	-	<b>0</b>
<b>Loss on sale of discontinued operation</b>						
Essar Exploration & Production Limited	-	-	-	774	-	774
<b>Total</b>	-	-	-	<b>774</b>	-	<b>774</b>

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 49 Related party disclosures

(₹ in million)

Nature of transactions	Enterprises having significant influence		Fellow Subsidiaries		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Proceeds from sale of discontinued operation</b>						
Essar Exploration & Production Limited	-	-	-	4,784	-	4,784
<b>Total</b>	-	-	-	<b>4,784</b>	-	<b>4,784</b>
<b>Expected Credit Loss</b>						
Essar Energy Overseas Limited	-	-	-	163	-	163
Essar Power Limited	-	-	-	79	-	79
Vadinar Oil Terminal Limited	-	-	-	294	-	294
Others	-	-	-	71	-	71
<b>Total</b>	-	-	-	<b>607</b>	-	<b>607</b>

\* Including taxes wherever applicable

**B. Transactions with other classes of related parties**

<b>i) Key management personnel (Short term employee benefits)@*</b>	254	518
@including employer contribution to provident fund and exclusive of provisions for liability in respect of leave earned and gratuity, since this is based on actuarial valuation done on an overall basis for all employees.		
*Pursuant to an amendment to the Companies Act, 2013 effective September 12, 2018, whilst calculating net profit for the purposes of managerial remuneration, all 'brought forward losses' including losses pertaining to years prior to the commencement of the Companies Act, 2013 (i.e. financial years preceding April 1, 2014) need to be adjusted. Though the Company has been earning profits, adjustment of past accumulated losses has resulted in inadequacy of profits under section 198 of the Companies Act, 2013, as a consequence of which the remuneration paid to Mr. Charles Anthony Fountain, Executive Chairman and Mr. C. Manoharan, Director & Head of Refinery is excess by ₹ 101 million. The Company is in the process of obtaining the shareholders' approval, through special resolution, at its ensuing annual general meeting for regularising the excess remuneration paid.		
<b>ii) Key management personnel (Director Sitting Fees)</b>	11	8
<b>iii) Key management personnel (Commission to Directors)</b>	-	83
<b>iv) Contribution during the period (includes Employees' share and contribution) to the controlled trust</b>	599	370

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 49 Related party disclosures

### C. Balances with related parties :

(₹ in million)

Nature of balances	Enterprises having significant influence		Total	
	2018-19	2017-18	2018-19	2017-18
<b>Assets</b>				
<b>Financial assets</b>				
<b>Trade receivables (refer note (iii) A below)</b>				
Rosneft Trading SA	1,356	-	1,356	-
Trafigura Pte. Ltd.	4,649	4,471	4,649	4,471
<b>Total</b>	<b>6,005</b>	<b>4,471</b>	<b>6,005</b>	<b>4,471</b>
<b>Liabilities</b>				
<b>Other financial liabilities</b>				
<b>Trade payables (refer note (iii) B below)</b>				
Rosneft Trading SA	4,078	-	4,078	-
Trafigura Pte. Ltd.	653	2,068	653	2,068
<b>Total</b>	<b>4,731</b>	<b>2,068</b>	<b>4,731</b>	<b>2,068</b>
<b>Advance received from customers</b>				
Trafigura Pte. Ltd.	27,115	13,659	27,115	13,659
<b>Total</b>	<b>27,115</b>	<b>13,659</b>	<b>27,115</b>	<b>13,659</b>

Notes:

- (i) Rosneft Trading SA and Trafigura Pte. Ltd. under their respective contracts with the Group have the right to make the first offer for both sale of crude and purchase of finished products. In case the Group is able to get a better offer, these two parties reserve the right to match the offer, in which case the Group is obliged to transact with them. For supplies of finished products made against advance payments, premium / discounts to the market price index are pre-negotiated based on similar process. Where the Group participates in the tenders floated by these parties for purchasing crude oil, price to be quoted are determined on a case to case basis considering the prevailing market conditions and are approved by the management of the Group.
- (ii) Rosneft Trading SA and Trafigura Pte. Ltd. have been advising the Group on regular basis and providing insight into the market dynamics which helps in strategizing the crude procurement and sale of finished products. In consideration for the same, the Group is paying a fee of US \$ 0.1 for every barrel of crude oil purchased and finished products exported.
- (iii) Terms of receivables / payables:
  - A. Unsecured trade receivables are collected within 30 days from the date of sale.
  - B. Trade payables are non-interest bearing and are settled within 30 days of purchase.

# Notes to Consolidated Financial Statements

for the year ended March 31, 2019

## 50 Detail of Subsidiaries and Composition of Group

Following subsidiaries have been considered in the preparation of consolidated financial statements.

Sr. No.	Name of the Group	Principal activities	Relation	Country of Incorporation	Proportion of ownership Interest (%)	
					As at March 31, 2019	As at March 31, 2018
1	Vadinar Oil Terminal Limited (VOTL) (w.e.f. June 29, 2017)*	Handling and storage of crude oil and petroleum products	Subsidiary	India	97.63%	97.63%
2	Coviva Energy Terminals Limited (CETL) (formerly known as Vadinar Liquid Terminals Limited) * (Note (a))	Engaged in development of marine liquid terminal facilities	Subsidiary	India	100.00%	51.00%
3	Vadinar Power Company Limited (VPCL) {w.e.f. May 16, 2017}*	Owns and operates power plants	Wholly Owned Subsidiary	India		100.00%
4	Nayara Energy Properties Limited (formerly known as Vadinar Properties Limited) *	Construction and leasing/renting of residential township, colonies and complexes.	Wholly Owned Subsidiary	India	refer note (c) below	100.00%
5	Nayara Energy Global Limited {formerly known as Essar Oil Trading Mauritius Limited (EOTML)}@	Engaged in Investment holdings and trading in commodities	Wholly Owned Subsidiary	Mauritius	100.00%	100.00%
6	Enneagon Limited, Mauritius (w.e.f. June 29, 2017)@(Note (b))	Buying and selling of petroleum and coal products	Subsidiary	Mauritius	97.63%	97.63%

\* Audited financial statements have been considered for consolidation.

@ Unaudited financial statements have been considered for consolidation.

(a) VOTL is holding 25% (Previous year 25%) and the Company is holding 75% (Previous year 26%) in CETL and hence CETL became subsidiary of the Company.

(b) VOTL is holding 100% in Enneagon Limited and hence Enneagon Limited has also become subsidiary of the Company.

(c) Pursuant to a scheme of arrangement approved on November 30, 2018 NEPL and VPCL have merged with the Company during the year.

As per our report of even date

For and on behalf of the Board of Directors

**For S. R. Batliboi & Co. LLP**Chartered Accountants  
Firm Registration No. 301003E/E300005**Chin Hwee Tan**Director  
DIN : 07703660**Deepak Kapoor**Director  
DIN : 00162957**per Naman Agarwal**Partner  
Membership No. 502405**C. Manoharan**Director  
DIN : 00184471**B. Anand**

Chief Executive Officer

**Anup Vikal**

Chief Financial Officer

**Mayank Bhargava**

Company Secretary

New Delhi, June 17, 2019

New Delhi, June 17, 2019



# FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

## Statement containing salient features of the financial statements of subsidiaries / associates companies

### Part "A" - Subsidiaries

Name of the subsidiary	(₹in million)	(₹in million)	Amt in USD	(₹in million)	Amt in USD	(₹in million)
	Vadinar Oil Terminal Limited (VOTL)	Coviva Energy Terminals Limited (CETL) (formerly known as Vadinar Liquid Terminals Limited)	Nayara Energy Global Limited {formerly known as Essar Oil Trading Mauritius Limited}		Enneagon Limited, Mauritius	
Reporting period	31-3-2019	31-3-2019	31-3-2019		31-3-2019	
The date since when subsidiary was Incorporated / acquired	29-6-2017	29-6-2017	11-03-2014		29-6-2017	
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	INR	INR	USD	1 US\$ = ₹ 69.1713	USD	1 US\$ = ₹ 69.1713
Share capital	3,219	1	100	0	-	-
Reserves & surplus	3,797	(8)	1,661	0	-	-
Total assets	46,184	115	8,171	1	-	-
Total liabilities	39,168	122	6,410	0	-	-
Investments	-	-	-	-	-	-
Turnover	15,611	-	-	-	-	-
Profit before taxation	6,288	(2)	49,252	3	-	-
Provision for taxation	2,255	-	547	0	-	-
Profit after taxation	4,033	(2)	48,705	3	-	-
Proposed dividend	-	-	-	-	-	-
% of shareholding	97.63%	100%		100%		97.63%
Names of subsidiaries which are yet to commence operations	Coviva Energy Terminals Limited, Nayara Energy Global Limited					
Names of subsidiaries which have been liquidated or sold during the year	Enneagon Limited, Mauritius is under liquidation					

**Chin Hwee Tan**  
Director  
DIN : 07703660

**Deepak Kapoor**  
Director  
DIN : 00162957

**C. Manoharan**  
Director  
DIN : 00184471

**B. Anand**  
Chief Executive Officer

**Anup Vikal**  
Chief Financial Officer

**Mayank Bhargava**  
Company Secretary

New Delhi, June 17, 2019

# NAYARA ENERGY LIMITED

(Formerly known as "ESSAR OIL LIMITED")

## NOTICE

**NOTICE** is hereby given that Twenty Ninth Annual General Meeting of the members of **NAYARA ENERGY LIMITED ("Company")** will be held at the Registered Office of the Company at Nayara Energy Refinery Complex, Khambhalia Post (39th km. stone on Jamnagar-Okha Highway), District Devbhumi Dwarka -361 305, Gujarat on Thursday, September 19, 2019 at 10.00 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2019 together with the reports of Board of Directors and Auditors thereon.
2. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 together with the report of Auditors thereon.
3. To appoint a Director in place of Mr. Alexander Romanov (DIN 07731508) who retires from office by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Chin Hwee Tan (DIN 07703660) who retires from office by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Jonathan Kollek (DIN 07710920) who retires from office by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

6. **To approve remuneration paid to Mr. Charles Anthony Fountain, Executive Chairman in financial year 2018-19 and variation to the terms of his appointment**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in furtherance to the resolution passed by the members at the Extraordinary General Meeting of the Company held on May 21, 2018, and pursuant to the provisions of sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof for time being in force), the consent of the members of the Company be and is hereby accorded for the remuneration paid to Mr. Charles Anthony Fountain (DIN 07719852), Executive Chairman of the Company in the financial year ended on March 31, 2019 as set out in the Explanatory Statement annexed to this Notice, which along with remuneration paid to other Wholtime Directors during the financial year ended on March 31, 2019, was in excess of the limits for total managerial remuneration specified in Section 197 read with Schedule V of the Act, which is hereby specifically approved."

"RESOLVED FURTHER THAT in partial modification to the resolution passed by the members at the Extraordinary General Meeting of the Company held on May 21, 2018 and pursuant to the provisions of sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded for revision in the terms of remuneration of Mr. Charles Anthony Fountain, Executive Chairman with effect from April 1, 2019 for the remaining period of his term in office as per the terms and conditions as set out in the Explanatory Statement annexed to this Notice which is hereby specifically approved with authority to the Board of Directors (herein after referred to as "the Board") to alter and vary the terms and conditions of appointment within the parameters set out in the Explanatory Statement, without being required to seek any further consent or approval of the members, as it may deem fit or any statutory modification(s) or re-enactments thereof."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution."

7. **To approve remuneration paid to Mr. C Manoharan, Director & Head of Refinery in the financial year 2018-19 and variation to the terms of his appointment**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT in furtherance to the resolution passed by the members at the Annual General Meeting of the Company held on September 28, 2017, and pursuant to the provisions of sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for time being in force) (the “Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), the consent of the members of the Company be and is hereby accorded for the remuneration paid to Mr. C. Manoharan (DIN 00184471), Director & Head of Refinery of the Company in the financial year ended on March 31, 2019 as set out in the Explanatory Statement annexed to this Notice, which along with remuneration paid to other Wholetime Directors during the financial year ended on March 31, 2019, was in excess of the limits for total managerial remuneration specified in Section 197 read with Schedule V of the Act, which is hereby specifically approved.”

“RESOLVED FURTHER THAT in partial modification to the resolution passed by the members at the Annual General Meeting of the Company held on September 28, 2017 and pursuant to the provisions of sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded for revision in the terms of remuneration of Mr. C. Manoharan, Director & Head of Refinery with effect from April 1, 2019 for the remaining period of his term in office as per the terms and conditions as set out in the Explanatory Statement annexed to this Notice which is hereby specifically approved with authority to the Board of Directors (herein after referred to as “the Board”) to alter and vary the terms and conditions of appointment within the parameters set out in the Explanatory Statement, without being required to seek any further consent or approval of the members, as it may deem fit or any statutory modification(s) or re-enactments thereof.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution.”

#### 8. To approve entering into a Services Agreement with United Capital Partners Advisory LLC

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder, including the Companies (Meetings of Board and its Powers) Rules, 2014, and any amendments, statutory modifications and/or re-enactment thereof for the time being in force, and subject to the fulfilment of any consents and approvals as may be prescribed under applicable law or otherwise, the consent of the members is hereby accorded to the Company to enter into a Services Agreement with United Capital Partners Advisory LLC (“UCP Russia”) for availing advisory and consultancy services on such terms and conditions as may be agreed by the Board of Directors and UCP Russia.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution, as the Board of Directors may, in its absolute discretion, deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution.”

#### 9. To approve entering into an Infrastructure Consultancy Agreement with United Capital Partners Advisory LLC

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder, including the Companies (Meetings of Board and its Powers) Rules, 2014, and any amendments, statutory modifications and/or re-enactment thereof for the time being in force, and subject to the fulfilment of any consents and approvals as may be prescribed under applicable law or otherwise, the consent of the members is hereby accorded to the Company to enter into an Infrastructure Consultancy Agreement with United Capital Partners Advisory LLC (“UCP Russia”) for availing consultancy services with respect to infrastructure projects on such terms and conditions as may be agreed by the Board of Directors and UCP Russia.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution, as the Board of Directors may, in its absolute discretion, deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given

approval thereto expressly by the authority of this resolution.”

#### 10. To approve remuneration payable to the Cost Auditors

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Diwanji & Co., Cost Accountants (Firm Registration Number: 00339), appointed as the Cost Auditors of the Company by the Board of Directors, for the conduct of audit of the cost records of the Company for the financial year ending on March 31, 2020, be paid remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By order of the Board of Directors**

**Place: Mumbai**  
**Date: July 24, 2019**

**Mayank Bhargava**  
**Company Secretary**

Registered Office:  
Khambhalia, Post Box No. 24,  
Dist. Devbhumi Dwarka – 361305, Gujarat.  
Phone: 91 02833 661444, Fax: 91 02833 662929  
E-mail: investors@nayaraenergy.com  
Website: www.nayaraenergy.com

#### Notes:

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) setting out material facts concerning the Special Businesses set out in this Notice is annexed hereto.
2. **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. The instrument appointing the proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting, i.e. before 10.00 a.m. on Tuesday, September 17, 2019.**
3. As per the relevant provisions of the Act (including Section 105) and relevant rules made there under, a person can act as a proxy on behalf of not more than 50 (fifty) members and holding in aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company between 10:00 a.m. to 1:00 p.m., provided that not less than three days of notice in writing of the intention so to inspect the proxies is given to the Company.
5. The notice of Annual General Meeting, attendance slip and proxy form is being sent by electronic mode to all the members who have registered their email IDs with the depository participants (DP) / Share transfer agent (STA) unless where any member has requested for the physical copy. Physical copies of said documents are being sent by permitted mode to members who have not registered their email IDs. Members may further note that the said documents will also be available on the Company’s website www.nayaraenergy.com and at the website of the service provider providing remote e-voting platform i.e. <https://www.evoting.nsdl.com> for download. Physical copies of the aforesaid documents will also be available at the Company’s registered office for inspection during normal business hours i.e. from 10:00 a.m. to 1:00 p.m. on any working day, excluding Saturday and Sunday. For any communication, the members may also send requests to the Company’s investor email ID viz. investors@nayaraenergy.com.
6. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays between 10:00 a.m. and 1:00 p.m. up to the date of the Annual General Meeting. Copies of the documents referred to in the accompanying Notice will also be kept open for inspection at the Corporate Office of the Company located at 5th Floor, Jet Airways Godrej BKC, Plot No. C-68, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400051, Maharashtra, India.
7. Pursuant to Section 101 of the Act and Rules made there under, companies are allowed to send communication to members electronically. We thus request you to kindly register/update your email IDs with your respective DP (in case of electronically held shares) and Company’s Share Transfer Agents (in case of shares in physical form) and make this initiative a success.
8. Members / proxies should bring the attendance slip duly filled in for attending the meeting.

9. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Annual General Meeting.
10. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed Form SH-13 duly filled in to M/s. Datamatics Business Solutions Limited. The prescribed form in this regard may also be obtained from M/s. Datamatics Business Solutions Limited. It can also be downloaded from the Company's website.
11. In terms of Companies (Prospectus and Allotment of Securities) Third Amendment Rules 2018 dated September 10, 2018 ("Rules"), every shareholder of the Company who intends to transfer his / her shares held in physical form, needs to get such shares dematerialized before transfer. Accordingly, requests for effecting transfer of shares held in physical form are not being accepted by the Company. You are requested to get in touch with your depository participant and take necessary actions to dematerialize your physically held shares. ISIN for equity shares of the Company is – INE011A01019.
12. Pursuant to Section 124 of the Act, all unclaimed principal amount of debentures remaining unpaid or unclaimed for a period of seven years from the date they became due for payment during the financial year 2011-12 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.
13. The particulars of the venue of the meeting including route map and prominent land mark has been enclosed for ease in reaching the venue of the meeting.
14. Members / proxies / authorized representatives are requested to produce the enclosed attendance slip duly signed (as per the specimen signature recorded with the Company) for admission to the meeting hall.

#### Voting through electronic means

1. Pursuant to Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014 (as amended from time to time), the Company will provide remote e-voting facility as an option to the members to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting. All business to be transacted at the Annual General Meeting can be transacted through the electronic voting system. The facility of casting the votes by the members using the electronic voting system from a place other than venue of the Annual General

Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

It may be noted that this remote e-voting facility is optional. The remote e-voting facility will be available at the link <https://www.evoting.nsdl.com> during the following voting period:

- Commencement of remote e-voting : From 8.00 a.m. of September 14, 2019
- End of remote e-voting : Up to 5.00 p.m. of September 18, 2019

Remote e-voting shall not be allowed beyond 5.00 p.m. of September 18, 2019. During the remote e-voting period, members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date may cast their vote electronically. The cut-off date for determining entitlement of members for casting votes through remote e-voting is September 12, 2019.

You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).

2. The notice of Annual General Meeting ("AGM") will be sent to the members, whose names appear in the register of members / depositories as at closing hours of business, on August 16, 2019 and any recipient of the notice whose name does not appear as a member in relation to the shares as on the aforesaid date should treat the same as an intimation only. Any person who has acquired shares and become member of the Company after the dispatch of this Notice and holding shares as on the cut-off date i.e. August 16, 2019, may obtain copy of notice of AGM by sending a request to the Company or Company's Registrar & Transfer Agent ("RTA").
3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
4. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
5. The members shall have one vote per equity share held by them. The facility of remote e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.
6. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date of September 12, 2019.
7. Any person, who acquires shares of the Company and become member after dispatch of the notice and holding shares as of the cut-off date i.e. September 12, 2019 may obtain the login ID and password by sending a request to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Members may also contact Mr. Pradeep Mokale of the Share Transfer

Agent i.e. Datamatics Business Solutions Limited at 022-66712191 or send email at [pradeep\\_mokale@datamaticsbpm.com](mailto:pradeep_mokale@datamaticsbpm.com).

8. The Board of Directors of the Company has appointed Mr. Hitesh Kothari (Membership No. FCS – 6038 COP No. 5502) or failing him Ms. Sonam Jain (Membership No. FCS – 9871, COP No. 12402) of M/s Kothari H & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
9. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Board of Directors, who shall countersign the same and declare the result of the voting forthwith.
10. The results of the voting on the resolution at the AGM shall be declared by the Chairman or his authorized representative or any one of the Directors of the Company on/or after the date of the AGM within the prescribed time limits.
11. The result of the remote e-voting along with the report of scrutineriser will also be placed on the website of the Company viz. [www.nayaraenergy.com](http://www.nayaraenergy.com) and on the website of NSDL.
12. The scrutinizer’s decision on the validity of remote e-voting will be final.

### Instructions for remote e-voting

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

#### Step 1: Log-in to NSDL e-Voting system at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/>

with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - (ii) If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or



CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

- b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

### **Step 2: Cast your vote electronically on NSDL e-Voting system.**

#### **How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" 111217 of Nayara Energy Limited for casting your vote.
4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [info@khacs.com](mailto:info@khacs.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

## **Annexure to Notice**

### **As required by Section 102 of the Companies Act, 2013, and Secretarial Standard 2, following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 6 to 10 of the accompanying Notice:**

#### **Item No. 6 and 7**

Kesani Enterprises Company Limited, a shareholder holding 49.13% stake in the share capital of the Company had, inter alia, nominated Mr. Charles Anthony Fountain ("Mr. Tony Fountain") as its nominee on the Board of the Company. He was initially appointed as Non-Executive Director designated as "Chairman" on August 19, 2017 which was approved by the Shareholders at the 27th Annual General Meeting held on September 28, 2017. Subsequently, the Board of Directors had, at its meeting held on December 20, 2017, approved appointment and payment of remuneration to Mr. Tony Fountain as Wholetime Director designated as 'Executive Chairman' of the Company, for a period of three years with

effect from January 2, 2018 to January 1, 2021 (both days inclusive). Shareholders approved the appointment and payment of remuneration to Mr. Fountain at an Extraordinary General Meeting of the Company held on May 21, 2018.

Mr. C. Manoharan was appointed as Director & Head of Refinery w.e.f. August 19, 2017 for a period of three years. The members of the Company had, at their 27th Annual General Meeting held on September 28, 2017, approved the appointment of Mr. C. Manoharan and payment of remuneration to him. Mr. Tony Fountain and Mr. C. Manoharan are together referred to as "Wholetime Directors".

At the time of appointment of the aforesaid Wholetime Directors, the remuneration payable to them was within the limits of total managerial remuneration payable to Directors in accordance with and subject to the provisions of sections 197 read with section 198 and Schedule V of the Companies Act, 2013 ("Act") as per the net profits of the Company as per

the latest audited financial results.

As per the audited financial statements of the Company for the financial year ended March 31, 2019, the Company earned profits of ₹ 3,442 million. However on account of adjustment of past accumulated losses there was inadequacy of profits computed under Section 198 of the Act, as a consequence of which the remuneration paid to the Wholetime Directors during the financial year 2018-19 exceeded the limits prescribed under Section 197 read with Schedule V of the Act. Accordingly, approval of the members is sought in terms of the provisions of section 197 read with Schedule V of the Act for the managerial remuneration paid to aforesaid Wholetime Directors during the financial year 2018 - 19. Further, approval of the members is also sought for revision in remuneration payable to Mr. Fountain and Mr. C. Manoharan effective April 1, 2019 and authorizing the Board of Directors to alter and vary the terms and conditions of their appointment within the parameters set out in this Explanatory Statement.

**The relevant information required to be provided to members as per Schedule V of the Act is set out below:**

### I General Information

(1) Nature of Industry:

The Company belongs to the refining industry. It is an existing company engaged in refining of crude oil and marketing of petroleum products.

(2) Commencement of commercial production:

The Company is an operating entity. The Company operates an oil refinery which commenced commercial production in the year 2008. The refinery expansion project commenced commercial production in March 2012 enhancing the refinery capacity to 18 MMTPA. Thereafter, the Optimization project was commissioned in June 2012 further enhancing the refining capacity to 20 MMTPA.

(3) Financial performance:

The financial performance of the Company in the preceding three years was as under:

Financial parameters	Financial year ended March 31		
	2017	2018	2019
	(₹ in million)		
Revenue from Operations	749,338	866,366	1,004,316
Earnings before finance cost, depreciation and amortization, exceptional items & discontinued operation and tax (EBITDA)	111,876	66,228	44,977
Net profit / (loss) after tax as per Statement of Profit & Loss	11,210	2,804	3,442
Net profit / (loss) computed u/s 198 of the Act	1,067	9,327	24,292

(4) Foreign investments and collaborations, if any:

Prior to August 18, 2017, Essar Energy Holdings Ltd., erstwhile foreign promoter company was holding 98.26% stake on the Company in the form of Equity Shares and Global Depository Shares. On August 18, 2017, in accordance with two separate Share Purchase Agreements both dated October 15, 2016, the entire stake held by Essar Energy Holdings Ltd was acquired by two shareholders namely, Rosneft Singapore Pte Limited, Singapore (subsidiary of PJSC Rosneft Oil Company, Russia) taking 49.13% stake and Kesani Enterprises Company Limited, Cyprus a consortium led by Trafigura Pte Limited and UCP PE Investments Limited acquiring another 49.13% in share capital of the Company.

### II Information about Wholetime Directors

a. Mr. Tony Fountain

Mr. Tony Fountain is B. SC, Economics & International Studies, Warwick University and M. Phil, Economics, Oxford University.

Mr. Fountain has around 34 years of experience. In his career span, he has held various positions in British Petroleum, where he has worked for around 25 years. For a period of two years, he has also worked as a CEO with Nuclear Decommissioning Authority and with Reliance Industries Limited for over 4 years as CEO Refinery & Marketing. During the previous financial year 2017 - 18, Mr. Fountain received remuneration of ₹ 5,23,22,778/- for a period from January 2, 2018 to March 31, 2018 and received sitting fees of ₹ 3,40,000/- for attending the meetings of the Company for a period from August 19, 2017 till December 20, 2017.

As Executive Chairman, Mr. Tony Fountain is responsible for managing and providing leadership to the Board of Directors of the Company and ensure that the Board fulfils its fiduciary responsibilities to the shareholders and other stakeholders. Mr. Tony Fountain also supports the Board and Executives in achieving the highest standards of international governance.

As required under clause (IV)(iv) Section II Part II of Schedule V, during financial year 2018 - 19, Mr. Fountain received remuneration of ₹ 8,78,57,091/- comprising of basic salary of ₹ 82,50,000/-, allowances of ₹ 7,69,42,303/- and retirement benefits amounting to ₹ 26,64,788/-. He was not given any stock options during the financial year 2018 - 19. On account of inadequacy of profits in the financial year 2018 - 19, as computed under section 198 of the Act, in terms of section 197 read with Schedule V of the Act, approval of the shareholders is sought by way of special resolution for the remuneration of ₹ 8,78,57,091/- paid to Mr. Fountain in financial year 2018 - 19.

Further, the Board of Directors had, on the



recommendation of the Nomination & Remuneration Committee, revised the remuneration of Mr. Fountain effective April 1, 2019, to be payable in USD, which will be in excess of the remuneration approved by the shareholders and therefore approval of the shareholders is required for increasing remuneration payable to Mr. Fountain w.e.f. April 1, 2019 for his remaining term in office. The revised remuneration payable to Mr. Fountain w.e.f. April 1, 2019 includes fixed compensation of USD 14,53,158 per annum which works out to USD 9,31,765 per annum net of taxes comprising of basic salary, special allowance, medical allowance and other allowances. This amount shall be inclusive of compensation, allowances, entitlements and any other payments and benefits payable to Mr. Fountain. In case of change in direct taxes and levies thereon from time to time, the salary shall be adjusted such that the fixed compensation net of taxes shall remain the same. In addition, he will also be paid employees contribution to provided fund and covered under Company's provident fund, insurance coverage for self, spouse and children under 18 years of age as per Company's insurance policy, hospitalisation / health insurance / group personal accident scheme and group life term insurance policy etc. as approved by the Board. In the event of exemplary contribution, he will be paid spot bonus at the discretion of the Board. Additionally, Mr. Fountain shall be governed by such of the existing rules of the Company relating to reimbursement of expenses to Directors as may be in force from time to time. The Board of Directors is authorized to increase remuneration payable to Mr. Fountain annually, based on the performance of the Company and his individual performance.

In the event of termination of employment by the Company, except in circumstances of fraud or gross misconduct on his part, Mr. Fountain will be entitled to be paid, compensation for loss of office, of full take home salary for the lower of (a) balance period in office of the three years term of contract or (b) 12 month period. In exceptional circumstances, in case he is unable to perform services, the Company may terminate his services on 3 month notice without any obligation to pay the salary for lower of 12 month period or the balance period in office as the case may be.

b. Mr. C. Manoharan

Mr. C. Manoharan, a Chemical Engineer from Calicut University, joined the Company in 2008 as Head Refinery. He was elevated to Director (Refinery) in March 2012 and continued to hold that position till August 19, 2017. He ceased to be Director on August 19, 2017. On change in management, Mr. Manoharan was appointed as Director & Head of Refinery w.e.f. August 19, 2017 for a period of three years and notice period of 3 months. Mr. Manoharan is responsible for managing the Company's Refinery at Vadinar. He has

to his credit expansion of the refining capacity to 20 MMTPA and improvement of the complexity to 11.8 in addition to managing the refinery operations with an excellent safety track record. In the financial year 2015-16 and 2018-19, under his leadership, the Company undertook a major turnaround shutdowns at the refinery, both of which were completed safely. During the previous financial year 2017-18, Mr. Manoharan was paid remuneration of ₹ 8,66,78,825/-.

He started his career in 1977 at Indian Oil Corporation Limited (IOCL) and handled a variety of key assignments in various positions in Refining Operations, Maintenance, and Technical Services at Gujarat Refinery, Panipat Refinery as well as Head Office (Refinery Division). His last assignment with IOCL was at Panipat Refinery as Executive Director prior to joining Nayara Energy Limited.

During the financial year 2018 - 19, Mr. C. Manoharan was paid remuneration of ₹ 7,68,34,555/-. As required under clause (IV)(iv) Section II Part II of Schedule V, details of the remuneration paid to Mr. C. Manoharan during the financial year 2018 - 19, as stated above, comprises of basic salary of ₹ 1,61,03,505/-, perquisites and allowances of ₹ 59,32,935/-, Retirement benefits of ₹ 19,32,420/-, Performance linked incentive of ₹ 2,24,00,006/- and compensation on surrender of stock options of ₹ 3,04,65,689/-. There was no separate provision for payment of severance fee to Mr. C. Manoharan. He was not given any stock options during the financial year 2018-19.

On account of inadequacy of profits in the financial year 2018-19 computed under section 198 of the Act, in terms of section 197 read with Schedule V of the Act, approval of the shareholders is sought by way of special resolutions for the remuneration of ₹ 7,68,34,555/- paid to Mr. C. Manoharan in financial year 2018 - 19.

Further, the Board of Directors had, on the recommendation of the Nomination & Remuneration Committee, revised the remuneration of Mr. C. Manoharan effective April 1, 2019 which will be in excess of the remuneration approved by the shareholders and therefore approval of the shareholders is required for increase in remuneration payable to Mr. Manoharan. Revised remuneration payable to Mr. Manoharan for financial year 2019 - 20 and subsequent periods for his remaining term in office includes ₹ 3,09,29,300/- per annum comprising of basic salary, allowances and perquisites including house rent allowance, special allowance, reimbursement of expenses for operating vehicle, entertainment, telephone, professional pursuit, medical expenses, leave travel allowance and contribution to provident fund, as per Company rules. In addition, he will be paid annual performance linked incentive of ₹ 2,16,50,510/- per annum which depending on performance of

the Company and his performance assessed as per Company policy can be up to a maximum of 150% of annual performance linked incentive as may be decided by the Board / Nomination and Remuneration Committee. He will also be covered under Company's provident fund/ Gratuity / Hospitalisation / Health Insurance / Group Personal Accident Scheme and mobile reimbursement policy. The Board of Directors be and is hereby authorized to increase remuneration payable to Mr. C. Manoharan annually, based on the performance of the Company and his individual performance. The perquisite value of the facilities / benefits / allowances and performance linked incentive shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 and the Rules framed thereunder.

In the event of loss or inadequacy of profits in any financial year during the period of appointment of Mr. Tony Fountain and Mr. C. Manoharan, the remuneration payable by way of salary, perquisites, allowances etc. as aforesaid will be paid to them as minimum remuneration and the approval being sought by passing of the special resolutions at this meeting shall be treated as consent from the shareholders under Section 197 read with Schedule V of the Act. The remuneration paid / proposed to be paid to the Executive Chairman and Director & Head of Refinery is comparable with the remuneration being paid for similar assignments in the industry.

Both Mr. Tony Fountain and Mr. C. Manoharan are functioning in professional capacity and do not have any interest in the capital of the Company or any of its subsidiaries directly or indirectly or through any other statutory structures. They do not have any, direct or indirect interest or related to the directors of the company or any of its subsidiaries or the holding company (during the period when Nayara Energy Limited was a subsidiary of Essar Energy Holdings Limited, which was also erstwhile promoter of the Company up to August 18, 2017) at any time during the last two years before or on or after the date of appointment. Both of them possess post graduate level qualification with expertise and specialized knowledge in the field in which the Company operates.

### III Other information

#### (1) Reasons for inadequacy of profit, if any:

The Company earned profits after tax of ₹ 3,442 million as per the statement of profit and loss for the financial year ended March 31, 2019. However, on account of adjustment of past accumulated losses, required by amendment introduced by the Companies (Amendment) Act, 2017 notified on September 12, 2018, there was inadequacy of profits computed under Section 198 of the Act. As a consequence of inadequacy of profits, the remuneration paid to the Wholtime Directors in financial year 2018-19 exceeded the limits of

remuneration prescribed under Section 197 read with Schedule V of the Act.

#### (2) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

As stated above, the Company generated EBITDA and PAT of ₹ 44,977 million and ₹ 3,442 million respectively in the financial year 2018 - 19. Inadequacy of profits as computed under section 198 of the Act, is mainly on account of past accumulated losses incurred prior to change in control and change in Board of Directors of the Company.

The operations of the Company were satisfactory with the plant working beyond 100% capacity. During financial year 2018 - 19, the refinery underwent mandatory turnaround process for one month. As the operations of the refinery were completely shut during this period, the profitability of the Company was affected to some extent. However, during the turnaround process, the refinery underwent several improvements which will yield positive results of which can be seen in the coming financial years. Further, during the financial year 2018 - 19, as per the order of Hon'ble National Company Law Tribunal, two subsidiaries of the Company namely, Vadinar Power Company Limited and Nayara Energy Properties Limited merged with the Company w.e.f. November 30, 2018. The Board of Directors of the Company has also approved the process of merger of Vadinar Oil Terminal Limited with the Company which is subject to approval of the shareholders, secured and unsecured creditors and the National Company Law Tribunal. All this factors together are expected to have positive impact on the profitability of the Company. The Company has also generated an impressive momentum in expanding its retail outlets network for sale of petroleum products as well as leveraging the potential of its existing network. The retail network reached 5,100 as of March 31, 2019. Your Company is also considering various expansion opportunities which are in primary stage as of now. Further, post-acquisition of the majority stake in the Company in 2017 by new shareholders i.e. Rosneft Singapore Pte. Limited and Kesani Enterprises Company Limited, the Board of Directors of the Company is reconstituted. Under the strategic and governance guidance provided by the newly constituted Board, the Company is likely to gain momentum in the years to come.

A combination of the above would help in reducing operating costs and sustain the performance of the Company in coming years. The Company has not committed any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon in the financial year 2018 - 19.

Mr. Fountain and Mr. Manoharan do not have direct or indirect pecuniary relationship with the Company or relationship with the managerial personnel other than getting remuneration from the Company. They are not related to any Director or any other key managerial personnel of the Company. None of the Directors or Key managerial personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 6 to 7 of the Notice.

The Board of Directors is of the opinion that the remuneration paid to Mr. Fountain and Mr. Manoharan for financial year 2018 – 19 and the revised remuneration proposed to be payable to Mr. Fountain and Mr. Manoharan w.e.f. April 1, 2019 till their balance tenure in office would be in the interest of the Company.

Except for Mr. Tony Fountain and Mr. C. Manoharan, who are interested in their respective resolutions, none of the other Directors and Key managerial personnel of the Company or their respective relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item Nos. 6 to 7 of the Notice.

Accordingly, the Board recommends the resolutions set forth in Item Nos. 6 to 7 of the Notice for the approval of the members of the Company by way of special resolutions.

#### **Item No. 8 and 9**

The Company owns and operates 20 MMTPA Oil Refinery at Vadinar in Gujarat and is planning to assess the future investment opportunities which would fulfil upcoming product quality norms, improve margins and new products and assets by identifying short and long term growth options. Further, being in an industry that is impacted on an ongoing basis by changes in the global economic and finance environment, the Company requires regular professional input to help it strategise, improve and modify its operations and operating structures to help it remain competitive and optimize its performance.

United Capital Partners Advisory LLC (“UCP Russia”) is an experienced consultant and advisor having capabilities to provide ongoing and strategic advisory services in the areas of existing products and operations and new opportunities and strategy management consultancy in the areas of asset development, business intelligence, fund raising, growth assessment, market positioning, assessment of operating assumptions, evaluation of risk factors and market entry strategies.

Subject to shareholder’s approval, the Company plans to enter into a services agreement with UCP Russia for the purpose of availing advisory and consultancy services pertaining to business and financial intelligence for an annual fee of USD 0.95 million (the “Services Agreement”). The Services Agreement will have a tenure of 2 (two) years. Pursuant to the Services Agreement, UCP Russia will provide

periodic review and analysis of certain business aspects and decisions connected with the Company, business and finance intelligence through weekly, monthly and quarterly reports and customer’s valuation and benchmarking versus competitors’ valuation and customer’s strategic options

The Company, subject to shareholder’s approval, plans to enter into an infrastructure consultancy agreement with UCP Russia, for availing consultancy services with respect to infrastructure projects for an annual fee of USD 2.5 million (the “Infrastructure Consultancy Agreement”). The Infrastructure Consultancy Agreement will have an initial tenure of 1 (one) year and can be renewed by the Company for a further period of up to 1 (one) year. Pursuant to the Infrastructure Consultancy Agreement, UCP Russia will provide specialized services to the Company in connection with investment, design and implementation of various infrastructure projects for refinery expansion and setting up downstream units.

The aforesaid agreements may not in their entirety qualify to be a transaction in the ordinary course of business.

UCP Russia is related to UCP PE Investments Limited, Cyprus (“UCP Cyprus”). UCP Cyprus indirectly holds 49.5% shareholding of Kesani Enterprises Company Limited, (“Kesani”) and Kesani holds 49.13% of the paid up equity share capital of the Company.

The UCP Russia does not technically qualify as ‘related party’ of the Company as per the provisions of Section 2(76) of the Companies Act, 2013 (“Act”). Nevertheless, the relevant regulatory authorities may construe that the execution of the Services Agreement and the Infrastructure Consultancy Agreement by the Company with UCP Russia is a contract with a related party. Accordingly, given the spirit of the statutory requirements and as a matter of good corporate governance, approval of the members of the Company is sought for availing of advisory and consultancy services and from UCP Russia under the Services Agreement and the Infrastructure Consultancy Agreement.

There is no other material information relevant to or important for the members to make a decision on the proposed transaction. Mr. Alexander Bogdashin, a Director of the Company is also an employee of UCP Russia. He is however not concerned or interested financially or otherwise in the resolutions and has not participated during discussion on the proposal at the Board Meeting. None of the other Directors, Key managerial personnel and their respective relatives are in any way concerned or interested financially or otherwise in the resolutions at Item Nos. 8 and 9. The Board of Directors is of the opinion that entering into the aforesaid Services Agreement and Infrastructure Consultancy Agreement with UCP Russia would be in the interest of the Company.

The above may be treated as disclosure of particulars under Rule 15 (3) of Companies (Meeting of Board and its Powers)

Rules, 2014 read with Section 188 of the Act.

Accordingly, the Board recommends the ordinary resolutions set out in Item Nos. 8 and 9 for approval of members of the Company.

**Item No. 10**

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of M/s. Diwanji & Co., Cost Accountants, as Cost Auditors of the Company for the financial year ending on March 31, 2020 and the Cost Audit fees has been fixed at ₹ 1.1 million including XBRL filing of cost audit report and excluding out-of-pocket expenses and applicable taxes.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice for ratification of the remuneration payable to

the Cost Auditors for the financial year ending on March 31, 2020.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are in any way, concerned or interested financially or otherwise in the said Resolution.

The Board accordingly, recommends the resolution at Item No 10 of the Notice for your approval.

**By order of the Board of Directors**

**Place: Mumbai**  
**Date: July 24, 2019**

**Mayank Bhargava**  
**Company Secretary**

**Registered Office:**

Khambhalia Post, P. O. Box 24,  
Dist. Devbhumi Dwarka – 361305, Gujarat.  
Phone: 91 02833 661444, Fax: 91 02833 662929  
e-mail: investors@nayaraenergy.com  
Website: www.nayaraenergy.com

## Details of Directors, pursuant to Secretarial Standard 2 seeking appointment/ re-appointment at this General Meeting

Particulars	Mr. Chin Hwee Tan	Mr. Jonathan Kollek	Mr. Alexander Romanov
<b>Age</b>	47	59	48
<b>Qualification</b>	CFA, CA (Australia and Singapore), Masters' degree from Yale University, Post Graduate from Harvard University	B. Sc. in Economics and International Relations	Chemical Engineering Organic, Economics
<b>Experience</b>	Mr. Chin Hwee Tan has more than 23 years of rich experience in management and financial roles. He is currently working as Head of Asia Pacific in Trafigura. Prior to joining Trafigura, he founded the Asia Operations of Apollo Global Management. In the past, he has held the position of Managing Director at Hedge Fund Amaranth Advisors and been on the Advisory Board of Monetary Authority of Singapore, Maritime Port Authority of Singapore and International Olympic Council.	Mr. Kollek has over 35 years of experience. He is presently President of Trafigura Eurasia LLC, Moscow. He is responsible for Trafigura's business development in all CIS countries. His previous assignments boast of names like Marc Rich A.G. (now Glencore International), Projector SA and TNK-BP in which he held key positions.	Mr. Romanov has more than 22 years of rich experience of working in oil and gas companies in refining and petrochemical. He is currently working as Vice President for Refining & Petrochemicals in Rosneft Oil Company. He was earlier associated with Saratov Oil Refinery and Alliance Oil Company.
<b>Terms and conditions of appointment/re-appointment</b>	Subject to retirement by rotation	Subject to retirement by rotation	Subject to retirement by rotation
<b>Remuneration sought to be paid</b>	Sitting fees and Commission on profits as may be approved by the Board from time to time	Sitting fees and Commission on profits as may be approved by the Board from time to time	Sitting fees and Commission on profits as may be approved by the Board from time to time
<b>Remuneration last drawn</b>	Sitting fees of ₹ 14,00,000 paid in financial year 2018-19.	Sitting fees of ₹ 10,00,000 paid in financial year 2018-19.	Sitting fees of ₹ 3,00,000 paid in financial year 2018-19.
<b>Date of first appointment by the Board</b>	August 19, 2017	August 19, 2017	August 19, 2017
<b>Shareholding in the Company</b>	Nil	Nil	Nil
<b>Relationship with other directors, KMPs</b>	Not related	Not related	Not related
<b>Number of meetings of the Board attended during the year</b>	4 out of 5	4 out of 5	3 out of 5
<b>Other directorships</b>	Nil	Nil	Nil
<b>Chairmanship of committee of other Boards</b>	Nil	Nil	Nil
<b>Membership of committee of other Boards</b>	Nil	Nil	Nil

THIS PAGE HAS BEEN  
INTENTIONALLY LEFT BLANK



## NAYARA ENERGY LIMITED

(formerly known as ESSAR OIL LIMITED)

Registered Office: Khambhalia Post, Post Box No. 24, Dist.: Devbhumi Dwarka - 361 305, Gujarat, India

Corporate Identity Number: U11100GJ1989PLC032116

Phone : 91 02833 661444, Fax: 91 02833 662929

Email: investors@nayaraenergy.com

Website: www.nayaraenergy.com

### ATTENDANCE SLIP

**29TH ANNUAL GENERAL MEETING - SEPTEMBER 19, 2019 AT 10:00 A.M.**

Folio No.		NAME & ADDRESS OF THE REGISTERED SHAREHOLDER
DP ID/ Client ID		
No. of Shares held		

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Twenty Ninth Annual General Meeting of the Company being held at the Registered Office at Nayara Energy Refinery Complex, Khambhalia Post (39th KM. stone on Jamnagar-Okha Highway), Dist. Devbhumi Dwarka - 361305, Gujarat , India on September 19, 2019 at 10:00 a.m.

\_\_\_\_\_  
Member's/Proxy's Signature

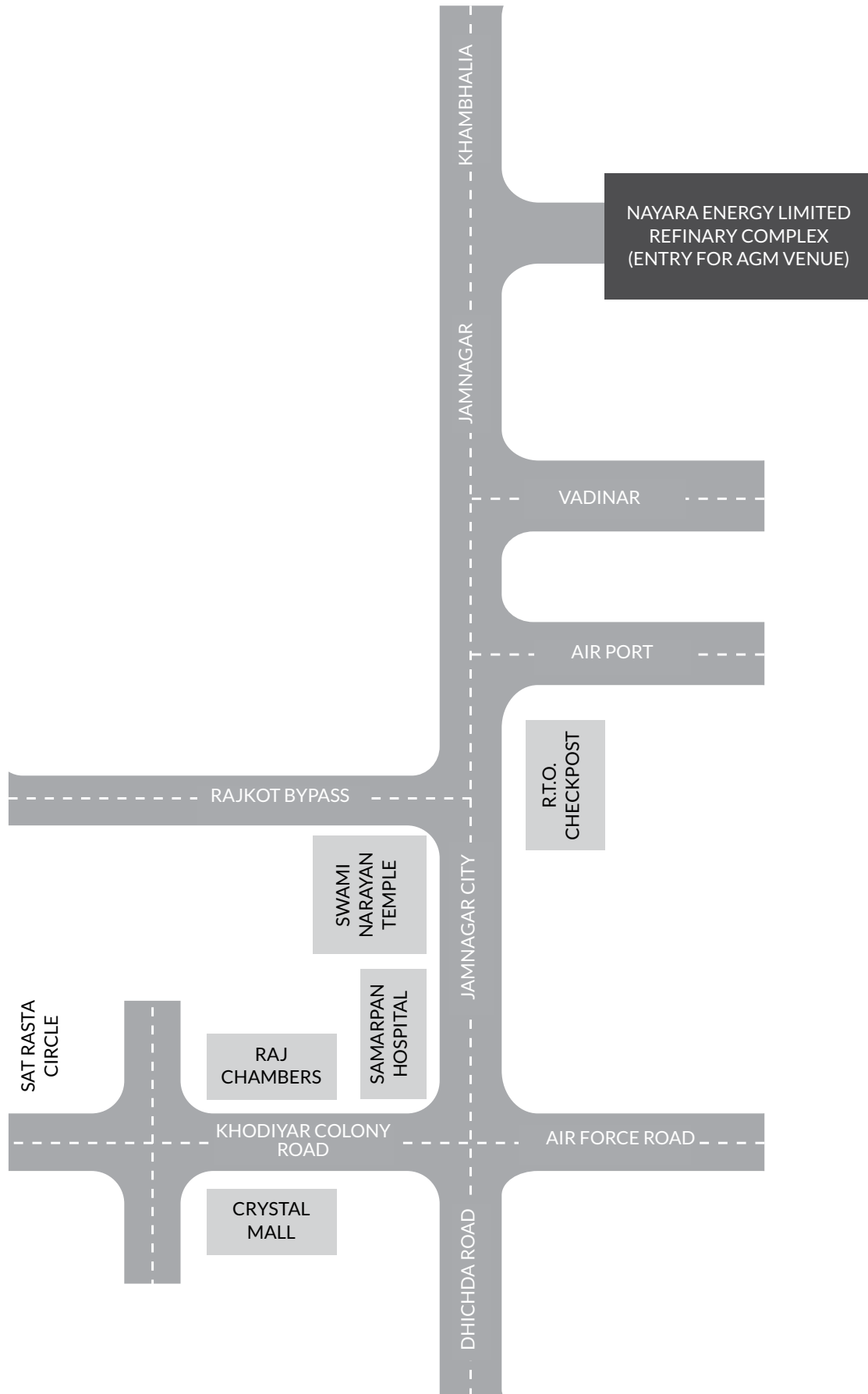
**Note:**

1. Please complete this and hand it over at the entrance of the hall.

tear here



# Route Map







## NAYARA ENERGY LIMITED

(formerly known as ESSAR OIL LIMITED)

Registered Office: Khambhalia Post, Post Box No. 24, Dist.: Devbhumi Dwarka - 361 305, Gujarat, India

Corporate Identity Number: U11100GJ1989PLC032116

Phone : 91 02833 661444, Fax: 91 02833 662929

Email: investors@nayaraenergy.com

Website: www.nayaraenergy.com

### Form No. MGT-11 PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

<b>CIN</b>	U11100GJ1989PLC032116		
<b>Name of the Company</b>	NAYARA ENERGY LIMITED		
<b>Registered Office</b>	Khambhalia Post, P.O. Box No. 24, Dist. Devbhumi Dwarka - 361305, Gujarat, India		
<b>Name of the member (s)</b>			
<b>Registered address</b>			
<b>E-mail Id</b>			
<b>Folio No/ Client Id</b>		<b>DP ID</b>	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1.	Name			
	Address			
	E-mail Id		Signature	
	Or Failing him			
2.	Name			
	Address			
	E-mail Id		Signature	
	Or Failing him			
3.	Name			
	Address			
	E-mail Id		Signature	

tear here



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Ninth Annual General Meeting of the Company to be held on Thursday, September 19, 2019 at 10:00 a.m. at the Registered Office at Nayara Energy Refinery Complex, Khambhalia Post (39th Km. stone on Jamnagar-Okha Highway), Dist. Devbhumi Dwarka - 361305, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	For	Against
1	To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2019 together with the reports of Board of Directors and Auditors thereon.		
2	To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 together with the report of Auditors thereon.		
3	To appoint a Director in place of Mr. Alexander Romanov who retires from office by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.		
4	To appoint a Director in place of Mr. Chin Hwee Tan who retires from office by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.		
5	To appoint a Director in place of Mr. Jonathan Kollek who retires from office by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.		
6	To approve remuneration paid to Mr. Charles Anthony Fountain, Executive Chairman in financial year 2018-19 and variation to the terms of his appointment.		
7	To approve remuneration paid to Mr. C Manoharan, Director & Head of Refinery in the financial year 2018-19 and variation to the terms of his appointment.		
8	To approve entering into of Services Agreement with United Capital Partners Advisory LLC.		
9	To approve entering into of Infrastructure Consultancy Agreement with United Capital Partners Advisory LLC.		
10	To approve remuneration payable to the Cost Auditors.		

Signed this ..... day of ..... 2019.

Signature of shareholder: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to put "₹" in the appropriate column against the Resolution in the Box. If you leave the "For" or "Against" column blank against Resolutions, your proxy will be entitled to vote to in the manner as he / she thinks appropriate.



---

#### Registered Office

Khambhalia Post, P O Box 24, Dist. Devbhumi,  
Dwarka - 361305,  
Gujarat, India  
**Tel:** +91-2833-661444 | **Fax:** +91-2833-662929

✉ [investors@nayaraenergy.com](mailto:investors@nayaraenergy.com)

🌐 [nayaraenergy.com](http://nayaraenergy.com)

🐦 **f in** /Nayara Energy

#### Corporate Office

5th Floor, Jet Airways Godrej BKC, Plot No. C-68,  
G-Block, Bandra Kurla Complex, Bandra East,  
Mumbai - 400051, Maharashtra, India  
**Tel:** +91-22-66121800 | **Fax:** +91-22-26530264

**CIN:** U11100GJ1989PLC032116

**Equity ISIN:** INE011A01019