NAYARA
ENERGY

USHERING IN A NEW ERA

NAYARA ENERGY LIMITED
Annual Report 2017-18

Contents

Ushering in a New Era

The world needs energy and more of it. As economies grow, the demand for energy keeps increasing at a rapid pace. At Nayara Energy, our pursuit of excellence continues as we usher in a new era with a new brand identity and vigour.

In FY 2017-18, the Refinery processed crude higher than rated capacity with our SPM registering highest ever crude intake. Our High Speed Diesel (HSD) production surpassed our previous best. This has helped us enrich our product portfolio. We have also expanded the retail network further with over 1000 new outlets opened during the year.

As we continue ushering into a new era, we have re-emphasised our focus on Health, Environment, and Safety (HSE) while looking at planning for fresh investments in new assets and good governance. We also plan to channelise our improved credit profile and finances towards building a good value proposition and an excellent brand value.

In order to keep our employees aligned with the company's long-term vision, the Company is seeking their active involvement in process improvement, development of new initiatives and future plans.

Through all these initiatives, we continue to strive for excellence and a viable future that would help us in making this brand new era a remarkable one.

We are Nayara Energy

We are a downstream oil company with a strong presence in the hydrocarbon value chain. Our presence in refining and marketing makes us a truly integrated company of international repute. We own and operate India's second largest single site refinery at Vadinar, Gujarat with a capacity of 20MMTPA, which is one of the world's most complex refineries. We also own two oil depot terminals, a port, captive power plant and India's fastest growing retail chain of fuel stations.

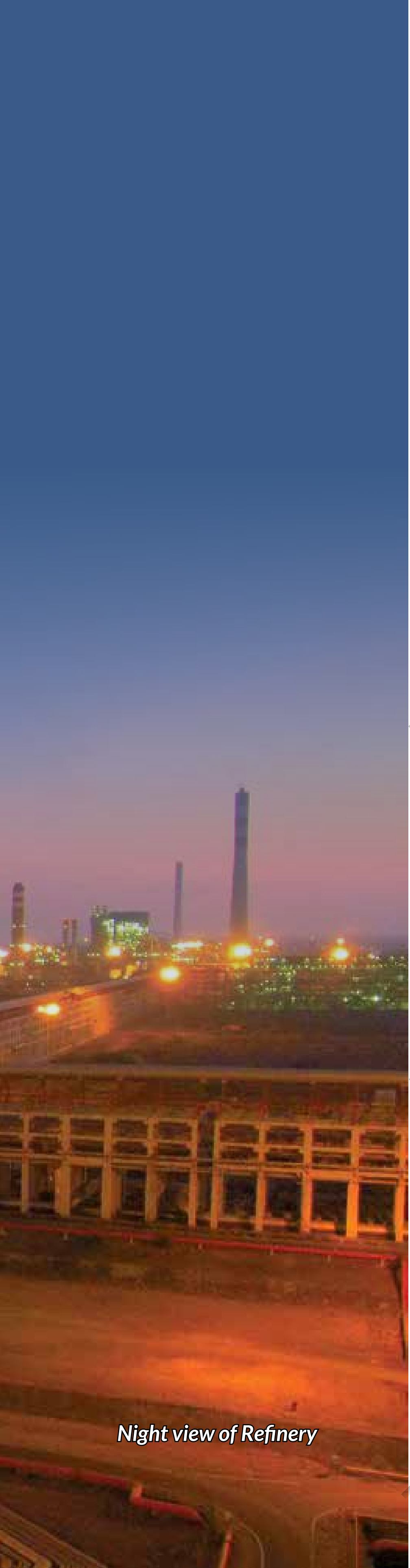
Our major shareholders include Rosneft Singapore Pte. Ltd. (a subsidiary of PJSC Rosneft Oil Company) and Kesani Enterprises Company Limited (a consortium of international investors led by Trafigura and UCP).

Night view of Refinery

Nayara Energy: The Brand

- Coined from "Naya" (new) and "Era" the name truly stands for the vision of starting a new era in the Energy sector with a fervent zeal for excellence in performance. The word also relates to "Nayan" (eye), which means always having an eye on the future
- The guiding philosophy – delivering tomorrow's potential today, represents the ambitions and conduct of the Company as it aims to explore the uncharted, deliver extraordinary outcomes for the stakeholders across the value chain
- The brand philosophy is summarized in the acronym EXCEL – represents – Energetic, Xtraordinary, Courageous, Ethical and Lead

With our new name, Nayara Energy, we aim to be one of the fastest developing companies in the country and globally. We plan to grow to a global scale, both in terms of size and excellence, thereby marking the beginning of a new era. We aim to explore the uncharted, deliver extraordinary outcomes for the stakeholders across the value chain. Our people are determined to achieve more. Our employees are innovative and working hard to turn tomorrow's dreams into reality.



Night view of Refinery

Ethos

Energetic

A team of passionate individuals driven to perform.

Xtraordinary

Obsessed about the finest attention to detail and deliver excellence, global standards with rigour at every step.

Courageous

We stand firm and are relentless in what we believe in. We don't shy away. We are courageous and have conviction.

Ethical

Always doing the right thing with integrity, transparency and have a high regard for the safety of our people, our community and the environment.

Lead

Taking bold steps in challenging the status quo and in shaping the future.

The year that was ...

Operational / Strategic Highlights

Process & Production

20.7 MMT
Processed Crude

19.1 MMT
Highest ever Crude intake through SPM

10.4 MMT
Highest ever HSD production

Pan-India Retail Network*

4,473
Retail Outlet Network

1,043
Outlets added during the year

* as on March 31, 2018

Key Performance Indicators

Credit Rating

From 'A' to AA
Significant improvement by 3 notches

Refinancing Impact

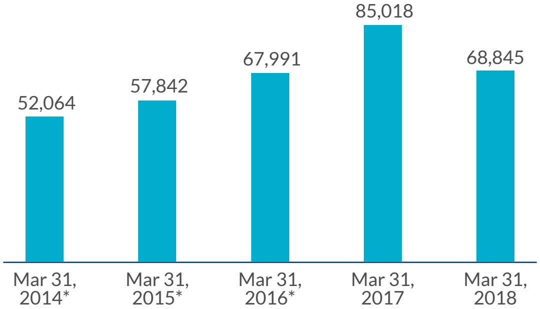
Significant Interest Saving ($45 Million pa)

Loans with longer tenure (upto 20 years)

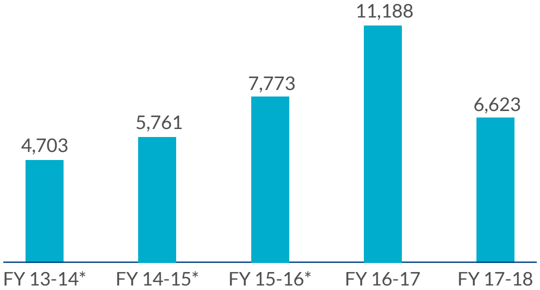
Relaxed Covenants


Aerial view of Nayara Hub & Refinery

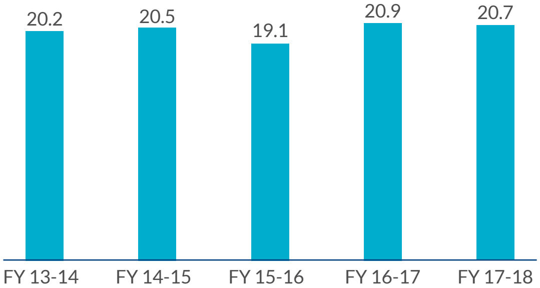
Total Assets (₹ in crore)



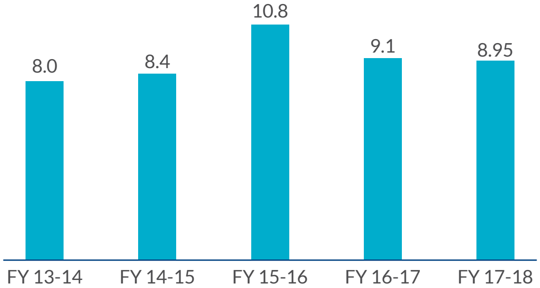
EBITDA (₹ in crore)



Throughput (MMT)



CP GRM (USD/bbl)



* As per previous IGAAP

Message from the Chairman

Dear Shareholders,

I am very excited to connect with each one of you, as this is my first opportunity post-acquisition of our unique company, Nayara, by the new investors. I would call it unique, because of the unparalleled nature of its strategically located assets and the fastest growing fuel retail chain in India. Adding to that is the tremendous track-record of performance of the team members and the high demand business segments we operate in. Moreover, strong support from the new investors and the diverse experience of the new management team further increases the already existing potential. A combination of these factors presents a rare opportunity for any shareholder, which we can be proud of.

Business Performance

In FY18, the Company successfully overcame various challenges in the external business environment in the form of oil price volatility, OPEC production cut for heavy oils, Government policy changes as well as the internal challenges in terms of change in management & acquisition by new shareholders. Our refinery continued with its best-in-class operating performance, while our retail network continued to remain the fastest growing petroleum retail chain in India. India is already the fastest growing energy market in the world. The domestic demand for oil continues to be buoyant due to various macroeconomic factors coming into play – growing car ownership trend, high demand for two-wheelers,

Our new brand opportunely describes our vision to succeed in the Indian and global energy markets, thereby ushering us into a new era. Nayara was a result of a detailed process that engaged many in the Company and beyond.

improved road transport infrastructure to name a few. These factors help build confidence with respect to the future growth prospects of our business.

Nayara Energy - New Brand – New Investors – New Management

The corporate brand for our Company underwent a change to become "Nayara Energy" as part of the forward-looking strategy. The term 'Nayara', has been coined from the words 'Naya' (new) and 'Era'. Our new brand opportunely describes our vision to succeed in the Indian and global energy markets, thereby ushering us into a new era. Nayara was a result of a detailed process that engaged many in the Company and beyond. We want to be a company that is deeply respected, by the investors, by Governments-, both in India and beyond, by the communities we work in and most importantly by you. We want this to be a company that people are delighted to associate with and employees are proud to work for, a company that has a culture where initiative, creativity & hard work thrives. We also want this to be a company that respects the diversity of all sorts and rewards true delivery of great performance.

People

The new investors and management team have tremendous faith in the human capital of our company. It is due to the dedication and determination of the people, that we are well-positioned at a leadership level today. The phenomenal track record of our people inspires us and we are committed to empower them, create a healthy succession pool that will be ready for the next phase of growth.

Our Priorities

As we take on the helm of affairs of this unique company, we have set our priorities clear in terms of our action plan. Health, Safety and Environment (HSE) would be our top priority. We would grow and make this investment successful- being mindful of the health of our community, the safety of our people and concern for the sustainability of the environment.

Our aim is also to achieve the highest level of corporate governance and controls. It is also fundamental to inspire confidence in our shareholders and the investor community. Several programmes ensuring the same have been initiated and are in various stages of completion.

Another area where we have our clear focus is on the financial side so as to achieve a stronger and stable balance sheet. We would be channelizing this strength towards effectively running the Company on a day-to-day basis, as well as with a new asset development plan.

I would like to conclude by proposing a vote of thanks, on behalf of the entire Board of Directors of Nayara Energy, to all our stakeholders who have demonstrated immense faith in the management team. I would also like to thank our Board Members and the Senior Management team along with all the employees led by our CEO, Mr. B. Anand, who continues to dedicatedly drive the growth of this unique company.

Thank you,

Tony Fountain
Executive Chairman

From the Chief Executive Officer's Desk

Dear Shareholders,

This is our inaugural annual report as Nayara Energy and I am delighted and thrilled to have this opportunity to share my thoughts. Leading Nayara Energy at this juncture is extremely promising as we pan out longer term growth strategies while consolidating existing business operations. We are excited for the future for Nayara Energy and to turn our possibilities into realities.

Transition - new shareholders & management team

Last financial year was truly transformational with the advent of our global new investors and new management team. This brings in global industry leading expertise under one umbrella - upstream, refining, trading, logistics and retail. I would like to thank our employees and all our stakeholders – the Government, customers, supply chain partners and bankers for their unstinted support during this transition phase.

Business Environment – robust demand underpinned by strong fundamentals

Global oil demand growth picked up pace and increased by almost 1.5 million barrel per day during last year backed by lower crude oil prices and stronger global economic growth driven by robust industrial demand in both developing and developed nations.

Indian domestic market continues to be the key engine for fueling global oil demand growth; reigning as the fastest growing energy market in the world. To put things into perspective, India along with China account for over 50% of global demand growth during past year. The Infrastructure push owing to the "Make in India" campaign, remained a

As we move into next phase, our priorities will be to ensure continued focus on operational excellence and asset reliability, highest level of corporate governance, further strengthening our balance sheet, disciplined retail expansion and strategic development of assets.

building block for expansion in manufacturing, construction and agricultural activity and will provide a stimulus to the domestic oil demand in the near and medium term.

Going forward, while focus on geopolitics may result in volatility in crude oil prices continuing in the near term, I expect demand for refined oil products to remain positive driven by three key catalysts: growing consumer demand for automotive vehicles, thrust for better infrastructure and implementation of IMO 2020. I believe all the above factors along with one common focus of bringing environment friendly cleaner fuels to market will lead to very exciting phase for refining industry.

Business Priorities – asset reliability backed by strong balance sheet, prudent risk management and tighter control framework.

Refinery

We continue our pursuit of excellence and delivering industry leading operational performance of the refinery by processing 20.7 MMT crude in last financial year against the nameplate capacity of 20 MMT and despite our tough crude diet. This has clearly reflected in our CP GRM of $8.95/barrel, as compared to IEA Benchmark GRM of $6/barrel.

During the year we have successfully implemented Naphtha up-gradation project through revamp of Naphtha Hydro-Treater and Isomerisation units in a record time, demonstrating our disciplined project execution focus.

Sales and Trading

Despite OPEC crude production cuts, and geopolitical uncertainties among some major crude producers, we continue to maintain leadership in Crude basket optimization, and achieved highest percentage of advantaged/ tough crudes in the country. During FY 2017-18, Refinery has processed 92.9% of heavy and ultra-heavy crudes and produced 84.6% distillate products.

In our drive of creating value through expanding product portfolio, we launched premium Gasoline grades for the export market and started sales of Light Diesel Oil in domestic market.

Retail

Our marketing focus continues on the franchise model as we added 1,043 new retail outlets during FY18, bringing the tally to 4,473 outlets. This accounts for more than 30% of overall retail outlet growth in the country. Retail sales grew substantially by 57% to 4,406 TKL over previous year.

Another significant development during the year was the commencement of construction for two new depots at Maharashtra and Rajasthan to feed into our growing network of retail and direct sales.

Balance Sheet

Post completion of deal last year, one of key focus for new management was to strengthen our financial position through refinancing of our entire debt portfolio and improve liquidity through optimization of various credit facilities. I am pleased to share that we have completed first phase of refinancing with entire long term debt portfolio resulting in significant cost savings and extension of maturity profile. Going forward, our focus will be on further optimisation and to develop and diversify our liability resource portfolio through various market instruments and provide strong foundation for further asset development.

In another development, we successfully removed all qualifications from last year's audited annual accounts and credit rating of the Company was upgraded by three notches from "A" to "AA" by CARE Ratings.

Aerial view of Refinery units

Governance Framework

During the year we have developed and implemented policy frameworks for world class enterprise risk management in the organization. Additionally, with an aim of establishing highest level of corporate governance and globally benchmarked standards of process and controls, we have undertaken transformation projects with large proven global consulting firms across all the business divisions in the company.

Creation of new values and brand "Nayara"

We have created a new brand identity for our company as Nayara Energy. The new brand reflects our ambitions to usher the company into the new era while delivering highest quality products and services across our value chain. The new identity reflect our ethos and values which will be reflected in all our engagements.

Digitization - Gearing towards new world

I believe, progress on digital transformation & IT automation will drive the next level of industrial growth across the world. We have started working on establishing advanced automation solutions at Nayara focusing on strategic business initiatives though optimizing existing assets and process in refinery and in retail, tapping into new business models and revenue sources. We firmly believe that it will not just step up pace of growth in the short term, but would also lead to a transformation in the long term.

Last but not the least, I believe an organization's true potential is reflected in the people. At Nayara Energy our people are at the core of our business and I would like to thank each one for their patronage in all the endeavors we have been able to achieve this past year.

I would also like to thank our distinguished board members for their continued support during the transformational phase of this organization. With your steadfast support, I look forward to scripting a memorable growth journey, together.

With Regards,

B. Anand
Chief Executive Officer

Corporate Information

Board of Directors (As on July 5, 2018)

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. Andrew Balgarnie, Director
Mr. Chin Hwee Tan, Director
Mr. Krzysztof Zielicki, Director
Mr. Alexander Romanov, Director
Ms. Elena Sapozhnikova, Director
Mr. R. Sudarsan, Nominee of LIC of India

Chief Executive Officer
Mr. B. Anand

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

Company Secretary
Mr. Mayank Bhargava

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

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
Website: www.datamaticsbpm.com

Bankers
State Bank of India
Yes Bank Limited
ICICI Bank Limited
Axis Bank Limited
Indus Ind Bank Limited
IDFC Bank Limited
Export Import Bank of India
IDBI Bank Limited
Indian Bank

Registered Office
Khambhalia Post, Post Box No. 24,
Dist. Devbhumi Dwarka – 361305 Gujarat.
Tel: +91-2833-661444 | Fax: +91-2833-662929
Email: investors@nayaraenergy.com
Website: www.nayaraenergy.com

Corporate Office
Equinox Business Park, Tower-2, Off Bandra Kurla Complex
L.B.S. Marg, Kurla (W), Mumbai – 400070.
Tel: +91-22-71321010 | Fax: +91-22-67082177

CDU & FCCU

Board of Directors

Mr. Charles Anthony Fountain
Executive Chairman

BSC, Economics & International Studies, Warwick University and MPhil, Economics, Oxford University

Mr. Charles Fountain has around 34 years of experience. Presently, he is the Non-Executive Director of ATCO Group. 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.

Mr. Didier Casimiro
Director

Graduated with distinction from Ghent University, Belgium, in 1991, and from Ghent University, Belgium/Lisbon University, Portugal, in 1992

He has extensive experience in Refining and Petrochemicals Business of over 25 years. Since 1996 he held top management positions at British Petroleum (BP) and thereafter at TNK-BP since 2005. From May 2012 he worked as Vice President in Rosneft Oil Company and from March 2013 as Vice President for Commerce and Logistics at Rosneft. His role enhanced since January 2015 as Vice President for Refining, Petrochemical, Commerce and Logistics at Rosneft. In June 2012 he joined as member of the Management Board of Rosneft Oil Company.

Mr. Jonathan Kollek
Director

B.Sc. in Economics and International Relations

Mr. Jonathan Kollek has over 35 years of experience in the oil industry. As 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.

Ms. Naina Lal Kidwai
Independent Director

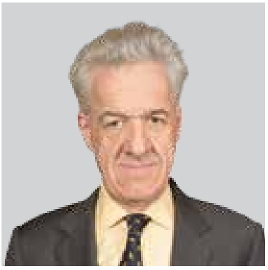
Bachelor of Arts in Economics (Honours); Master Degree in Business Administration, Chartered Accountant

Ms. Naina Lal Kidwai has rich experience in the Financial Services sector. She has been closely associated with large fund managers, MNCs and Indian corporates. She has worked with PwC, ANZ Grindlays Bank PLC (Standard Chartered Bank), Morgan Stanley & HSBC She has overseen mergers and acquisitions of numerous entities. At present, she is Director of Max Financial Services Limited, Cipla Limited, Larsen & Toubro Limited, Altico Capital India Private Limited and Shakti Sustainable Energy Foundation.

Mr. Deepak Kapoor
Independent Director

B.Com, Chartered Accountant, Company Secretary and Member of Institute of Certified Fraud Examiners, USA.

Mr. Deepak Kapoor, former Chairman of PwC India, was associated with PwC for over 30 years and worked as its partner since 1991 and as its Managing Director from 2007 to 2016. As member of PwC's India Leadership Team, he handled various leadership roles, leading deals and working in the Telecom, Entertainment and Media domain. Mr. Kapoor has extensive experience in Audit as well as Business advisory function.



Mr. Andrew Balgarnie
Director

BA Hons and Morehead-Cain Scholar at the University of North Carolina, Chapel Hill.

Mr. Andrew Balgarnie has over 30 years of experience in finance and the natural resources industry working in London, New York and Moscow. He is Advisor to the CEO of Rosneft Oil Company. In his earlier career he was Managing Director at Morgan Stanley, an investment bank, and a member of the Executive Committee at ENRC Plc, a mining company.

Mr. Chin Hwee Tan
Director

CFA, CA (Australia & Singapore) and Masters-Yale University, PG Harvard University

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. Krzysztof Antoni Zielicki
Director

BSc Maths, MSc Maths

Mr. Krzysztof A Zielicki has more than 37 years of experience in oil and gas industry. He has worked in senior positions in the upstream, midstream and retail at BP, Rosneft and several other oil and gas companies. He has also acted as member and advisor to several boards.

Mr. Alexander Romanov
Director

Chemical Engineering Organic, Economics

Mr. Alexander Romanov has more than 21 years of rich experience of working in oil and gas companies in refining and petrochemicals. 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.

Ms. Elena Sapozhnikova
Director

LL.M Degree, New York University , Russian Law Degree, equivalent to Juris Doctor (JD) Degree, Moscow State University, Admitted to New York Bar

Ms. Elena Sapozhnikova has around 18 years of rich transactional experience. She is currently a Partner at UCP Investment Group, responsible for managing the company's existing investments, M&A transactions and building relationships with government and investment communities. Prior to this, she was associate with Freshfields Bruckhaus Deringer and Clifford Chance.

Mr. C Manoharan
Director & Head of Refinery

Chemical Engineer from Calicut University

Mr. C. Manoharan joined Nayara Energy Limited in 2008 as the Head of Refinery and got elevated as a Board member in 2012. He started his career in 1977 with Indian Oil Corporation Limited (IOCL) and handled several key positions at Gujarat and Panipat Refinery in the field of Refining Operations, Maintenance, and Technical Services. He has also been a Board member and served as the Chairman of Indian Oil Technologies Limited.

Mr. R Sudarsan
Nominee of LIC of India

Master Degree in Economics

Mr. R Sudarsan holds the position of Executive Director (Inspection) at LIC of India. In his more than three decades of career with LIC, he has worked at its various offices in Central, Western, Eastern and Southern Zone, majorly in IT department that has evolved in a big way in the past 18 years due to the rapid computerization and speedy operations, introduction of networking portal and CRM initiatives.

Management Committee

Mr. B Anand
Chief Executive Officer

Bachelor of Commerce from Nagpur University and an associate member of the Institute of Chartered Accountants of India.

Mr. B Anand brings over 30 years' experience in the fields of corporate finance, strategy, investment banking, commodity trading industry and the energy sector. Previous to joining Nayara Energy, he was Chief Financial Officer for Trafigura India Private Limited. He has worked with Future Group, Vedanta Resources, Motorola India, Credit Lyonnais Bank, HSBC, IL&FS Limited and Citibank. B. Anand is also the Independent Non-Executive Chairman of Just Dial.

Mr. C Manoharan
Director & Head of Refinery

Chemical Engineer from Calicut University

Mr. C. Manoharan joined Nayara Energy Limited in 2008 as the Head of Refinery and got elevated as a Board member in 2012. He started his career in 1977 with Indian Oil Corporation Limited (IOCL) and handled several key positions at Gujarat and Panipat Refinery in the field of Refining Operations, Maintenance, and Technical Services. He has also been a Board member and served as the Chairman of Indian Oil Technologies Limited.

Mr. Evgeny Storozhuk
Chief Commercial Officer

Degree in Economics & Management and MBA along with post-graduation in Accounting.

Mr. Evgeny Storozhuk heads International Supply and Trading and Economic, Planning and Scheduling divisions. Evgeny possesses 20 years of experience in Oil and Gas. Prior to Nayara Energy, Evgeny worked with Rosneft and TNK-BP in Russia and Ukraine. He has rich experience in the areas of Global Strategy, Business Development, Key Clients Management, Specialty Petroleum Product Sales, Marketing and Brand Management.

Mr. Alan McGown
Chief Marketing Officer

Degree in Business Studies and a Post Graduate Diploma in Marketing

Mr. Alan McGown joined Nayara Energy in 2017 and has 28 years' experience working in the Downstream sector. He has previously worked for BP, TNK-BP and Rosneft in countries including USA, Poland, China and Russia. He has extensive experience working in the areas of Global Strategy, Retail, Business Development and Marketing Operations.

Mr. Anup Vikal
Chief Financial Officer

Mechanical Engineer and an MBA.

Mr. Anup Vikal has more than 26 years of overall experience. Prior to Nayara Energy, Mr. Vikal was working with Snapdeal as Group CFO and General Counsel. Mr. Vikal has held senior positions with InterGlobe Enterprises, COLT Technology Services and Bharti Airtel among others. He has been on the board of various companies in India and has been an advisor to many Indian technology start-ups. He has rich experience in the areas of strategy, project financing, financial control, strategic planning, deal making, IT and law.

Mr. Sergey Denisov
Chief Development Officer

Degree in Mechanical Engineering and extensive training programs on Reservoir Development and Hydrocarbon Processing.

Mr. Sergey Denisov is responsible for Refinery Investment and Asset development including Petrochemicals and Projects. He possesses 20 years of experience in Upstream and Downstream in Russia, US and Europe. He has worked with BP, TNK BP and Sidanco in Russia, Ukraine, Netherlands, UK and Germany. He has rich experience in the areas of Project Management, Refining Commercial, JV management and other areas.

Directors' Report

To,

The Members of Nayara Energy Limited

Your Directors have the pleasure in presenting the 28th Annual Report and audited Financial Statements of the Company for the financial year ended March 31, 2018

Financial Highlights

(₹ in crore)

Particulars	2017-18	2016-17
Revenue from operations	85,588.21	72,084.57
Total Revenue including other income	86,636.66	74,933.83
Earnings before finance cost, depreciation / amortization, exceptional items, discontinued operation and tax (EBIDTA)	6,622.85	11,187.68
Profit before Exceptional Items, Discontinued Operations and Tax	2,469.64	5,741.01
Exceptional items	1,814.56	5,251.19
Profit before Discontinued Operations and Tax	655.08	489.82
Loss from Discontinued Operations (after tax)	92.27	2,208.49
Tax	282.37	954.28
Net Profit / (Loss) after tax	280.44	(2,672.95)
Add: Balance brought forward from previous year	8,195.69	10,876.32
Balance to be carried to Balance Sheet	8,475.13	8,195.69

Business Environment

Global Oil Market

The global oil demand registered a growth of 1.5 million bpd in 2017 benefitting from lower oil prices and pick-up in industrial demand in both OECD and Non - OECD countries. Oil demand is expected to grow at a similar pace during the forthcoming year, as global economic growth is expected to rise from 3.8% in 2017 to 3.9% in 2018 and 2019 led by upswing in global investment and trade.

Oil demand at the start of 2018 has remained buoyant supported by cold weather in Europe and the US, start-up of new Petrochemical capacity in the US and continued strength in growth in OECD and non OECD countries. China and India together continue to maintain dominance with their share being more than 50% of global oil demand growth.

During the year, the average Dubai crude prices moved higher from USD 51.20 / bbl month in March 2017 to USD 62.74 / bbl month by March 2018, as global inventories depleted reflecting agreement between OPEC and Non-OPEC producers to cut crude oil production. The agreement has witnessed extraordinarily strong support among the producers providing continued support to the prices. Stronger economic activity and expectations of more robust future global demand also contributed to strengthening of oil prices despite higher production of shale oil in the US.

The decision by the United States to withdraw from the Joint Comprehensive Plan of Action (JCPOA) regulating Iran's nuclear activities has switched the focus of oil market to geopolitics. In Venezuela, the pace of decline of oil production is accelerating and by the end of this year output could have fallen by several hundred thousand barrels a day. While there is understandable uncertainty about its potential impact on Iran's oil exports, the potential double supply shortfall represented by Iran and Venezuela could present a major challenge.

Oil product markets also outperformed during the past year as stronger demand led to drawdown in inventories. While global oil product demand is forecasted to remain strong, global refining capacity additions and continued higher run rates from refiners are likely to keep the supply balanced over the next year. Nevertheless, the outlook for product margins remains positive for FY19. Gasoline markets buoyed during the past year are expected to grow moderately in 2018 supported by strong vehicle sales in Asia pacific and increase in US employment supporting consumer demand. However, higher flat price and improving vehicle efficiencies may temper consumer demand as we move into 2019. Gasoil remained structurally strong last year on the back of increased economic activity and in the next year too, demand is expected to grow with robust global trade volumes, manufacturing activities and lower inventories. Sustained growth in passenger traffic during the past year supported the Jet fuel or Kerosene demand, which is expected to be boosted by steep growth trajectory in global air travels. Naphtha remained supported

One of the world's largest Delayed Cocker Unit

last year with higher petrochemical margin, but higher flat prices and increasing petrochemical supply from US may erode some Naphtha margins as we move into 2019.

One of the biggest and most pressing issues concerning the oil markets is the change in marine fuel specifications mandated by the International Maritime Organisation (IMO), which comes into effect on 1st January 2020. The new regulations, aimed at reducing marine and air pollution from shipping, will cause a switch out of high sulphur fuel oil into marine gasoil or a new very low sulphur fuel oil. The total demand for oil products will not be dramatically altered, but would impact the product mix. Responses to 'IMO 2020' will transform both the shipping and refining industries, and are likely to have a significant impact on crack spread relationships both for fuel oil and for middle distillates.

Indian Oil Market

The Indian Government too has taken steps towards reducing pollution by tightening the vehicular emission norms throughout the country. As part of this roadmap, the Government had implemented Bharat Stage (BS) IV emission norms throughout the country from April 1, 2017. The Government also implemented Bharat Stage (BS) VI emission norms in the National Capital Territory Region (Delhi) from April 1 2018, considering the serious pollution levels in the national capital region and adjoining areas. As a next step, the entire country is poised to implement the stricter BS VI emission norms from April 1, 2020 skipping BS-V norms altogether.

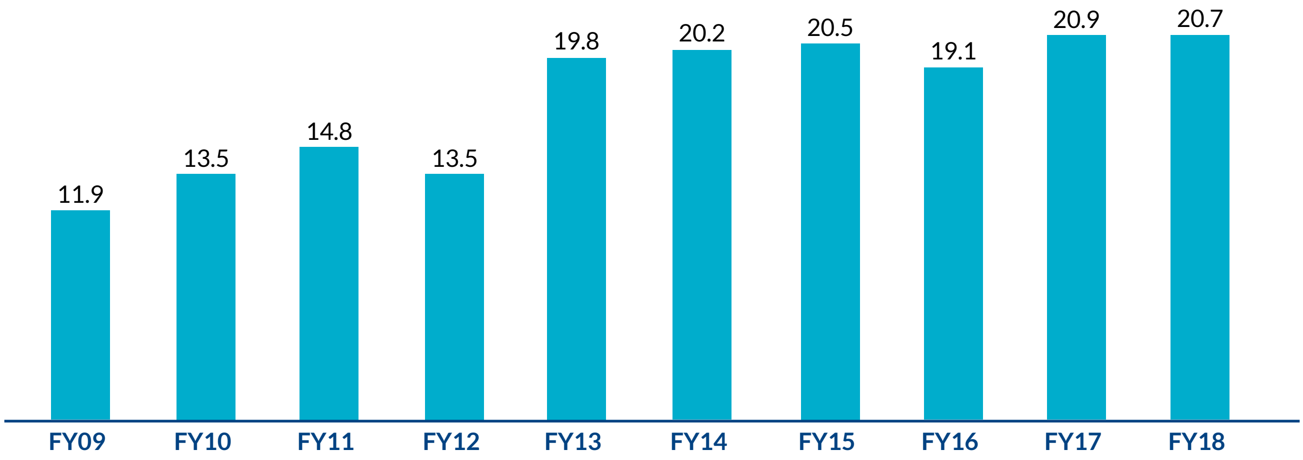
Meanwhile, India's oil demand continued to demonstrate strong growth in 2017-18. LPG demand was boosted by the government's Ujjwala Yojana scheme for promoting usage of LPG as domestic cooking fuel. Growth in infrastructure boosted bitumen demand for road construction while robust vehicle sales led demand growth in transportation fuels like diesel and gasoline. Diesel demand growth was also supported by expansion in manufacturing, construction and agriculture activity. With the Indian economy forecasted by IMF to grow at 7.4% in 2018 and beyond, the domestic oil demand growth expectations remain robust.

Our Operations

Refinery and Trading Performance

Performance of the refinery during last financial year proved to be the best in class with respect to the global peer group. The Refinery continued its stellar performance in FY 2017-18 by processing 20.69 MMT crude against its rated capacity of 20.00 MMT. We maintained highest operating rates of all the process, auxiliary and utilities units. Safe and Reliable operations of the Refinery Units resulted in highest ever High Speed Diesel production during FY 2017-18 at 10,426 KT, surpassing previous year's record of 10,043 KT. With continual steep fall in domestic kerosene demand, your Company successfully maximized capability to make Jet fuel/ATF. The Refinery also received its highest ever crude intake of 19.1 MMT through SPM.

Nayara Energy : Crude Processed in Vadinar Refinery (MMT)



*Note: Crude processed was lower due to refinery turnaround in FY12 and FY16.

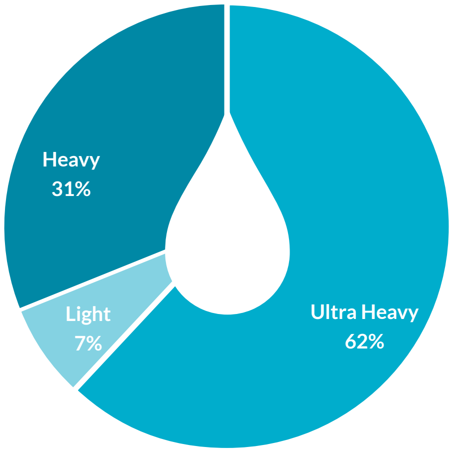
We have continued our focus to improve refining margin through operational excellence. In response to changing market dynamics, and with the country wide domestic specifications of Diesel moving to 50 ppm Sulphur (from 350 ppm) from April 17, we could successfully execute and implement various innovative initiatives to increase the availability of sweet low value light distillate streams for upgrading to domestic Diesel. During the year, Nayara undertook major operational excellence and process units optimization measures to significantly enhance capability to produce BS VI Gasoline production.

We continued to work hard and strive to make cleaner fuels for the society. As part of this commitment, during FY 2017-18, we have successfully implemented Naphtha up gradation Project, through major revamp of Naphtha Hydro-Treater unit (NHT) and Isomerization (ISOM) unit in a record time. Both these units got commissioned in February 2018 and achieved the intended revamped design capacity and product quality. This is one more testimony to our diligent and disciplined project execution track record. Revamp of Continuous Catalytic Regeneration (CCR) unit is planned to be completed during the forthcoming shutdown planned in FY 2018-19.

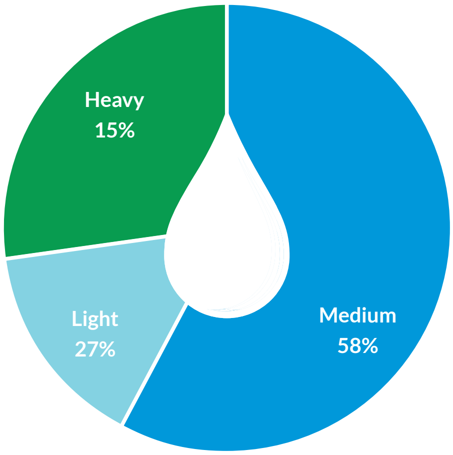
Despite OPEC crude production cuts, and geopolitical uncertainties among some major crude producers, our Vadinar Refinery continued to maintain its leadership in Crude basket optimization, and achieved highest percentage of advantaged/ tough crudes in the country. Nayara Energy is India's lowest overall Crude API processing Refinery in the country. During FY 2017-18, Refinery has processed 92.9% of Heavy and Ultra-Heavy crudes & 7.1% of Light Crudes and produced 84.6% Distillates (27.0% Light Distillates and 57.6% Middle Distillates). Our Refinery is capable of processing widest range of Crudes.

With smart designing and execution of process improvement investments, Refinery has further expanded its logistics capability of handling Ultra-Heavy and advantaged crudes. During the year, Refinery expanded its basket of Heavy and Ultra Heavy crudes by processing three new opportunity crude grades and achieved milestone of processing 100 crude grades/feed stocks till date.

Break-up of Crude Grades Processed- FY18



Product Slates – FY18



* Heavy distillates include solid products as well.

In our drive of achieving competitive leadership & enterprise excellence, Nayara launched premium Gasoline (niche high RON & MON / Low Sulfur) grades for the export market and thereby creating value and fulfilling strategic outreach of product placement. During the year, we have completed installation and completion of third Diesel blending header and upgraded Blending Automation System for Gasoline and Diesel. In our pursuit of expanding product portfolio and maximizing the value addition of domestic product mix, our Company started production and sales of Light Diesel Oil (LDO).

Marketing performance FY 2017-18

Retail

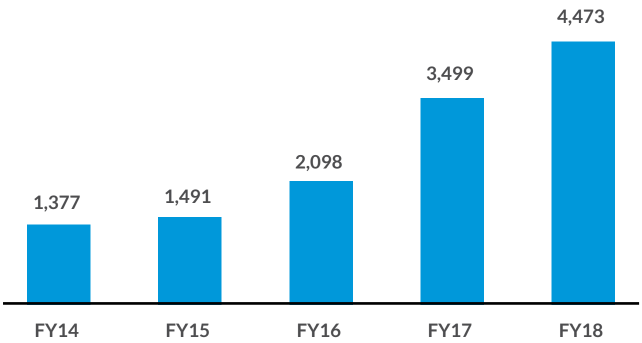
We continued to expand our retail network to include 1043 new retail outlets with the total number at 4473 as at March 31, 2018. The total number of new retail outlets added by the industry stood at 2900. Strong industry growth in retail continued with MS growth of 10.2% and HSD growth of 7.3% over the previous year. Our focus continued to be operating on franchise model with offerings in non-fuel retail segment in the current portfolio of retail assets.

The petroleum product demand in India continues to demonstrate strong growth supported by growth in the Indian economy, increase in per capita income, growth in vehicle ownership and the focus on infrastructure spending. Despite the challenges such as high logistics cost, increase in crude prices etc., the outlook is positive given the growing car and two-wheeler penetration and road freight movement.

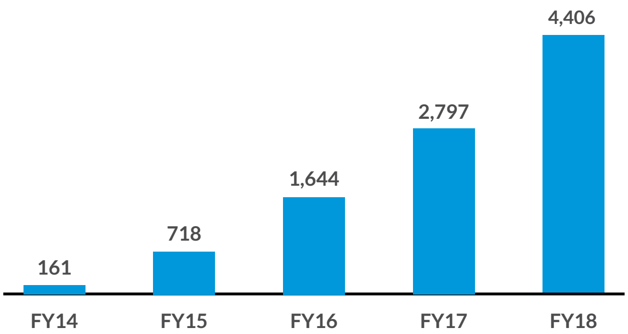
Domestic Supply

We remained the preferred supplier to National Oil companies in the country and supplied 5.4 MMT products during the year.

Commissioned Retail Sites (as on March 31)



Annual Volume (TKL)




Retail outlet at Udaipur

We also improved procurement of products from national oil companies thereby improving margins and service levels in supply to our retail network.

We handled a domestic throughput of 10.7 MMT at Vadinar Refinery, an increase of 20% over previous year. On Logistics front, we initiated and provided vehicle tracking system on all contracted vehicles which helped in improvement in efficiency of tank truck fleet.

In order to meet growing requirement of retail and B2B sales, we started construction of two major state of the art depots in Maharashtra and Rajasthan. Maharashtra depot is nearing completion and is expected to be completed in August 2018.

Information Technology

In FY17-18, the Company has successfully completed migration of its IT Infrastructure & Application landscape from previous owners into an independent setup of the Company with an aim to build a robust, sustainable technology platform and implement next generation technologies to transform Nayara Energy into a digitally enabled organisation.

We have taken sustained efforts to ensure high reliability of its business-critical systems. Among the major milestones of this work are the Cyber security program to protect information assets; the creation of a core for a new highly reliable communication network; 24x7 availability of support resources in case of incidents and technological work; stabilisation of IT setup post separation from erstwhile group and connect with various IT OEM's to align existing IT systems to best practices. The downtime of critical business systems has been maintained at less than 1% for the year. Highly critical services of data transportation between the business & operations systems were running 99.9% of time. This has ensured the continuity of the main services to business functions.

The Company has implemented new generation IT automation programs to expedite support to end-users as well as to better manage existing business applications & infrastructure setup. This has helped to create a platform for technology transformation and to lay a foundation for future roadmap. This has also helped to redeploy resources from mundane activities to future proofing activities.

Financial Performance

Operating Performance

Your Company generated gross revenue from operations of ₹ 85,588.21 crore for the financial year ended March 31, 2018, as compared to ₹ 72,084.57 crore for the financial year ended March 31, 2017. The increase in revenue 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 marginally lower at USD 8.95 / bbl in FY 2017-18 as against USD 9.14 /bbl in FY 2016-17. Earnings before interest, tax, depreciation and amortisation (EBITDA) was lower by 41% to ₹ 6,623 crore from ₹ 11,188 crore in the preceding financial year mainly on account of lower margin, lower interest income and higher forex fluctuation on outstanding foreign currency liabilities compared to forex gain in the preceding year.

The Company earned a net profit after tax (PAT) of ₹ 280 crore in the current financial year against a loss of ₹ 2,673 crore in the preceding financing year, mainly due to certain one-time exceptional items taken in previous financial year including non-recovery of certain dues and loss incurred in the process of disposal of E&P division.

Considering the accumulated losses of previous years, the Board has not recommended any dividend for the financial year ended March 31, 2018. Further, no amounts are proposed to be transferred to the General Reserve except for transfer of ₹ 10.57 crore from Debenture Redemption Reserve to General Reserve, during the financial year.

Refinancing of Long Term Loans

The Company undertook a comprehensive exercise to refinance the entire debt of the Company and its subsidiaries, with an objective to optimize the interest cost, elongate the loan maturity profile in line with the useful life of the assets and align the loan covenants with the enhanced credit profile of the Company.

We successfully completed the refinancing program for entire rupee denominated debt, thereby achieving substantial savings in interest cost, elongation of the maturity profile of various loan facilities up to 12 years and relaxation in the restrictive covenants, providing more flexibility in operations and further potential for growth. The Company will continue to strive for further optimization of its interest cost and capital structure by tapping the opportunities as and when available in the market.

Credit Rating

The credit rating of the Company was upgraded by three notches from "A" to "AA" by CARE Ratings. The credit rating of two key subsidiaries, Vadinar Power Company Limited (VPCL) and Vadinar Oil Terminal Limited (VOTL), was also obtained for the first time, which was "AA", in line with the rating of the Company. The improvement in the credit rating is primarily a result of refinancing of long term debt, significant improvement in assets and liability profile, de-risking of operations due to integration of assets viz. VOTL and VPCL, change in ownership with strong shareholders and change in management team, comprising of highly experienced, skilled and competent personnel.

Standalone and Consolidated Financial Statements

Nayara Energy has successfully implemented Indian Accounting Standards (Ind AS) effective from FY 2016-17. All numbers including comparative numbers for FY 2016-17 represented in financial statements are based on IND AS. The standalone financial statements for the financial year ended March 31, 2018 form part of the Annual Report.

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

Holding, Subsidiary, Joint Venture and Associate Companies

Holding Company

The Directors had, in their last Report, informed about acquisition, on August 18, 2017, of 49.13% stake in the share capital of the Company by Petrol Complex Pte Ltd (now renamed as Rosneft Singapore Pte. Ltd.), a subsidiary of PJSC Rosneft Oil Company and another 49.13% stake in share capital of the Company by Kesani Enterprises Company Limited, a consortium led by Trafigura Group and UCP Investment Group.

Accordingly, the erstwhile Promoter entity Essar Energy Holdings Limited (EEHL) ceased to be holding company effective from August 18, 2017. Post transfer of securities as aforesaid, the Company does not have any holding company.

Subsidiary and associate companies

During the financial year 2017 - 18, the Company acquired balance stake of 73.99% in equity share capital and entire preference share capital of Vadinar Power Company Limited (VPCL) and 97.63% stake in Vadinar Oil Terminal Limited (VOTL). With acquisition of controlling stake in VOTL, the Company's shareholding (direct and indirect) in Vadinar Liquid Terminals Limited increased to 51% making it a subsidiary. Further Enneagon Limited, a subsidiary of VOTL, also became a step-down subsidiary of the Company.

The Company has, on July 31, 2017, transferred its entire stake in the Equity Share Capital of Essar Oil and Gas Exploration and Production Limited (EOGEPL) and therefore EOGEPL ceased to be a subsidiary company of the Company.

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

The Financial Statements of these subsidiaries are uploaded on the website of the Company in compliance with Section 136 of the Act. Further, the Financial Statements of these subsidiaries 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.

Our People

As the organization went through management and brand changes during transition, we remained focused on ensuring continuity of the excellent past performance and consolidation of the base for growth. Employees during the year were the pivots of change and our emphasis was on strategic workforce planning, new management integration & transition, corporate office development, talent attraction, talent development, employee wellness, introduction of people friendly policies, digital solution and overall operational efficiency. Human resource team acted as the bridge between employees and the new management addressing and closing all ambiguities.

Talent and Leadership

At Nayara Energy, we recognize that it is not only important to attract and retain the right talent; but also crucial to build capability thereby enabling leadership continuity and build succession management pool. In view of the same career conversations focusing on employee's aspirations, career achievements, training and development needs were conducted. These conversations played a pivotal role in aligning and engaging critical talent with organizations cultural and business objectives. In addition several monetary and non-monetary initiatives like stay interviews, retention dialogues, job rotation, management development programs and interaction with leadership were taken during the year to keep critical talent engaged. The strength of the leadership pipeline has resulted in most of the senior and middle management positions being filled through job rotations – role enhancement, role enlargement and role changes. Despite the organization being in a state of transition and change it saw very low attrition in key critical talent base.

Learning and Development

Nayara Energy saw a growing emphasis on Health and Safety training and Retail capability building. Awareness sessions were conducted for expats on statutory laws and compliance (in both home and host country), expat payroll management, immigration, housing, schools, relocation and cross-culture orientation. The current year also ushered in significant increase in leadership development efforts through executive coaching, leadership workshops and management development programs in collaboration with premium management institutes in India. Health and wellness of employees was the focus of Nayara Energy. Health camps, nutrition talks and health talks on World Heart Day were conducted in FY 2017-18. Employee assistance program for employees in remote areas continued to address stress due to personal and professional reasons. Health Insurance for all employees, their spouse and parents was introduced to reinforce the care for employee's health & wellbeing. Digital solutions like SAP Success-Factor performance management system enabled employees to not only capture goals, self-assess and submit for review but also record developmental goals for the future which can be tied to Development and Career decisions.

POSH and Safe Working Environment for Women

In accordance with 'The Sexual Harassment of Women 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 for women. The Company emphasizes the need for regular awareness and training session for both male and female employees to sensitize them on the issue. Posters and E-mailers are being used at regular intervals to ensure recall of the POSH guidelines and Committee members. We had no POSH complaints registered in the current financial year.

Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility (CSR) Committee named as CSR, Safety and Sustainability Committee. The Board of Directors on the recommendations of the Committee, has adopted a CSR Policy indicating the activities to be undertaken by the Company. The policy can be accessed on the Company's website at the link https://www.nayaraenergy.com/investors-governance.

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. The Company had budgeted to spend about ₹ 25 crore for the financial year 2017-18. The Company spent an amount of ₹13.14 crore during the financial year. The lower spend was on account of the following reasons: (a) The CSR Strategy was reviewed after the acquisition of the Company and presented to the reconstituted CSR Committee. The CSR committee decided to enhance focus on projects targeted at surrounding villages and accordingly, national level projects relating to promotion of art and culture proposed in the original CSR plan for financial year 2017-18 were dropped. (b) Feasibility reports of two major projects included in the CSR plan for financial year 2017-18 i.e. E- health program and establishing multi skill center was completed and implementation of these programs will commence in FY 2018-19 as against the original plan for commencement in FY 2017-18.

The CSR initiatives as per the focus areas of the Company during the year included the following:

Health & Sanitation

- Community Health Project is providing integrated healthcare solutions in 13 villages surrounding the Refinery, ensuring access to basic healthcare services to more than 50,000 people.
- Nutrition Support programme is reaching out to 400 critical TB patients of Devbhumi Dwarka. The aim of the program is the complete elimination of the disease from the district by 2025.
- Solid Waste Management Project is reaching out to more than 20,000 people in 5 villages.

Education Programme

- Gramshiksha is an overarching program on education in 15 villages, aims to ensure all the children (including drop outs), in the age group of 15-25 should complete their 10th std. by 2025.
- The Educational Innovation Project is strengthening the Educational Innovations and Research in primary education in Gujarat, reached out to more than 50,000 teachers.

Farm & Non-Farm based income generation

- The Livelihood enhancement program aims to double the income of farmers & livestock owners by addressing issues like low land productivity, ground water depletion, lack of availability of health services for cattle, among others, reaching out to more than 10,000 families directly or indirectly.
- The Integrated Lab for soft-skills development (ILabss) is imparting soft skills education to nearly 400 students of ITI Khambhaliya, Gujarat every year.
- Stitching Centre in Vadinar is helping to provide sources of alternate income to women. More than 400 women have received training at the stitching Centre so far.

Environmental Sustainability

- Water Resource Development & Management Program aims to address the issue of water scarcity and improve the level of water quality in 12 refinery surrounding villages. Additional 2.16 MCM of water storage capacity created through various harvesting structures constructed during the year.
- Waste Paper recycling unit is being run as a women enterprise, aims to contribute towards environment sustainability and enhance the income level of these women.
- The Leadership Development program with Acumen India is designed to connect and cultivate the next generation of social change agents with the audacity and skills to address the problems of poverty. Total 20 Acumen Fellows trained during the year.

Infrastructure / Rural Development

- Infrastructure development projects carried out to improve the physical infrastructure in the villages. Total 4 Community Centres, 1 Gaushala were constructed in 5 surrounding villages, besides other small infrastructure repairing work.

Safety

Our Refinery at Vadinar continued to undertake several initiatives during the year ranging from Environmental Protection Initiatives, Safety Campaigns, Strengthening of process safety to institutionalising a culture of continual learning. The refinery achieved a Lost Time Injury (LTI) free year achieving a record 3,651 LTI free days for employees and 3,236 major fire free days as on April 1, 2018. The overall process safety event frequency rate of the Refinery for the years (FY 2016-17 and FY 2017-18) was maintained at 0.20.

The Refinery Management System (certified in accordance with ISO 9001, ISO 14001 & OHSAS 18001) have been enhanced. Now, OHSAS 18001 is giving way to ISO 45001. Documents and records have been changed according to the requirements of revised Management Systems by June 2018.

To enhance safety culture among the employees, a special campaign was organised to enhance off the job safety outside the gate of the Refinery. The campaign was carried out involving school students by performing door to door campaigns at the Refinery Township and houses at Jamnagar explaining them about safe behaviour on the roads. Road shows like skits, dramas and shadow acts were also performed in township and at Refinery.

Refinery received several awards during the financial year, notably International Safety Award from British Safety Council; Excellent Energy Efficient Unit award from CII; National Safety Award from DGFASLI, Ministry of Labour and Employment, Government of India; Excellence in Management of Environment from Indian Chemical Council; CII (WR) Safety and Health and Environment (SHE) Excellence & Innovation Award.

Directors and Key Managerial Personnel

Directors

With change in control of the Company on August 18, 2017, as stated above, Mr. Prashant Ruia, Chairman, Mr. L. K. Gupta, Managing Director & CEO, Mr. C. Manoharan, Director (Refinery), Mr. Suresh Jain, and Ms. Suparna Singh, Non-Executive Directors tendered resignation from the Board, which were accepted on August 19, 2017.

Both, Kesani Enterprises Company Ltd. and Petrol Complex Pte Ltd. (now Roseneft Singapore Pte. Ltd.), nominated 4 directors each, as their representatives on the Board of Directors of the Company. The Board of Directors on August 19, 2017, appointed Mr. Charles Anthony Fountain, Mr. Chin Hwee Tan, Ms. Elena Sapozhnikova and Mr. Jonathan Kollek as nominees of Kesani Enterprises Company Limited and Mr. Andrew Balgarnie, Mr. Krzysztof Zielicki, Mr. Alexander Romanov and Mr. Marcus Cooper as nominees of Petrol Complex Pte Ltd. The Board of Directors also appointed Mr. C Manoharan as Director & Head of Refinery. Mr. Charles Anthony Fountain was appointed as Non-Executive Chairman of the Company on August 19, 2017 and was later elevated to Executive Chairman of the Company effective from January 2, 2018.

Mr. K. N. Venkatasubramanian and Mr. D. J. Thakkar, Independent Directors tendered resignation which was accepted by the Board on October 8, 2017 and December 17, 2017 respectively. The Board of Directors appointed Ms. Naina Lal Kidwai and Mr. Deepak Kapoor as Independent Directors of the Company w.e.f. October 9, 2017 and December 18, 2017 respectively for a term of 5 years each from the date of their respective appointments.

Rosneft Singapore Pte Limited had withdrawn nomination of Mr. Marcus Cooper and in his place, nominated Mr. Didier Casimiro as its nominee on the Board of the Company. Accordingly, Mr. Marcus Cooper ceased to be Director w.e.f. July 5, 2018 and Mr. Didier Casimiro was appointed as a Director w.e.f. July 5, 2018.

The Board wishes to place on record its appreciation for the valuable services rendered by Mr. Prashant Ruia, Mr. L. K. Gupta, Mr. Suresh Jain, Ms. Suparna Singh, Mr. K. N. Venkatasubramanian, Mr. D. J. Thakkar and Mr. Marcus Cooper during their tenure as Directors of the Company.

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

The Board carried out a formal evaluation of the performance of the Board, its Committees, the Chairman, and Individual Directors for FY 2017 – 18. The Independent Directors evaluated performance of the Chairman, Non-Independent Directors and the Board. Feedback from the 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.

Directors' Responsibility Statement

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

i) In the preparation of the annual accounts for FY 2017–18, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) 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 state of affairs of the Company at the end of FY 2017–18 and of the profit and loss of the Company for the period;

iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) The Directors had prepared the accounts for the year ended March 31, 2018 on a 'going concern' basis;

v) 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 for determining qualifications, positive attributes, independence of Directors and other matters provided under Section 178(3) of the Act. Relevant chapters of the Policy relating to Directors' appointment and remuneration are enclosed as Annexure - B.

Key Managerial Personnel

During FY 2017 – 18, the following executives were designated as Key Managerial Personnel under the Act:

a. Mr. Charles Anthony Fountain – Executive Chairman w.e.f. January 2, 2018

b. Mr. B. Anand – Chief Executive Officer w.e.f. August 19, 2017

c. Mr. C. Manoharan – Director (Refinery) upto August 19, 2017 and again appointed as Director & Head of Refinery w.e.f. August 19, 2017

d. Mr. Anup Vikal – Chief Financial Officer w.e.f. November 15, 2017

e. Mr. L. K. Gupta – Managing Director & CEO (Upto August 19, 2017)

   Mr. L. K. Gupta continued as Chief Executive Officer effective from August 19, 2017 post stepping down as Managing Director and subsequently resigned on the same day i.e. on August 19, 2017.

f. Mr. Suresh Jain – Director (Finance) upto June 30, 2017

g. Mr. Mayank Bhargava – Company Secretary

Risk Management and Internal Financial Controls

Audit Committee

As of March 31, 2018, the Audit Committee comprised of Mr. Deepak Kapoor as its Chairman and Ms. Naina Lal Kidwai and Mr. Chin Hwee Tan as its members. With reconstitution of the Board, the Committee also got reconstituted a number of times during the year. At the beginning of the year the Committee comprised of Mr. D J Thakkar as its Chairman and Mr. P S Ruia and Mr. K N Venkatasubramanian as its members. Mr. Chin Hwee Tan was inducted as member of the Committee in place Mr. Prashant Ruia on August 19, 2017. He also took over as Chairman of the Committee. Ms. Naina Lal Kidwai took over as member in place of Mr. K N Venkatasubramanian on October 9, 2017. Mr. Deepak Kapoor replaced Mr. D J Thakkar as member on December 18, 2017 and also took over the responsibility of chairing the Committee.

Risk Management

In the evolving and the fast changing business environment, risk management is an integral part of day-to-day business activities in the Company as it faces several financial, treasury and market risks and non-financial risks such as investment, operational, legal

& compliance, health, safety & environment, cyber, reputational, geo-political, security risks, etc.

We established robust enterprise risk management systems, developed and implemented appropriate policy frameworks to manage price, treasury & market risk management and enterprise risk management. The risks are monitored by the Board of Directors through the Audit Committee. In the opinion of the Board, with the Risk Management Policy framework, the Company is identifying and mitigating against all possible risks.

The Company documents and maintains updated risk registers pertaining to all its business divisions, functions, and departments capturing the potential business risks, risk category, likelihood of risk occurrence, severity or impact of the risk, magnitude and manageability of the risks and risk response plans and/or internal control measures.

The Company effectively addresses its key risks by implementing appropriate and adequate risk response plans and/or internal control measures that brings down the risks to acceptable and manageable levels.

Internal Financial Controls and Their Adequacy

The Company has in place a system and framework of Internal Financial Controls. This framework provides a reasonable assurance regarding the adequacy of operating effectiveness of controls with regards to 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, accuracy and completeness of accounting records, and timely preparation of 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 ensuring internal controls over financial reporting. This framework includes a risk and control matrix covering entity level controls, process and operating level controls and general IT 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 were observed. Nonetheless we recognize 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. To maintain these standards at highest level, the Company encourages its employees and other stakeholders, who have concerns about the actual or suspected improper conduct or behaviour to come forward and express these concerns without fear of punishment or unfair treatment.

Towards this end, the Company has established a Vigil Mechanism process by adopting a revised Hotline Whistle Blower Policy during the year. The policy aims to not only protect the identity of the "Whistle-blower" but also protect him/her from any subsequent retribution within the system by any affected party. This policy outlines the procedures for reporting through various Hotline Whistle-blower Complaints Channels (Email, Web Interface, Toll Free Telephone, In Person and Letter/Post), handling, investigating, and deciding on the course of action to be taken in case inappropriate conduct or behaviour is noticed, reported, or suspected. The policy also has a process for providing direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

The details of the Hotline Whistle-blower Policy and Hotline Whistle-blower Complaints Redressal Mechanism can be accessed on the website of the Company at the link https://www.nayaraenergy.com/investors-governance.

Auditors and Audit

Statutory Auditor

In the last Report, the Directors had informed you about the proposal to appoint M/s S. R. Batliboi & Co. LLP, Chartered Accountants as Auditors of the Company, for a term of 5 (five) consecutive years in place of M/s Deloitte Haskins & Sells, Chartered Accountants Ahmedabad (DHS Ahmedabad) who were due for retirement on account of compulsory rotation under the provisions of the Companies Act, 2013. The shareholders had, at the last Annual General Meeting held on September 28, 2017, approved appointment M/s S. R. Batliboi & Co. LLP, Chartered Accountants as Auditors of the Company.

The reports given by M/s S. R. Batliboi & Co. LLP, on 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.

Cost Auditor

For appointing the Cost Auditors for the financial year 2018-19, the Audit Committee approved a detailed process for evaluation and shortlisting of Cost Audit firm that will undertake the assignment. One of the criteria was rotation of cost auditors. Accordingly, the Board of Directors had, on the recommendations of Audit Committee, appointed Ms/ Diwanji & Co as the Cost Auditor of the Company for FY 2018 – 19 in place of M/s. Chandra Wadhwa & Co. In terms of the provisions of Section 148(3) of the Act and the applicable rules, shareholders are requested to approve the remuneration payable to the Cost Auditor for the year ending March 31, 2019. The Cost Audit Report for financial year ended March 31, 2018 will be filed with the Ministry of Corporate Affairs within the prescribed time period.

Secretarial Auditor

The Board had appointed M/s Parikh Parekh & Associates, Practicing Company Secretaries, as Secretarial Auditor to conduct Secretarial Audit for the year ended March 31, 2018 in place of M/s BNP & Associates. The Secretarial Audit Report for the year ended March 31, 2018 is annexed as Annexure - C to this Report. The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark. Due to inadvertence there was delay in filing of newly introduced Form IEPF-6 for financial year 2016 – 17.

Disclosures

Compliance with Secretarial Standards

Your Company has fully complied with the provisions of Secretarial Standards 1 (SS 1) on Board / Committee Meetings and Secretarial Standards 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.

Meetings of the Board and Committees and attendance of Directors

The details of meeting of the Board and Committees held during FY 2017 – 18 and attendance of Directors at the meetings are given in Annexure – D to the report pursuant to the disclosure requirement of Secretarial Standards.

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 Companies Act, 2013 are specified in Form AOC 2 and enclosed as Annexure - E. The details of material Related Party Transactions entered during the year by the Company have also been included in the form AOC 2. Though the Companies Act, 2013 has not defined the criteria for "Material Related Party Transactions" and the Company is no more listed on Stock Exchanges, the material related party transaction as per the criteria prescribed in the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 have been considered. Accordingly, details of such transaction exceeding ten percent of the annual consolidated turnover as per the last audited financial statements have been provided in material related party transaction. Related party disclosure as required by IND AS 24 have been made in Note 57 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 6 to the standalone financial statements). Since Company 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 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 – F to this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2018 in Form No. MGT 9 is enclosed as Annexure – G 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.

Change of name of the Company

With the erstwhile Promoters group entities Essar Energy Holdings Limited and Oil Bidco (Mauritius) Limited having sold their entire holding in share capital of the Company and Rosneft Singapore Pte. Limited (formerly known as Petrol Complex Pte Ltd.) and Kesani Enterprises Co Ltd., each acquiring 49.13% stake in the paid up share capital, the Company ceased to be an Essar Group entity. In order to have an independent identity, the shareholders at an Extraordinary General Meeting held on May 21, 2018 approved changing the name of the Company from Essar Oil Limited to Nayara Energy Limited. The name of the Company changed to Nayara Energy Limited on May 25, 2018 on receipt of revised certificate of incorporation from the Registrar of Companies, Gujarat.

General Disclosures

For the year ended March 31, 2018, no disclosure is required in respect of the following items and accordingly we confirm as under:

- The Executive Directors did not receive any remuneration from the holding and/or 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 Company's 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 of the Company.

Acknowledgement

The Board wishes to express its sincere appreciation and place on record its gratitude for the faith reposed in and cooperation extended to the Company by the Government of India, Government of Gujarat and other state governments, various government agencies/ departments, financial institutions, banks, customers, suppliers, and investors of the Company. The Board also wishes to place on record, its deep gratitude to all its employees whose enthusiasm, team efforts, devotion, and sense of belonging has made the Company proud by sustaining its excellent performance year-on-year.

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
(DIN - 07719852)

July 5, 2018
Mumbai

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 programmes 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, program for children with different abilities, higher education programs, spoken English, promoting sports and supporting sports facilities, providing / supporting vocational training programmes 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, re-skilling 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 programmes**

   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/investors-governance

2. **The Composition of the CSR Committee**

   As of March 31, 2018 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**

   ₹ 1,254.52 crore

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

   ₹ 24.12 crore

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

   (a) Total amount to be spent for the financial year;- ₹ 25.09 crore (as per the budget approved by the Board of Directors)

   (b) Amount unspent , if any; - ₹ 11.95 crore

   (c) Manner in which the amount spent during the financial year is detailed below.

Annexure to the CSR Annual Report

Manner in which the amount spent during the financial year is detailed below.

	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 Lacs)	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads (Amount ₹ in Lacs)	Cumulative expenditure upto the reporting period (Amount ₹ in Lacs)	Amount spent direct or through implementing agency
				GUJARAT			
1	Community Health Project (Community Health Centre, Mobile Health Van, Mother and Child Care Centre, Ambulance, Specialized Medical Camps) Jan Jagruti Express, Health Camp, Solid Waste Management and Awareness (Swachha Bharat Abhiyan)	Eradicating hunger and poverty and malnutrition, promoting health care sanitation & safe drinking water	Devbhoomi Dwarka & Jamnagar District	735.00	294.97	294.97	Implementing Agency- Samarpan Hospital & J.V.Naria Trust
2	GramSiksha, Scholarship for Meritorious Students, Contribution for Education Research, Shala Pravesh Utsav, Indradhanush / Support to promotion of Sports / Protection and promotion of Art and Culture in the Villages	Promotion of Education, special education and vocational skills / Promotion of Sports / Protection of National Heritage, Art and Culture	Devbhoomi Dwarka & Jamnagar District	830.00	239.36	239.36	Implementing Agency- Centre for Environment Education
3	Livelihood Project (Agriculture Development, Animal Husbandry Development Project, Skill Development)	Eradicating hunger and poverty and malnutrition, promoting health care sanitation & safe drinking water	Devbhoomi Dwarka & Jamnagar District	150.00	115.99	115.99	Implementing Agency- BAIF Institute for Sustainable Livelihood and Development
4	Participatory Water Resource Management Program	Ensuring Environmental Sustainability, ecological balance, wildlife & natural resources conservation	Devbhoomi Dwarka & Jamnagar District	540.00	444.45	444.45	Implementing Agency- BAIF Institute for Sustainable Livelihood and Development & Arid Communities and Technologies

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 Lacs)	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads (Amount ₹ in Lacs)	Cumulative expenditure upto the reporting period (Amount ₹ in Lacs)	Amount spent direct or through implementing agency
5	Rural Development activities in the Rural Areas, Monitoring and Evaluation of CSR Projects, Third Party Assessment	Rural Development activities in the Rural Areas	Devbhoomi Dwarka & Jamnagar District	245.00	219.21	219.21	Implementing Agency- 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 Board of Directors

B. Anand
Chief Executive Officer

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

Mumbai
July 5, 2018

Annexure – B

Relevant Chapters (No. 2 and 4) of the Policy for Appointment, Remuneration, Training and Evaluation of Directors and Employees

1. General

1.1 The Companies Act, 2013 requires the Company to formulate the criteria for determining qualifications, positive attributes and independence of directors. The Company is also required to adopt a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

1.2 To meet these objectives, the policy on appointment, remuneration, training and evaluation of directors has been adopted by the Board of Directors on September 30, 2014 which has been revised from time to time.

2. Selection, identification and appointment of Directors

2.1 The Nomination and Remuneration Committee is responsible for evaluating the qualifications of each director candidate and of those directors who are to be nominated for election by shareholders at each General Meeting of shareholders, and for recommending duly qualified director nominees to the full Board for election. The qualification criteria set forth herein are designed to describe the qualities and characteristics desired for the Board as a whole and for Board members individually.

2.2 Director Selection Procedures

2.2.1 A shortlist of prospective candidates for election to the Board based on director's qualification criteria will be prepared by the Company based on candidates (a) recommended by professional search agency to be appointed for the purpose or (b) referrals received by the Company from internal and/or industry sources.

2.2.2 For each shortlisted director candidate considered for election to the Board, the Nomination and Remuneration Committee shall evaluate each director candidate and recommend to the Board any duly qualified director candidates.

2.2.3 As stated in 2.2.1. above, to aid in the short listing and screening process the Nomination and Remuneration Committee may take the support of professional agencies, conduct interviews or have a personality check undertaken or take any other steps to ensure that the right candidates are identified.

2.2.4 A determination of a director's qualifications to serve on the Board shall be made by the Board, upon the recommendation of the Committee, prior to nominating said director for election at the Company's next General Meeting.

2.2.5 Appointment of all Directors, other than directors appointed pursuant to nomination by Financial Institutions under section 161(3) of the Act will be approved by shareholders at a general meeting or through postal ballot.

2.2.6 The Company shall issue a formal letter of appointment to independent directors in the manner as provided in Paragraph IV(4) of Schedule VI of the Act.

2.3 Director qualification criteria

2.3.1 The director candidates should have completed the age of 21 years. The maximum age of executive directors shall not be more than 70 years at the time of appointment / re-appointment. However a candidate who has attained the age of 70 years may be appointed if approved by shareholders by passing of special resolution.

2.3.2 The Board has not established specific education, years of business experience or specific types of skills for Board members, but, in general, expects qualified directors to have ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values.

2.3.3 The candidate to be appointed as Director shall have a Director Identification Number allotted under section 154 of the Companies Act, 2013 (Act).

2.3.4 A person shall not be eligible for appointment as director of the Company if:

2.3.4.1 He is disqualified for being appointed under section 164 of the Act.

2.3.4.2 The number of directorships post appointment as Director in the Company exceed the total number of directorships in Indian Companies permitted under section 165 of the Act.

2.3.5 In addition any person to be appointed as a Managing Director or whole time director in the Company (hereinafter referred to as 'Executive Directors') for being eligible for appointment shall have to meet the requirements setout in Part I of Schedule V of the Act.

2.3.6 Further, while selecting Independent Directors:

2.3.6.1 the Company may select the candidate from data bank(s) containing names, address, qualification of persons who are eligible and willing to act as Independent Directors maintained by anybody, institute or association as may be notified by the Central Government having expertise in creation and maintenance of such data bank.

2.3.6.2 The prospective candidates for appointment as Independent Directors shall have to meet the criteria of Independence laid down in sub-section (6) of section 149 of the Act.

2.3.7 In the process of short listing Independent Directors, the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

2.4 Tenure in office

2.4.1 The appointment of all directors by the Board except for directors appointed under section 161(3) of the Act shall be up to the date of the next Annual General Meeting and shall be subject to approval of shareholders at the Annual General Meeting unless approved by the shareholders earlier.

2.4.2 The Executive Directors shall be appointed for a term of up to 5 years.

2.4.3 Subject to the provisions of the Act and Article 75A and other applicable Articles of the Articles of Association of the Company all Executive Directors the Managing Director & CEO and all Non-Executive Directors other than the Independent Directors and Directors nominated by Financial Institutions / Bankers shall be liable to retire by rotation.

2.4.4 Independent Directors shall hold office for a term of up to 5 consecutive years on the Board of the Company but shall be eligible for reappointment for a second term on passing of a special resolution by the Company.

2.4.5 Independent Directors shall not hold office for more than 2 consecutive terms. Each such term may be of 5 years or less.

2.4.6 After expiry of the 2 terms, the Independent Director would be eligible for appointment only after expiry of 3 years from ceasing to being an ID.

2.4.7 While appointing the Independent Directors, the Board shall decide the term in office of the Independent Directors which may vary depending on the age of the candidate, the professional background, the outcome of evaluation of the individual Director and the Committees of which he is a member.

4. Remuneration

4.1 All remuneration / fees / compensation, payable to directors shall be fixed by the Board of Directors and payment of such remuneration fees / compensation shall require approval of shareholders in general meeting except for sitting fee payable to Non Executive Directors for attending Board / Committee.

4.2 The Board shall decide on the remuneration / fees / compensation, payable to directors based on the recommendations of the Nomination and Remuneration Committee.

4.3 The total managerial remuneration payable, to its directors, including managing director and whole-time director, (and its manager) in respect of any financial year shall not exceed eleven per cent of the net profits of the Company for that financial year computed in the manner laid down in section 198 of the Act. Provided that the Company in general meeting may, with the approval of the Central Government, authorise the payment of remuneration exceeding eleven per cent of the net profits of the Company, subject to the provisions of Schedule V of the Act.

4.4 The Nomination and Remuneration Committee shall ensure the following while recommending the remuneration / fee / compensation payable to Directors:

4.4.1 Executive Directors

4.4.1.1 The remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent of the net profits of the Company and if there is more than one such director remuneration shall not exceed ten per cent of the net profits to all such directors and manager taken together. Else the remuneration will be subject to approval of central government as may be required.

4.4.1.2 In case of inadequacy of profits mentioned in 4.3 and 4.4.1.1. above, the Committee while approving the remuneration for executive directors

4.4.1.2.1 take into account, financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, etc.

4.4.1.2.2 be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

4.4.2 While considering payment of remuneration / increase in remuneration payable to executive directors, key managerial personnel and other executives, the Nomination and Remuneration Committee may among other factors consider the following:

4.4.2.1 the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully

4.4.2.2 relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

4.4.2.2.1 remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

4.4.2.2.2 the factors mentioned in The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, may be considered, which are required to be disclosed in the Directors' Report.

4.4.3 Non executive Directors including Independent Directors

4.4.3.1 The remuneration payable to Non Executive Directors shall not exceed 1% of the net profits of the Company.

4.4.3.2 A Non-Executive director may be paid remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever. The amount of such fee shall not exceed Rs. 1,00,000 for attending each meeting of the Board or Committee thereof or such higher amount as may be prescribed by the Central Government.

4.4.3.3. The Non-Executive Directors including Independent Directors and excluding nominees appointed by Financial Institutions / Banks will be entitled to receive commission which shall not exceed 1% of net profits of the Company computed in accordance with the provisions of section 198 of the Act, for the respective financial years, on pro-rata basis for their tenure in office during the financial year. The quantum of such commission to be paid individually to each Non Executive Director as stated above, will be decided based on the decision of the Board or the Nomination and Remuneration Committee

4.4.3.3 An independent director shall not be entitled to any stock option.

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
(DIN - 07719852)

July 5, 2018
Mumbai

Annexure – C

Form No. – MR 3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

(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

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 March 31, 2018 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 31st March, 2018 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 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; (Not applicable to the Company during the audit period)

(iv) 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, 2016

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, however there was delay in filing of form IEPF-6 with the Registrar of Companies . The Company has spent an amount of ₹ 13.14 crores against the budgeted amount of ₹ 25.09 crores to be spent during the year towards Corporate Social Responsibility activities.

It is observed that:

- The Company has filed an application dated 30/03/2018 with the Central Government for their approval to the appointment of and payment of remuneration to Mr. Charles Tony Fountain, Whole-Time Director designated as Executive Chairman of the Company. The said approval is yet to be received.

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.

For Parikh Parekh & Associates
Company Secretaries

Signature:
P. N. Parikh
Partner
FCS No: 327
CP No: 1228

Place: Mumbai
Date : **July 3, 2018**

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 reasonable 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. Where-ever 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 3, 2018**

Annexure – D

Details of meetings of the Board of Directors and Committees held during the financial year 2017-18

Sr. No.	Names of Directors	Meetings of Board of Directors	Meetings of Committee of Directors								
			Audit	Nomination and Remuneration	Stakeholders Relationship	CSR, Safety and Sustainability	Committee of Directors (Capital Issues)	Committee of Directors	Banking & Finance	Trading & Risk	E & P Business Sale
A)	Number of meetings held	8	6	6	2	2	1	1	4	1	0
B)	Dates of meeting	30/6/2017	31/7/2017	28/6/2017	31/7/2017	19/12/2017	19/8/2017	19/8/2017	5/5/2017	28/2/2018	No Meeting was held during the year
		31/7/2017	1/8/2017	31/7/2017	1/3/2018	28/2/2018			19/12/2017		
		1/8/2017	19/8/2017	19/8/2017					28/2/2018		
		19/8/2017	20/12/2017	19/8/2017					23/3/2018		
		19/8/2017	15/1/2018	20/12/2017							
		12/10/2017	28/2/2018	28/2/2018							
		20/12/2017									
		1/3/2018									
C)	Attendance of each Director at Board and Committee Meetings										
1	Mr. Prashant S. Ruia [2]	2	1	0	NA	NA	NA	NA	NA	NA	
2	Mr. Lalit K. Gupta [2]	4	NA	NA	1	NA	1	NA	1	NA	
3	Mr. Suresh Jain [2]	4	NA	NA	1	NA	1	NA	1	NA	
4	Mr. Chakrapany Manoharan[3]	8	NA	NA	NA	NA	NA	NA	NA	NA	
5	Mr. D. J. Thakkar [6]	6	3	4	1	NA	1	1	1	NA	
6	Mr. K. N. Venkatasubramanian [5]	4	3	4	NA	NA	1	1	NA	NA	
7	Ms. Suparna Singh [2]	3	NA	NA	NA	NA	NA	NA	NA	NA	
8	Mr. Sachikanta Mishra [1]	0	NA	NA	NA	NA	NA	NA	NA	NA	
9	Mr. Charles Anthony Fountain [4]	4	NA	2	NA	2	NA	NA	NA	1	
10	Mr. Andrew Balgarnie [4]	4	NA	NA	1	NA	NA	NA	3	NA	
11	Mr. Alexander Romanov [4]	2	NA	NA	NA	0	NA	NA	NA	NA	
12	Mr. Chin Hwee Tan [4]	4	3	NA	NA	NA	NA	NA	3	NA	
13	Ms. Elena Sapozhnikova [4]	4	NA	NA	1	NA	NA	NA	NA	NA	

Sr. No.	Names of Directors	Meetings of Board of Directors	Meetings of Committee of Directors								
			Audit	Nomination and Remuneration	Stakeholders Relationship	CSR, Safety and Sustainability	Committee of Directors (Capital Issues)	Committee of Directors	Banking & Finance	Trading & Risk	E & P Business Sale
14	Mr. Jonathan Kollek [4]	4	NA	NA	NA	2	NA	NA	NA	1	
15	Mr. Krzysztof Zielicki [4]	4	NA	3	NA	2	NA	NA	NA	NA	
16	Mr. Marcus Cooper [4]	4	NA	NA	NA	NA	NA	NA	NA	1	
17	Mr. Deepak Kapoor [6]	2	3	2	1	NA	NA	NA	NA	NA	
18	Ms. Naina Kidwai [5]	3	3	2	NA	2	NA	NA	3	NA	
19	Mr. R. Sudarsan	1	NA	NA	NA	NA	NA	NA	NA	NA	

Note

1. Mr. Sachikanta Mishra ceased to be Director w.e.f. August 8, 2017.
2. Mr. Prashant S. Ruia, Mr. Lalit K. Gupta, Mr. Suresh Jain and Ms. Suparna Singh ceased to be Director w.e.f. August 19, 2017.
3. Mr. C. Manoharan ceased to be Director (Refinery) w.e.f August 19, 2017 and was appointed as Director and Head of Refinery w.e.f. August 19, 2017.
4. Mr. Andrew Balgarnie, Mr. Charles Anthony Fountain, Mr. Alexander Romanov, Mr. Chin Hwee Tan, Ms. Elena Sapozhnikova, Mr. Jonathan Kollek, Mr. Krzysztof Zielicki and Mr. Marcus Cooper were appointed w.e.f. August 19, 2017.
5. Mr. K. N. Venkatasubramanian ceased to be Director w.e.f. October 8, 2017 and Ms. Naina Lal Kidwai was appointed w.e.f. October 9, 2017.
6. Mr. D. J. Thakkar ceased to be Director w.e.f. December 17, 2017 and Mr. Deepak Kapoor was appointed w.e.f. December 18, 2017

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
(DIN - 07719852)

July 5, 2018
Mumbai

Annexure – E

Form 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

During the financial year ended March 31, 2018, there were no transactions/ contracts with related parties which were not on arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis[(1)]

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:	Date(s) of approval by the Board, if any	Amount paid as advances, if any
a) Essar Power Limited Nature of Relationship: Related Party under Section 2(76) of the Companies Act, 2013 at the time of execution of the agreement.	Acquisition of stake in Vadinar Power Company Limited from Essar Power Limited	N.A.	The Company has acquired from Essar Power Limited in various tranches, during the period from April 26, 2017 to May 29, 2017, balance Equity shares and entire Preference Share Capital of Vadinar Power Company Limited at a total consideration of approximately ₹ 2025 crore.	February 10, 2014[(2)]	NIL
b) Essar Exploration and Production Limited, Mauritius (EEPL) Nature of Relationship: Related Party under Section 2(76) of the Companies Act, 2013 at the time of execution of the agreement.	Sale of shares pursuant to Share Purchase Agreement	N.A.	Pursuant to the Share Purchase Agreement entered into with EEPL Mauritius, the Company had, on July 31, 2017, completed sale of entire shareholding in the wholly owned subsidiary, Essar Oil & Gas Exploration and Production Limited to EEPL Mauritius at aggregate consideration of ₹ 478.36 crore.	December 9, 2016[(2)]	NIL
c) Essar Exploration and Production Limited, Mauritius (EEPL) Nature of Relationship: Related Party under Section 2(76) of the Companies Act, 2013 at the time of execution of the agreement.	Letter Agreement	N.A.	Letter agreement dated March 20, 2017 with EEPL Mauritius which includes certain clarificatory changes to align the mechanics for the determination of the consideration that was payable to the Company under the Share Purchase Agreement.	August 1, 2017.	NIL
d) Essar Exploration and Production Limited, Mauritius (EEPL) Nature of Relationship: Related Party under Section 2(76) of the Companies Act, 2013 at the time of execution of the agreement.	Amendment Agreement	N.A.	Amendment agreement to E&P Share Purchase Agreement (SPA) on July 31, 2017 with EEPL Mauritius which included a clarification that the transactions contemplated under the E&P SPA would be completed by July 31, 2017.	August 1, 2017.	NIL

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:	Date(s) of approval by the Board, if any	Amount paid as advances, if any
e)	Essar Exploration and Production Limited, Mauritius (EEPL) Nature of Relationship: Related Party under Section 2(76) of the Companies Act, 2013 at the time of execution of the agreement.	Amendment Agreement	N.A.	Amendment agreement to E&P Business Transfer Agreement on August 14, 2017 with EEPL Mauritius.	August 1, 2017	NIL

(1) These contracts are not in the ordinary course of business.

(2) The transaction was completed during the financial year 2017-18 and therefore it has been disclosed in Form AOC-2.

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
(DIN - 07719852)

July 5, 2018
Mumbai

Annexure – F

A. CONSERVATION OF ENERGY

(I) The steps taken or impact on conservation of energy

Refinery always keeps energy conservation as highest priority activity and takes following sustained efforts to minimize energy cost.

a. Continuous monitoring of energy consumption and comparing it with global benchmark.

b. Implementation of energy saving schemes

c. Carry out steam and furnace performance audits

d. Carry out steam trap audits and replace all defective traps.

Following steps were taken which has impact on conservation of energy

Energy conservation team is consistently focusing on areas for reducing energy consumption at the Refinery. MBN (MBTU/ BBL/NRGF or Thousand British Thermal Units / Barrel / Energy Factor) of the Refinery for FY 2017-18 was 58.9, which is one of the lowest among Indian Refineries.

Following measures were taken during FY 2017-18 for reducing energy consumption

1. Rectification of Steam traps and desuperheaters resulting saving of HP Steam by 4 MT/h. (3.16 Gcal/h)

2. Optimization of Diesel Hydrodesulphurization (DHDS) unit operating parameter by reducing stripper and dryer inlet temperature and utilizing this heat for feed preheating resulting in saving of 2.6 Gcal/h.

3. New exchanger train provided in reactor feed-effluent exchanger circuit in NHT revamp resulting in fuel saving of 2.0 Gcal/h

4. Avoided sub-cooling of suspect condensate below 100°C by stopping one fin fan in ISOM resulting in saving of 1.284 Gcal/h

5. Increase in Fuel Catalytic Converter Unit (FCCU) WGC compressor suction pressure resulting in saving of 500 kg/Hr HP steam (0.395 Gcal/h)

6. Replacement of 10 fans blade in Cooling Tower with energy efficient fan blades resulting in saving of 210 kW power (0.18 Gcal/h)

7. Sea water return pump motor rating changed from 710 kW to 360 kW & blinding one stage which resulted in saving 426 kW power (0.366 Gcal/h)

8. Impeller size of pump feeding Desalinated water to Condensate Polishing Unit trimmed resulting in 79 kW saving.

9. LED installation at different locations in refinery helped saving 545 kW (0.469 Gcal/h)

In addition to above other energy initiatives have contributed to reduce energy consumption of 11.6 Giga Calories per hour.

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

No significant steps were taken during the financial year.

(III) The Capital investment on energy conservation equipment

The Company spent capital investment to the tune of ₹ 11.5 crores on various energy conservation schemes during the financial year

B. Technology Absorption

(I) The efforts made towards technology absorption

After commissioning of VGOHT, DHDT, ISOM, DCU and HMU-1 units in 2011–12 and absorbing respective technologies, innovative ideas were implemented in further improving the performance of these units. During 2015-16 VGOHT unit was converted to VGOMHC along with commissioning of new HMU-2 unit thereby increasing Diesel yield.

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

R&D center at the Refinery, routinely monitors prediction of fouling potential and compatibility of various crude blends before processing at refinery. This 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 are as follows:

a. Preparation of Sulfur-Bentonite which can be used as new generation eco-friendly fertilizer.

b. Various adsorbents identified and tested to reduce arsenic content in naphtha stream. Alternatively, also synthesized Catalyst on lab scale to reduce arsenic content in naphtha.

c. Blend proportions of certain crudes blended with Mangla crude, while processing at CDU-2, were optimized by preparing lab blends and tested for stability and fouling.

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

a. Sulfur-Bentonite fertilizer can be new product, which is one the value added product.

b. The identification of adsorbents and synthesis of catalyst for reducing arsenic content in naphtha can be used in future whenever issue of high arsenic arises in naphtha.

c. The blends with Mangla crude optimized to have stable operation of CDU-2.

(III) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

1. Hydrogen Manufacturing unit (HMU 2) licensed by M/s Haldor Topse.

   Year of import: 2014-15

   Has technology been fully absorbed? Yes

   If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action – N.A.

2. CCR unit (Revamp) licensed by M/s Axens

   Year of import: 2015-16 (PBSA)

   Has technology been fully absorbed? No

   If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action –

   Refinery has taken up CCR Revamp Job to increase the capacity, planned jobs are in progress and will be fully executed and completed during planned Turnaround FY 2018-19.

3. Sulphur Recovery Unit – 2 (SRU-2) licensed by M/s Jacobs.

   Year of import: 2016-17

   Has technology been fully absorbed? No

   If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action –

   Unit is under construction and planned to be commissioned in FY 2018-19.

(IV) Expenditure on R & D

Capital: Nil

Recurring: ₹ 1.11 crore

Total: ₹ 1.11 crore

Total R & D expenditure as a percentage of total turnover – Negligible

C. Foreign Exchange Earnings and Outgo

During the financial year, the Company earned foreign exchange of ₹ 31,942.80 crore while foreign exchange outgo was ₹ 51,942.08 crore

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
(DIN - 07719852)

July 5, 2018
Mumbai

Annexure – G

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on March 31, 2018

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	September 12, 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 'Éssar 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	1920	100

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	Essar Oil Trading Mauritius Limited 10, Frere Felix, DE Valios Street, Port Louis, Mauritius	NA	Subsidiary Company	100	2(87)
2	Nayara Energy Properties Limited (Formerly 'Vadinar Properties Limited') Refinery Complex, Khambhalia, Post Box No. 24, District Devbhumi Dwarka, Jamnagar, Gujarat	U70100GJ2006PLC098471	Subsidiary Company	100	2(87)
3	Vadinar Power Company Limited (1) Administration Building, Refinery Site,39 Km, Jamnagar-Okha Highway, Vadinar, Jamnagar, Gujarat	U40100GJ1997PLC033108	Subsidiary Company	100	2(87)
4	Vadinar Oil Terminal Limited (2) Nayara Energy Refinery Site, 39 KM Stone, Okha Highway (SH-25) Khambhalia, Jamnagar, Gujarat	U35111GJ1993PLC053434	Subsidiary Company	97.63	2(87)
5	Enneagon Limited Essar House, 10, Frere Felix, DE Valios Street, Port Louis, Mauritius	NA	Step down Subsidiary Company	100(3)	2(87)

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
6	Coviva Energy Terminals Limited [2] (Formerly 'Vadinar Liquid Terminals Limited') Salaya Administrative Building, 44 KM, Mile Stone, Okha Highway, Jam Khambhaliya, Khajurda, Gujarat	U74140GJ2015PLC082393	Subsidiary Company	51[4]	2(87)

Note: Essar Energy Holdings Limited, Mauritius was holding company of the Company upto August 18, 2017. Post August 18, 2017, the Company does not have any holding company.

(1) Vadinar Power Company Limited became subsidiary w.e.f. May 16, 2017 and became wholly owned subsidiary w.e.f. May 29, 2017.
(2) Vadinar Oil Terminal Limited, Enneagon Limited and Coviva Energy Terminals Limited had become subsidiaries w.e.f. June 29, 2017.
(3) Entire shareholding in Enneagon Ltd. is held by Vadinar Oil Terminal Ltd., subsidiary of the Company.
(4) 26% of shareholding is held directly by the Company and balance 25% is held through Vadinar Oil Terminal Ltd., 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 April 1, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign					-	-	-		
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	513,188,939	-	513,188,939	34.43	-	-	-	-	(34.43)
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	**513,188,939**	**-**	**513,188,939**	**34.43**	**-**	**-**	**-**	**-**	**(34.43)**
TOTAL (A)	**513,188,939**	**-**	**513,188,939**	**34.43**	**-**	**-**	**-**	**-**	**(34.43)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	200	10,600	10,800	0.00	200	10,600	10,800	0.00	(0.00)
b) Banks / FI	7,260	6,300	13,560	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) FIIs	-	300	300	0.00	-	300	300	0.00	(0.00)

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1):-	**7,460**	**17,200**	**24,660**	**0.00**	**7,372**	**17,200**	**24,572**	**0.00**	**(0.00)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	254,208	46,451	300,659	0.02	243,805	46,651	290,456	0.00	(0.02)
ii) Overseas	-	-	-	-	513,189,039	-	513,189,039	34.43	34.43
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	9,961,271	14,433,441	24,394,712	1.64	10,045,081	14,341,793	24,386,874	1.64	(0.00)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	59,950	217,700	277,650	0.02	74,366	217,700	292,066	0.02	(0.00)
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) NRI Rep	204,083	624,750	828,833	0.06	199,584	620,150	819,734	0.05	(0.01)
ii) NRI Non-Rept	81,448	300	81,748	0.01	94,160	300	94,460	0.01	(0.00)
iii) Foreign Bodies	-	100	100	-	-	100	100	0.00	
iv) Foreign National	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**10,560,960**	**15,322,742**	**25,883,702**	**1.74**	**523,846,035**	**15,226,694**	**539,072,729**	**36.17**	**34.43**
Total Public (B)	**10,568,420**	**15,339,942**	**25,908,362**	**1.74**	**523,853,407**	**15,243,894**	**539,097,301**	**36.17**	**34.43**
C. Shares held by Custodian for GDRs & ADRs*	**951,463,854**	**-**	**951,463,854**	**63.83**	**951,463,854**	**-**	**951,463,854**	**63.83**	**-**
Grand Total (A+B+C)	**1,475,221,213**	**15,339,942**	**1,490,561,155**	**100.00**	**1,475,317,261**	**15,243,894**	**1,490,561,155**	**100.00**	**-**

* GDS at the beginning of the year were held by Essar Energy Holdings (EEHL) erstwhile holding company. On August 18, 2017, GDS were transferred by EEHL to Petrol Complex Pte Limited and 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	
1	Essar Energy Holdings Limited	396,607,443	26.61	17.09	-	-	-	(26.61)
2	Oil Bidco (Mauritius) Limited	116,581,496	7.82	0.00	-	-	-	(7.82)
	Total	**513,188,939**	**34.43**	**17.09**	-	-	-	**(34.43)**

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year as on April 1, 2017		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
1	Essar Energy Holdings Limited	396,607,443	26.61	August 18, 2017	Sale of Shares	(396,607,443)	(26.61)	-	0.00
2	Oil Bidco (Mauritius) Limited	116,581,496	7.82	August 18, 2017	Sale of Shares	(116,581,496)	(7.82)	-	0.00

(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 begining 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	Roseneft Singapore Pte. Limited (Formerly 'Petrol Complex Pte Limited')	-	0.00	256,594,519	-	256,594,519	17.21
2	Kesani Enterprises Company Limited	-	0.00	256,594,520	-	256,594,520	17.21
3	Fulchand Fojmal	217,700	0.02	-	-	217,700	0.02
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 Surana	-	0.00	11,916	-	11,916	0.00
8	Om Prakash Dhingra	10,000	0.00	-	-	10,000	0.00
9	Manimudra Vincom Private Limited	-	0.00	10,000	-	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
12	Rajesh Kumar Shankar Kirpalani	9,600	0.00	-	-	9,600	0.00
13	Emkay Global Financial Services Limited	10,000	0.00	374	10,374	-	-
14	Bonanza Portfolio Limited	4,705	0.00	4,544	7,303	1,946	0.00

** 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 crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	25,528.75	1,202.48	-	26,731.23
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	39.04	-	-	39.04
Total (i+ii+iii)	**25,567.79**	**1,202.48**	**-**	**26,770.27**
Change in Indebtedness during the financial year				
Addition	8,942.53	-	-	8,942.53
Reduction	(12,106.92)	(6.70)	-	(12,113.62)
Net Change	(3,164.39)	(6.70)	-	(3,171.09)
Indebtedness at the end of the financial year				
i) Principal Amount	22,383.24	1,195.78	-	23,579.02
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	20.16	-	-	20.16
Total (i+ii+iii)	**22,403.40**	**1,195.78**	**-**	**23,599.18**

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 Amount (Amount in ₹)
		Mr. L. K. Gupta(1)	Mr. C. Manoharan(2)	Mr. Suresh Jain(3)	Mr. Charles Anthony Fountain(4)	
		Managing Director and CEO	Director & Head of Refinery	Director (Finance)	Executive Chairman	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	242,482,111	84,998,825	96,508,288	52,077,939	476,067,163
	(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	-	-	-	-	-

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount (Amount in ₹)
		Mr. L. K. Gupta[1]	Mr. C. Manoharan[2]	Mr. Suresh Jain[3]	Mr. Charles Anthony Fountain[4]	
		Managing Director and CEO	Director & Head of Refinery	Director (Finance)	Executive Chairman	
4	Commission					-
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5	Others, please specify (Contribution to provident fund)	1,195,665	1,680,000	420,000	244,839	3,540,504
	Total (A)	**243,677,776**	**86,678,825**	**96,928,288**	**52,322,778**	**479,607,667**
	Ceiling as per the Act			**10% of net profit**		

(1) Mr. L. K. Gupta ceased to be Managing Director & CEO w.e.f. August 19, 2017.

(2) Mr. C. Manoharan was Director (Refinery) upto August 19, 2017. He ceased to be Director w.e.f. August 19, 2017. He was again reappointed as Director & Head of Refinery w.e.f August 19, 2017 for a term of 3 years. Aforesaid remuneration is paid to him for financial year 2017 - 18 both as Director (Refinery) and Director & Head of Refinery.

(3) Mr. Suresh Jain ceased to be Director (Finance) w.e.f. June 30, 2017. The aforesaid remuneration was paid to him as Director Finance upto June 30, 2017. He ceased to be Director w.e.f. August 19, 2017

(4) Mr. Charles Anthony Fountain was appointed as Non-Executive Chairman w.e.f. August 19, 2017 and Executive Chairman of the Company w.e.f. January 2, 2018. The aforesaid remuneration was paid to him as Executive Chairman w.e.f. January 2, 2018

B. Remuneration to other Directors

Sr. No.	Name	Commission [1]	Sitting Fees	Total Compensation (Amount in ₹)
A)	**Non Executive Directors**			
1	Mr. Prashant Ruia	-	60,000	60,000
2	Mr. R. Sudarsan	-	20,000	20,000
3	Mr. Charles Anthony Fountain[2]	-	340,000	340,000
4	Mr. Alexander Romanov	-	200,000	200,000
5	Mr. Andrew Balgarnie	-	720,000	720,000
6	Mr. Chin Hwee Tan	-	920,000	920,000
7	Ms. Elena Sapozhnikova	-	420,000	420,000
8	Mr. Jonathan Kollek	-	620,000	620,000
9	Mr. Krzysztof Zielicki	-	740,000	740,000
10	Mr. Marcus Cooper	-	420,000	420,000
	Total (A)	**-**	**4,460,000**	**4,460,000**
B)	**Independent Directors**			
11	Mr. D. J. Thakkar	2,600,000	860,000	3,460,000
12	Mr. K. N. Venkatasubramanian	2,150,000	630,000	2,780,000
13	Mr. Deepak Kapoor	-	800,000	800,000
14	Ms. Naina Lal Kidwai	-	1,300,000	1,300,000
	Total (B)	**4,750,000**	**3,590,000**	**8,340,000**
	Grand Total (A+B)	**4,750,000**	**8,050,000**	**12,800,000**
	Overall Ceiling as per the Companies Act, 2013	**1% of net profit**	**₹ 1,00,000 per meeting**	

[1] The Commission pertains to financial year 2016 - 17 and paid in 2017 - 18

[2] Mr. Charles Anthony Fountain was Non Executive Chairman from August 19, 2017 to January 1, 2018. The amount pertains to sitting fees paid to him for attending Board and Committee Meetings during this period.

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

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (in ₹)
	Designation	**CEO[1]**	**CFO [2]**	**CS**	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	35,409,358	14,717,649	7,665,144	57,792,151
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	1,123,038	-	-	1,123,038
	(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	1,572,250	892,732	294,660	2,759,642
	Contribution to NPS	-	-	180,000	180,000
	Total	**38,104,646**	**15,610,381**	**8,139,804**	**61,854,831**

[1] The amount pertains to remuneration paid to Mr. B. Anand who was appointed as CEO w.e.f. August 19, 2017. Mr. L. K. Gupta was Managing Director & CEO upto August 19, 2017. For remuneration paid to Mr. L. K. Gupta, please refer to remuneration paid to Directors at Point No. VI (A) above

[2] The amount pertains to remuneration paid to Mr. Anup Vikal who was appointed as CFO w.e.f. November 15, 2017. Mr. Suresh Jain was Director (Finance) upto June 30, 2017. He was also working in the capacity of CFO. For remuneration paid to him, please refer remuneration paid to Directors at Point No. VI (A) above

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
(DIN - 07719852)

July 5, 2018
Mumbai

Financial Statements

Independent Auditor's Report

To
The Members of Nayara Energy Limited
(formerly known as "Essar Oil Limited")

Report on the Standalone Financial Statements

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, 2018, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

As more fully described in note 23(d), the comparative standalone financial statements of the Company for the year ended March 31, 2017, included in the these standalone financial statements have been restated to give effect to the adjustments identified to the current tax and deferred tax as at and for the year ended March 31, 2017. Accordingly the comparative period financial information comprises of:

(i) the standalone financial statements of the Company for the year ended March 31, 2017, which has been audited by the predecessor auditor whose report dated August 1, 2017 expressed a qualified opinion;

(ii) adjustments made to the current tax and deferred tax balance as at March 31, 2017 and to the tax charge for the year then ended, as described in note 23(d) of the accompanying standalone financial statements, which has been audited by us. In our opinion, such adjustments are appropriate and have been properly applied.

We further state that we were not engaged to either audit or review or apply any procedures to the standalone financial statements of the Company for the year ended March 31, 2017, other than with respect to the adjustments stated in (ii) above and, accordingly, we neither express any opinion nor a review conclusion nor any other form of assurance on the standalone financial statements for the year ended March 31, 2017.

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 purpose of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, 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 accounts;

(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 written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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) 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, 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 37 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;

(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: Mumbai
Date : July 5, 2018

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 comprising of freehold / leasehold lands and buildings 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) The Company has granted loans that are either re-payable on demand or have a schedule for repayment of interest and principal, to companies covered in the register maintained under section 189 of the Act. We are informed that (a) repayment of loan was received as and when the demands were raised, during the year; and (b) loans which had a schedule for repayment were not due during the current year; and thus, there has been no default on the part of the parties to whom the monies have been lent. The payment of interest has been regular in all cases.

(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 have been complied by the Company. Further, in our opinion and according to the information and explanations given to us, since the Company being in the business of infrastructural facilitates for petroleum, the provisions of section 186 of the Act with respect of loans, guarantees doesn't apply 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, service 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, service 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* (₹ crore)	Period to which the amount relates	Forum where the dispute is pending
Gujarat Value Added Tax Act, 2003	Sales tax & interest	2,541.33	2008-09, 2010-11, 2011-12, 2012-13, 2013-14	Jt. Commissioner (Appeal), Rajkot
		0.20	2007-08	Gujarat Sales Tax Tribunal
Rajasthan Value Added Tax Act, 2003	Sales tax & interest	10.44	2006-07, 2007-08, 2009-10, 2010-11	Rajasthan Sales Tax Tribunal
Central Sales Tax Act, 1956	Central sales tax & interest	699.76	2008-09, 2009-10, 2010-11, 2012-13, 2013-14, 2014-15, 2016-17	Jt. Commissioner (Appeal), Rajkot
		16.34	2010-11, 2011-12	Guwahati High Court
	Central sales tax, penalty & interest	7.56	2004-05	Supreme Court
Customs Act, 1962	Customs duty, interest, fine and penalty	251.98	2008-09, 2009-10, 2010-11, 2012-13, 2013-14	Central Excise & Service Tax Appellate Tribunal (CESTAT)
		158.29	2007-08, 2009-10	Supreme Court
		46.39	2008-09, 2011-12, 2012-13	Commissioner (Appeal)
		0.20	2009-10	Gujarat High Court
Central Excise Act, 1944	Excise duty, interest, fine and penalty	173.62	2006-07 to 2012-13, 2013-14, 2015-16	Central Excise & Service Tax Appellate Tribunal (CESTAT)
		62.92	2008-09, 2009-10	Gujarat High Court
Service Tax Rules, 1994	Service tax & penalty	4.26	2004-05 to 2009-10, 2011-12, 2012-13	Central Excise & Service Tax Appellate Tribunal (CESTAT)
Madhya Pradesh Entry Tax Act, 1976	Entry tax, penalty & interest	0.10	2007-08, 2008-09	M.P. High Court (Indore)
Income Tax Act, 1961	Income tax and interest	0.18	1997-98	Supreme Court
		22.52	2003-04	Bombay High Court

* 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 or financial institutions or dues to debenture holders. There are no dues in the nature of borrowings payable to government.

(ix) In our opinion and according to information and explanations given by the management, monies raised by the Company by way of term loans were applied for the purpose for which they were raised, though idle / surplus funds which were not required for immediate utilization have been lying in current account as at the balance sheet date. The maximum amount of idle /surplus funds lying in current account during the year was ₹ 695 crores, which was outstanding at the end of the year. The Company has not raised monies by way of initial public offer/ further public offer and debt instrument 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, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(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 the 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) of the Order 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: Mumbai
Date : July 5, 2018

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, 2018 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, 2018, 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: Mumbai
Date: July 5, 2018

Standalone Balance Sheet

As at March 31, 2018

(₹ in crore)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017 {restated - refer note 23(d)}
ASSETS			
1) Non-current assets			
(a) Property, plant and equipment	6A	37,624.76	38,835.60
(b) Capital work-in-progress		367.52	400.04
(c) Intangible assets	6B	32.90	28.28
(d) Financial assets			
(i) Investments	7	12,688.89	147.02
(ii) Other financial assets	8	595.86	6,873.49
(e) Other non-current assets	9	329.45	345.58
(f) Non-current tax assets (net)		345.94	303.00
2) Current assets			
(a) Inventories	10	7,305.31	6,985.62
(b) Financial assets			
(i) Investments	11	1,302.09	-
(ii) Trade receivables	12	2,927.03	17,464.91
(iii) Cash and cash equivalents	13	2,432.51	1,827.52
(iv) Bank balances other than (iii) above	14	1,010.10	1,539.23
(v) Loans	15	571.51	257.34
(vi) Other financial assets	16	703.90	9,104.27
(c) Other current assets	17	607.47	350.11
3) Non-current assets held for Sale	18	-	555.81
TOTAL ASSETS		**68,845.24**	**85,017.82**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	19	1,507.16	1,507.16
(b) Other equity	20	16,230.12	15,995.68
LIABILITIES			
1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	14,578.67	14,056.61
(ii) Other financial liabilities	22	247.35	217.11
(b) Deferred tax liabilities (net)	23	6,455.11	6,310.46
2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	7,339.05	10,151.66
(ii) Trade payables	25	17,197.10	26,159.05
(iii) Other financial liabilities	26	2,022.06	2,825.86
(b) Other current liabilities	27	3,207.53	7,762.13
(c) Provisions	28	53.23	24.63
(d) Current tax liabilities (net)		7.86	7.47
TOTAL EQUITY AND LIABILITIES		**68,845.24**	**85,017.82**

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

Mumbai, July 05, 2018

For and on behalf of the Board of Directors

Andrew James Balgarnie
Director
DIN : 07692748

Charles Anthony Fountain
Executive Chairman
DIN : 07719852

Anup Vikal
Chief Financial Officer

B. Anand
Chief Executive Officer

Mayank Bhargava
Company Secretary

Mumbai, July 05, 2018

Standalone Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in crore)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017 {restated - refer note 23(d)}
Continuing Operations			
Income			
Revenue from operations	29	85,558.21	72,084.57
Other income	30	1,078.45	2,849.26
Total Income		**86,636.66**	**74,933.83**
Expenses			
Cost of raw materials consumed		49,378.41	41,965.75
Excise duty		14,696.81	11,215.52
Purchases of stock-in-trade (petroleum products)		10,863.09	7,888.52
Changes in inventory of finished goods, stock-in-trade and work-in-progress	31	(614.42)	(1,244.58)
Employee benefits expense	32	467.44	421.70
Finance costs	33	2,750.12	3,765.68
Depreciation and amortisation expense	6	1,403.09	1,680.99
Other expenses	34	5,222.48	3,499.24
Total expenses		**84,167.02**	**69,192.82**
Profit before exceptional items and tax		**2,469.64**	**5,741.01**
Exceptional items	39	1,814.56	5,251.19
Profit before tax		**655.08**	**489.82**
Tax expense:			
(a) Current tax expenses	23	112.20	-
(b) Current tax expenses - reversal of earlier years	23	-	(358.43)
(c) Deferred tax expenses	23	170.17	1,312.71
Total tax expenses		**282.37**	**954.28**
Profit / (Loss) from continuing operations		**372.71**	**(464.46)**
Discontinued Operations			
Loss from discontinued operations (after tax)	47	(92.27)	(2,208.49)
Profit / (Loss) for the year		**280.44**	**(2,672.95)**
Other Comprehensive Income			
A Items that will not be reclassified to profit and loss		(1.00)	0.96
Remeasurement (losses) / gains on defined benefit plans		(1.54)	1.47
Income tax effect		0.54	(0.51)
		(1.00)	0.96
B Items that will be reclassified to profit and loss		(45.00)	230.32
Effective portion of (loss) / gain on cash flow hedges		(61.96)	158.31
Income tax effect		22.05	(54.79)
		(39.91)	103.52
Foreign currency monetary item translation difference account		(8.02)	193.91
Income tax effect		2.93	(67.11)
		(5.09)	126.80
Other Comprehensive (Loss) / Income for the year, net of tax		**(46.00)**	**231.28**
Total Comprehensive Income / (loss) for the year (comprising profit / (loss) and Other Comprehensive (Loss) / Income for the year)		**234.44**	**(2,441.67)**
Earnings/(Loss) per share for continuing operations (Face value ₹ 10 per share)			
(1) Basic (in ₹)	35	2.50	(3.19)
(2) Diluted (in ₹)		2.50	(3.19)
Earnings/(Loss) per share for discontinued operations (Face value ₹ 10 per share)			
(1) Basic (in ₹)	35	(0.62)	(15.17)
(2) Diluted (in ₹)		(0.62)	(15.17)
Earnings/(Loss) per share (for continuing and discontinued operations) (Face value ₹ 10 per share)			
(1) Basic (in ₹)	35	1.88	(18.36)
(2) Diluted (in ₹)		1.88	(18.36)

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

Mumbai, July 05, 2018

For and on behalf of the Board of Directors

Andrew James Balgarnie
Director
DIN : 07692748

Charles Anthony Fountain
Executive Chairman
DIN : 07719852

Anup Vikal
Chief Financial Officer

B. Anand
Chief Executive Officer

Mayank Bhargava
Company Secretary

Mumbai, July 05, 2018

Standalone Statement of Cash Flows

for the year ended March 31, 2018

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A	**Cash flow from operating activities**		
	Net profit / (loss) before tax	**562.81**	**(1,718.67)**
	Adjustments for:		
	Interest income on bank deposits	(69.63)	(93.92)
	Depreciation and amortisation expense	1,403.09	1,682.10
	Loss on discard of property, plant and equipment (net)	11.83	36.77
	Interest on income tax refund	-	(4.92)
	Interest income on inter corporate deposits	(33.93)	(569.02)
	(Gain) / loss on financial assets measured at FVTPL	(8.57)	4.73
	Gain on extinguishment of lease arrangement	-	(377.35)
	Profit on sale of Investment at FVTPL (net)	(32.46)	(3.60)
	Dividend income	(0.45)	(2.30)
	Unrealised foreign exchange differences (net)	877.37	(1,473.95)
	Loss from discontinued operations (refer note 47)	77.45	2,197.25
	Exceptional Item - Debit to profit and loss on re-assessment of the Company's ability to collect the amount. (refer note 39)	-	6,234.77
	Net mark to market gain on derivative contracts	(14.77)	(206.39)
	Net Expected credit (gain) / loss	(456.84)	210.16
	Doubtful debts written off	1.18	6.99
	Capital work in progress written off (refer note 39)	297.01	-
	Capital creditors written back	(70.80)	-
	Unspent liability and excess provision written back	(431.96)	(4.76)
	Interest expenses	2,750.12	3,765.68
	Operating profit before working capital changes	**4,861.45**	**9,683.57**
	Adjustments for working capital changes:		
	Increase in inventories	(319.69)	(3,045.89)
	Decrease / (Increase) in trade and other receivables {refer note (c) below}	17,441.35	(3,566.49)
	(Decrease) / Increase in trade and other payables	(13,928.26)	6,305.95
	Cash generated from operating activities	**8,054.85**	**9,377.14**
	Income tax paid (net) (including interest)	(155.05)	(243.60)
	Net cash generated from operating activities	**7,899.80**	**9,133.54**
B	**Cash flow from investing activities**		
	Payments for property, plant and equipment (including CWIP and Capital advances)	(408.75)	(501.58)
	Proceeds from sale of property, plant and equipment	-	3.72
	(Payments for purchase) / proceeds from sale of short term investments (net)	(1,277.44)	3.60
	Proceeds from sale / (Payment for purchase) of long term investments	9.90	(0.05)
	Dividend income received	0.45	2.30
	Realisation of deposits {refer note (c) below}	4,335.51	-
	Proceeds from disposal of a subsidiary (refer note 47)	478.36	-
	Payments for acquisition of subsidiaries	(4,635.56)	(1,049.59)
	Bank deposits made	(5,343.74)	(6.94)
	Encashment of bank deposits	5,867.76	29.28
	Placement of inter-corporate deposits	(1,316.55)	(248.27)
	Refund of inter-corporate deposits	754.04	31.22
	Interest received on inter-corporate deposits	2.33	25.58
	Interest received on bank deposits	90.39	94.21
	Net cash (used in) investing activities	**(1,443.30)**	**(1,616.52)**

Standalone Statement of Cash Flows

for the year ended March 31, 2018

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
C Cash flow from financing activities		
Proceeds from long-term borrowings	4,533.05	345.79
Repayment of long-term borrowings	(5,424.11)	(1,316.24)
Proceeds from short-term borrowings	7,071.45	2,920.37
Repayment of short-term borrowings	(9,938.31)	(2,542.10)
Net changes in short term borrowings less than 3 months	282.42	(1,422.10)
Finance cost paid	(2,151.86)	(3,896.29)
Net cash (used in) financing activities	**(5,627.36)**	**(5,910.57)**
Net increase in cash and cash equivalents	**829.14**	**1,606.45**
Net exchange differences on foreign currency bank balances	**0.01**	**(3.42)**
Cash and cash equivalents at the beginning of the year	**1,604.18**	**1.15**
Cash and cash equivalents at the end of the year	**2,433.33**	**1,604.18**
Composition of Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:		
Cash and cash equivalents as per Financial statements (refer note no. 13)	**2,432.51**	**1,827.52**
Add: Earmarked bank balances (refer note no. 14)	**0.86**	**4.92**
Less: Bank overdraft (refer note 24)	**(0.04)**	**(228.26)**
Total	**2,433.33**	**1,604.18**

The amendments to Ind AS 7 Statement of Cash Flows requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from April 1, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

Particulars	As at April 1, 2017	Cash changes	Non cash changes	As at March 31, 2018
Long term borrowings including current maturities classified in other financial liabilities	16,579.54	(891.06)	551.51	16,239.99
Short term borrowings	10,151.66	(2,584.44)	(228.17)	7,339.05

Notes:

a) The figures in bracket indicates outflows.

b) The above cash flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7- Statement of Cash Flows.

c) In the current year, with the change in shareholding (Refer note 1), the Company realized dues of ₹ 23,320.74 crore from related parties and other entities which had been outstanding since long (refer note 39).

d) During the current year, the Company adjusted its receivables of ₹ 2,896.70 crore against the purchase consideration payable for acquiring the equity shares of Vadinar Oil Terminal Limited and Vadinar Power Company Limited. This being a non-cash transaction has not formed part of the above cash flow statement.

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

Mumbai, July 05, 2018

For and on behalf of the Board of Directors

Andrew James Balgarnie
Director
DIN : 07692748

Charles Anthony Fountain
Executive Chairman
DIN : 07719852

Anup Vikal
Chief Financial Officer

B. Anand
Chief Executive Officer

Mayank Bhargava
Company Secretary

Mumbai, July 05, 2018

Standalone Statement of Changes in Equity

for the year ended March 31, 2018

a. Equity Share Capital (₹ in crore)

Particulars	Amount
Balance as at March 31, 2016	**1,467.27**
Issue of equity shares	39.89
Balance as at March 31, 2017	**1,507.16**
Balance as at March 31, 2017	1,507.16
Issue of equity shares	-
Balance as at March 31, 2018	1,507.16

b. Other Equity

Statement of Changes in equity for the year April 1, 2016 to March 31, 2017 (₹ in crore)

Particulars	Reserves and Surplus						Other Comprehensive Income / (loss) (OCI)		Total
	Capital reserve	Securities premium account	Debenture redemption reservev	General reserve	Employee Share Option Outstanding Account	Retained earnings	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account	
Balance as at March 31, 2016	**40.89**	**6,193.99**	**10.74**	**48.84**	**7.23**	**10,908.00**	**(212.02)**	**(151.85)**	**16,845.82**
Restatement in opening reserve	-	-	-	-	-	(31.68)	31.68	-	-
Restated balance as on March 31, 2016	**40.89**	**6,193.99**	**10.74**	**48.84**	**7.23**	**10,876.32**	**(180.34)**	**(151.85)**	**16,845.82**
Restated Loss for the year {refer note 23(d)}	-	-	-	-	-	(2,672.95)	-	-	(2,672.95)
Restated other Comprehensive Loss for the year, net of tax	-	-	-	-	-	0.96	103.52	126.80	231.28
Total Comprehensive Loss for the year	**-**	**-**	**-**	**-**	**-**	**(2,671.99)**	**103.52**	**126.80**	**(2,441.67)**
Restatement of component of other equity	-	-	-	-	-	(8.64)	-	-	(8.64)
Securities premium on issuance of equity share capital	-	1,607.40	-	-	-	-	-	-	1,607.40
Share option outstanding reserve transferred to security premium	-	-	-	-	2.86	-	-	-	2.86
Recognition of share based payments	-	-	-	-	(10.09)	-	-	-	(10.09)
Balance as at March 31, 2017 {restated - refer note 23(d)}	**40.89**	**7,801.39**	**10.74**	**48.84**	**-**	**8,195.69**	**(76.82)**	**(25.05)**	**15,995.68**

Standalone Statement of Changes in Equity
for the year ended March 31, 2018

Particulars					Reserves and Surplus		Other Comprehensive Income / (loss) (OCI)		Total
	Capital reserve	Securities premium account	Debenture redemption reservev	General reserve	Employee Share Option Outstanding Account	Retained earnings	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account	
Statement of Changes in equity for the year April 1, 2017 to March 31, 2018									(₹ in crore)
Balance as at March 31, 2017 {restated - refer note 23(d)}	40.89	7,801.39	10.74	48.84	-	8,195.69	(76.82)	(25.05)	15,995.68
Profit for the year	-	-	-	-	-	280.44	-	-	280.44
Other Comprehensive Loss for the year, net of tax	-	-	-	-	-	(1.00)	(39.91)	(5.09)	(46.00)
Total Comprehensive Income for the year	-	-	-	-	-	**279.44**	**(39.91)**	**(5.09)**	**234.44**
Debenture redemption reserve transferred to General reserve	-	-	(10.57)	10.57	-	-	-	-	-
Balance as at March 31, 2018	**40.89**	**7,801.39**	**0.17**	**59.41**	-	**8,475.13**	**(116.73)**	**(30.14)**	**16,230.12**

* Including recycled from cash flow hedge reserve to statement of profit and loss account ₹ 776.22 crore (net of tax) (previous year ₹ 511.06 crore)

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

Mumbai, July 05, 2018

For and on behalf of the Board of Directors

Andrew James Balgarnie
Director
DIN : 07692748

Charles Anthony Fountain
Executive Chairman
DIN : 07719852

Anup Vikal
Chief Financial Officer

B. Anand
Chief Executive Officer

Mayank Bhargava
Company Secretary

Mumbai, July 05, 2018

Notes to Standalone Financial Statements

for the year ended March 31, 2018

1. Corporate information

Essar Oil Limited, renamed to Nayara Energy Limited (the Company) with effect from May 25, 2018, 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 and 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 20 MMTPA. The Company has over 4,450 operational outlets and more than 2,700 outlets at various stages of completion.

Essar Energy Holdings Limited and Oil Bidco (Mauritius) Limited (collectively "the erstwhile promoter group") had entered into two separate Share Purchase Agreements dated October 15, 2016 ("SPAs") with Rosneft Singapore Pte. Limited (formerly Petrol Complex Pte. Limited), an entity owned and controlled by PJSC Rosneft Oil Company, Russia and Kesani Enterprises Company Limited, a consortium led by Trafigura Pte Limited and United Capital Partners (collectively "the new shareholder group") for transfer of 98.26% equity ownership of the Company. On August 18, 2017, upon completion of all the conditions precedent stated in the SPAs and after obtaining all requisite regulatory approvals, the erstwhile promoter group transferred its 98.26% shareholding in the Company to the new shareholder group.

The financial statements of the Company for the year ended March 31, 2018 were authorised for issue in accordance with a resolution of the directors on July 5, 2018.

2. Basis of preparation

These financial statements have been prepared in accordance with 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 on accrual basis. The standalone financial statements provide comparative information in respect of the previous period. The financial statements are presented in Indian Rupees, and all values are rounded to the nearest crore, except where otherwise indicated.

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 economic best 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 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:

Notes to Standalone Financial Statements

for the year ended March 31, 2018

- Disclosures for valuation methods, significant estimates and assumptions (Refer note 50)
- Quantitative disclosures of fair value measurement hierarchy (Refer note 50)
- Financial instruments (including those carried at amortised cost) (Refer note 50)

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 is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. 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, by the 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 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.The estimated useful life of items of property, plant and equipment is mentioned below:

Particulars	Estimated useful life
Temporary building	3
Building including assets taken on lease	15-60
Plant and machinery	8-40
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. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

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 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. Oil and gas exploration and production assets

The Company has adopted Successful Efforts Method (SEM) of accounting for its Oil and Gas activities. The policy of recognition of exploration and evaluation expenditure is considered in line with the principle of SEM. Seismic costs, geological and geophysical studies, petroleum exploration license fees and general and administration costs directly attributable to exploration and evaluation activities are expensed off. The costs incurred on acquisition of interest in oil and gas blocks and on exploration and evaluation other than those which are expensed off are accounted for as Intangible Assets under Development. All development costs incurred in respect of proved reserves are

Notes to Standalone Financial Statements

for the year ended March 31, 2018

also capitalized under Intangible Assets under Development. When a well is ready to commence commercial production, the costs accumulated in Intangible Assets under Development are classified as Intangible Assets corresponding to prove developed oil and gas reserves. The exploration and evaluation expenditure which does not result in discovery of proved oil and gas reserves and all cost pertaining to production are charged to the Statement of profit and loss.

Oil and Gas Joint Ventures are in the nature of joint operations. Accordingly, assets and liabilities as well as income and expenditure are accounted on a line-by-line basis with similar items in the Company's financial statements, according to the participating interest of the Company.

The Company disposed-of its exploration and production division March 31, 2017 to its wholly owned subsidiary. During the current year, the said subsidiary has been disposed-of (Refer note 47).

E. 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.

An assessment is made for assets 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.

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.

(i) Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Refer Depreciation policy for useful life of leased assets.

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.

(ii) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

G. Inventories

Inventories (other than crude oil extracted) 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.

Closing stock of crude oil extracted is valued at net realisable value.

Notes to Standalone Financial Statements

for the year ended March 31, 2018

H. Revenue recognition

Revenue 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. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

(i) Sale of goods

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection. Revenue from sale of goods is recognised when property in the goods is transferred to the buyer for a price, when significant risks and rewards of ownership have been transferred to the buyer and no effective control, to a degree usually associated with ownership, is retained by the Company. Sale of goods are stated net of trade discounts, volume discounts and rebates. Excise duty is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to Company on its own account, revenue includes excise duty. Sales tax and Goods and service tax is collected on behalf of the Government and hence does not form part of revenue.

(ii) Interest Income

For all financial instruments measured at amortised cost and interest income is recognised using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

(iii) Dividend

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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 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

K. Foreign currencies

The Company's financial statements are presented in Indian Rupees, which is also the Company's functional currency. For each entity the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

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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 amortised over the maturity period/ upto the date of settlement of such monetary item and charged to the Statement of Profit and Loss. 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.

L. 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. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately in the balance sheet.

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.

Additional disclosures are provided in Note 47. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

M. Investment in subsidiaries and associates:

Equity investments in subsidiaries and associates are shown at cost less impairment, if any. The Company tests these investments for impairment in accordance with the policy applicable to 'Impairment of non-financial assets'. Where the carrying amount of an investment or CGU to which the investment relates is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in the Statement of Profit and Loss.

Dividends from a subsidiary or an associate are recognised when the Company's right to receive the dividend is established. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to Statement of Profit and Loss.

N. 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, debt securities issued and subordinated liabilities 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.

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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 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.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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'). The Company has not designated any debt instrument as at FVTPL.

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. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

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

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. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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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**

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company follows simplified approach and always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

f) **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in the statement of profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to the statement of profit and loss at the reclassification date.

g) 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 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 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 liabilities / debt or equity

Debt and equity instruments issued by a 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. Derivatives 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 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.

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 as finance costs in the statement of profit and loss.

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.

O. Derivative financial instruments and hedge accounting

(i) Initial recognition and subsequent measurement

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, interest rate swaps and cross currency swaps.

Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost. All other 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.

(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. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

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.

(iv) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification

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requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

P. 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.

Q. 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 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.

R. Provisions

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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

S. 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.

T. 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 the Company. In concluding that Indian Rupees is the functional currency, 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 Company.

(ii) Impairment of Investment

The investment in associates and 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) and Vadinar Power Company Limited (VPCL) 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 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.

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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 37

(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. Refer note 50 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 38(A)}.

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

A. Change in accounting policies

The Company applied for the first time the following amendments to the standards, which are effective for annual periods beginning on or after April 1, 2017. In all other cases, accounting policies followed in the current year are consistent with the previous year.

i) Amendments to Ind AS 7 Statement of Cash Flows

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). Refer standalone statement of cash flows.

ii) Amendments to Ind AS 102 Share Based Payment

The amendments to Ind AS 102 provide specific guidance for measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The Company does not have any continuing share-based payment plan. Hence, adoption of the amendment will not have any impact on financial statements of the Company.

B. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below if they are or likely to be relevant from Company perspective. The Company intends to adopt these standards, if relevant, when they become effective. The Company does not intend to early adopt any of these standards.

i) Ind As 115 Revenue from Contracts with Customers

Ind AS 115 was notified on March 28, 2018 and is applicable from financial year beginning April 1, 2018. It 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 new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company from April 1, 2018 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Notes to Standalone Financial Statements

for the year ended March 31, 2018

6. Property, Plant and Equipment and Intangible assets

(₹ in crore)

Description of the assets	Gross block (cost or deemed cost) (I)				Depreciation / amortisation (II)				Net block (III) = (I - II)	
	As at 01 April, 2016	Additions	Deductions	As at 31 March, 2017	As at 01 April, 2016	During the year	Deductions	As at 31 March, 2017	As at 31 March, 2017	As at 31 March, 2016
A) Property,Plant & Equipment -Owned										
Land (Freehold)	5,068.65	16.69	2.18	5,083.16	-	-	-	-	5,083.16	5,068.65
Buildings	769.97	30.33	21.68	778.62	176.59	31.36	4.37	203.58	575.04	593.38
Plant and machinery	35,088.42	81.25	96.27	35,073.40	1,774.99	1,335.61	47.23	3,063.37	32,010.03	33,313.43
Producing properties	31.82	-	31.82	-	3.21	0.99	4.20	-	-	28.61
Furniture and fixtures	21.68	1.39	7.42	15.65	10.14	2.31	3.31	9.14	6.51	11.54
Office equipments	73.38	15.74	14.27	74.85	48.63	9.83	13.12	45.34	29.51	24.75
Vehicles	13.44	0.15	3.12	10.47	9.43	0.90	2.39	7.94	2.53	4.01
Aircraft	10.00	-	10.00	-	3.17	0.21	3.38	-	-	6.83
Total (I)	**41,077.36**	**145.55**	**186.76**	**41,036.15**	**2,026.16**	**1,381.21**	**78.00**	**3,329.37**	**37,706.78**	**39,051.20**
Property,Plant & Equipment obtained on finance lease (refer note 43)										
Land	0.17	0.05*	0.05*	0.17	0.16	0.01	-	0.17	-	0.01
Buildings	107.63	265.91*	265.91*	107.63	30.09	18.72	13.50	35.31	72.32	77.54
Marine structures	-	273.99*	273.99*	-	-	23.55	23.55	-	-	-
Plant and machinery	1,135.08	4,145.56*	4,145.56*	1,135.08	27.41	254.21	202.59	79.03	1,056.05	1,107.67
Furniture and fixtures	0.88	-	0.05	0.83	0.45	0.03	0.02	0.46	0.37	0.43
Office equipments	0.62	-	0.12	0.50	0.49	0.04	0.11	0.42	0.08	0.13
Total (II)	**1,244.38**	**4,685.51**	**4,685.68**	**1,244.21**	**58.60**	**296.56**	**239.77**	**115.39**	**1,128.82**	**1,185.78**
Total Property, Plant and Equipment (I+II)	**42,321.74**	**4,831.06**	**4,872.44**	**42,280.36**	**2,084.76**	**1,677.77**	**317.77**	**3,444.76**	**38,835.60**	**40,236.98**
B) Intangible assets										
Softwares & licenses	89.72	9.28	6.70	92.30	59.65	10.63	6.26	64.02	28.28	30.07
Total Intangible assets	**89.72**	**9.28**	**6.70**	**92.30**	**59.65**	**10.63**	**6.26**	**64.02**	**28.28**	**30.07**
Total (A+B)	**42,411.46**	**4,840.34**	**4,879.14**	**42,372.66**	**2,144.41**	**1,688.40**	**324.03**	**3,508.78**	**38,863.88**	**40,267.05**

*Pursuant to a change in the term of the arrangement leading to classification from finance lease to operating lease.

**Including discontinued operation.

Notes to Standalone Financial Statements

for the year ended March 31, 2018

6. Property, Plant and Equipment and Intangible assets

(₹ in crore)

Description of the assets	Gross block (I)				Depreciation / amortisation (II)				Net block (III) = (I - II)	
	As at 01 April, 2017	Additions	Deductions	As at 31 March, 2018	As at 01 April, 2017	During the year	Deductions	As at 31 March, 2018	As at 31 March, 2018	As at 31 March, 2017
A) Property,Plant & Equipment -Owned										
Land (Freehold)	5,083.16	0.78	-	5,083.94	-	-	-	-	5,083.94	5,083.16
Buildings	778.62	20.66	-	799.28	203.58	26.26	-	229.84	569.44	575.04
Plant and machinery	35,073.40	148.19	5.48	35,216.11	3,063.37	1,294.13	1.53	4,355.97	30,860.14	32,010.03
Furniture and fixtures	15.65	0.94	0.25	16.34	9.14	1.64	0.22	10.56	5.78	6.51
Office equipments	74.85	11.60	11.78	74.67	45.34	10.17	8.89	46.62	28.05	29.51
Vehicles	10.47	2.65	1.13	11.99	7.94	0.66	0.97	7.63	4.36	2.53
Total (I)	**41,036.15**	**184.82**	**18.64**	**41,202.33**	**3,329.37**	**1,332.86**	**11.61**	**4,650.62**	**36,551.71**	**37,706.78**
Property,Plant & Equipment obtained on finance lease (refer note 43)										
Land	0.17	-	-	0.17	0.17	-	-	0.17	-	-
Buildings	107.63	-	-	107.63	35.31	5.27	-	40.58	67.05	72.32
Plant and machinery	1,135.08	-	0.14	1,134.94	79.03	50.35	0.07	129.31	1,005.63	1,056.05
Furniture and fixtures	0.83	-	0.01	0.82	0.46	0.03	-	0.49	0.33	0.37
Office equipments	0.50	-	0.05	0.45	0.42	0.01	0.02	0.41	0.04	0.08
Total (II)	**1,244.21**	-	**0.20**	**1,244.01**	**115.39**	**55.66**	**0.09**	**170.96**	**1,073.05**	**1,128.82**
Total Property, Plant and Equipment (I+II)	**42,280.36**	**184.82**	**18.84**	**42,446.34**	**3,444.76**	**1,388.52**	**11.70**	**4,821.58**	**37,624.76**	**38,835.60**
B) Intangible assets										
Softwares & licenses	92.30	20.25	6.92	105.63	64.02	14.57	5.86	72.73	32.90	28.28
Total Intangible assets	**92.30**	**20.25**	**6.92**	**105.63**	**64.02**	**14.57**	**5.86**	**72.73**	**32.90**	**28.28**
Total (A+B)	**42,372.66**	**205.07**	**25.76**	**42,551.97**	**3,508.78**	**1,403.09**	**17.56**	**4,894.31**	**37,657.66**	**38,863.88**

Notes:

1 Land aggregating to ₹ 2,497.24 crore (Previous year ₹ 2,497.24 crore) has been given on operating lease which are being used for principle business activities of the company. A charge has been created on this land in favour of the lenders of the company's subsidiaries. Refer note 21 and 24 for charge created on all other items.

2 Additions to plant and machinery include exchange loss of ₹5.36 crore (Previous year gain of ₹ 81.40 crore) and borrowing cost of ₹ Nil (Previous year ₹ 39.02 crore).

Notes to Standalone Financial Statements

for the year ended March 31, 2018

7. Investments (Non-Current) (Unquoted)

(₹ in crore)

	Particulars	As at March 31, 2018	As at March 31, 2017
(1)	**Investment in equity and preference shares of subsidiaries and associates - At cost**		
(i)	**Investment in equity shares (fully paid-up) (refer note 40)**		
	100 (Previous year 100) equity shares of USD 1 each of Essar Oil Trading Mauritius Limited (EOTML)	0.00	0.00
	6,76,850 (Previous year 50,000) equity shares of ₹ 10 each of Nayara Energy Properties Limited (NEPL) (formerly known as Vadinar Properties Limited (VPL))	8.01	1.74
	396,000,000 (Previous year 102,999,994) equity shares of ₹ 10 each of Vadinar Power Company Limited (VPCL)	969.17	103.00
	31,43,23,454 (Previous year Nil) equity shares of ₹ 10 each of Vadinar Oil Terminal Limited (VOTL)**	10,510.40	-
	13,000 (Previous year 13,000) equity shares of ₹ 10 each of Coviva Energy Terminals Limited (CETL) (formerly known as Vadinar Liquid Terminals Limited (VLTL))	0.01	0.01
(ii)	**Investments in Preference shares (fully paid-up) (refer note 40)**		
	391,998,000 (Previous year Nil) compulsorily convertible preference shares of ₹ 10 each of Vadinar Power Company Limited (VPCL) (carrying coupon rate @ 0.1% w.e.f. April 1, 2018)	1,158.83	-
(2)	**Other Investments - At FVTPL**		
(i)	**Investments in debentures of subsidiary (fully paid-up)**		
	46,10,981 (Previous year 52,37,831) Fully Convertible Debentures of Nayara Energy Properties Limited (NEPL) (formerly known as Vadinar Properties Limited (VPL)) of ₹ 100 each	42.47	42.27
(ii)	**Investments in equity shares (fully paid-up)**		
	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 (Company under liquidation)*	-	-
	10,000,000 (Previous year 10,000,000) equity shares of ₹ 0.10 each (Previous year ₹ 10 each) of Petronet India Limited*	-	-
Total		**12,688.89**	**147.02**

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Investment at cost	12,646.42	104.75
Investment at fair value through profit and loss account	42.47	42.27
Total	**12,688.89**	**147.02**

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Aggregate amount of unquoted investments	12,688.89	147.02
Total	**12,688.89**	**147.02**

* Fair value of these investments is at zero value.

** Includes ₹ 237.56 crore representing the fair value of a financial guarantee issued in favour of the said subsidiary.

For details of investments pledged as security against borrowings, refer note no. 21 and 24.

"0.00" represents amount less than ₹ 0.01 crore

Notes to Standalone Financial Statements
for the year ended March 31, 2018

8 Other Financial Assets (Non-Current)
(Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars		As at March 31, 2018	As at March 31, 2017
Advances against purchase of shares*			
- To related parties		-	1,400.02
- To others		-	3,365.55
	(A)	**-**	**4,765.57**
Other Loans and advances			
- To related parties			
- Considered good		-	40.42
- Considered doubtful		-	2.58
Less: Expected credit loss		-	(2.58)
	(B)	**-**	**40.42**
Security deposits			
- To related parties			
- Considered good		-	1,338.44
- Considered doubtful		-	35.80
- To others			
- Considered good		27.30	6.21
- Considered doubtful		-	0.17
Less: Expected credit loss		-	(35.97)
	(C)	**27.30**	**1,344.65**
Other receivables			
Export Incentive Receivables {refer note 38(A)}		409.09	381.94
Other receivables			
- From others {refer note 38(B)}			
- Considered good		159.29	195.74
- Considered doubtful		19.90	4.89
Less: Expected credit loss		(19.90)	(4.89)
	(D)	**568.38**	**577.68**
Interest accrued on bank deposits			
- Considered good		0.02	0.01
	(E)	**0.02**	**0.01**
Bank Deposit for more than twelve months			
- Considered good		0.16	0.16
	(F)	**0.16**	**0.16**
Derivative Assets - At FVTPL		-	**145.00**
	(G)	**-**	**145.00**
Total	**(A+B+C+D+E+F+G)**	**595.86**	**6,873.49**

For details of assets pledged as security against borrowings, refer note no. 21 and 24.

* The Company had entered into a share purchase agreement with Essar Power Limited and Essar Steel Jharkhand Limited (erstwhile promoter group companies) for acquisition of subsidiaries and the same have been acquired during the year.

Refer note 50 for terms and conditions of above financial assets

Notes to Standalone Financial Statements
for the year ended March 31, 2018

9 Other non-current assets

(₹ in crore)

Particulars		As at March 31, 2018	As at March 31, 2017
Prepaid expenses			
- Related parties		28.59	15.25
- Others		17.50	0.01
	(A)	**46.09**	**15.26**
Capital advances			
- To related parties		70.02	70.02
- To others		20.12	23.19
	(B)	**90.14**	**93.21**
Other receivables			
- Claims / Other Receivable		193.22	237.11
	(C)	**193.22**	**237.11**
	Total (A+B+C)	**329.45**	**345.58**

For details of assets pledged as security against borrowings, refer note no. 21 and 24.

10 Inventories

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials {including in transit ₹ 1,361.50 crore (previous year ₹ 2,344.19 crore)}	3,670.36	4,070.76
Work-in-progress (refer note 31)	1,793.06	1,599.01
Finished goods {including in transit ₹151.27 crore (previous year ₹ 107.33 crore)} (refer note 31)	1,309.94	857.41
Trading goods	0.10	32.28
Stores and spare parts {including in transit ₹3.47 crore (previous year ₹ 3.34 crore)}	334.92	318.98
Other consumables {including in transit ₹ Nil crore (previous year ₹ 3.80 crore)}	196.93	107.18
Total	**7,305.31**	**6,985.62**

For details of inventories pledged as security against borrowings, refer note no. 21 and 24.

Refer note 3(G) for basis of valuation

11 Investments (Current)

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Other Investments - At FVTPL		
Investment in Axis Liquid mutual fund	250.38	-
12,98,948.40 (Previous year Nil) units at NAV of ₹ 1,927.56 (Previous year ₹ Nil) each		
Investment in Aditya Birla Sun Life mutual fund	300.52	-
1,29,54,402.67 (Previous year Nil) units at NAV of ₹ 231.99 (Previous year ₹ Nil) each		
Investment in SBI Premier Liquid mutual fund	500.84	-
18,38,358.10 (Previous year Nil) units at NAV of ₹ 2,724.39 (Previous year ₹ Nil) each		
Investment in Kotak Floater Short Term mutual fund	250.35	-
8,77,833.31 (Previous year Nil) units at NAV of ₹ 2,851.96 (Previous year ₹ Nil) each		
Total	**1,302.09**	-

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Aggregate amount of quoted investments and market value thereof	1,302.09	-
Total	**1,302.09**	**-**

12 Trade receivables (Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivables		
-Considered good*	2,927.03	17,452.26
-Considered doubtful	0.84	4.04
Bills Receivable	-	12.65
	2,927.87	17,468.95
Less: Expected credit loss	(0.84)	(4.04)
Total	**2,927.03**	**17,464.91**

* ₹ 137.07 crore (Previous year ₹15.92 crore) secured by letters of credit.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 50. For amounts due from related parties, refer note no. 52.

For details of assets pledged as security against borrowings, refer note no. 21 and 24.

Refer note 24 for details of bills discounting not meeting derecognition criteria.

13 Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	1,200.02	508.33
- Exchange earners' foreign currency (EEFC) accounts	1,079.32	1,317.67
- Deposits with original maturities less than 3 months	150.00	-
Cheques on hand	3.12	1.46
Cash on hand	0.05	0.06
Total	**2,432.51**	**1,827.52**

14 Bank balances other than Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Other bank balances		
- Earmarked bank balances (debenture / unclaimed debenture interest)	0.86	4.92
- Margin deposits*	1,009.24	1,533.26
- Other deposits	-	1.05
Total	**1,010.10**	**1,539.23**

* Mainly placed as margin for letters of credit facilities, guarantees and short term borrowings obtained from banks.

Notes to Standalone Financial Statements

for the year ended March 31, 2018

15 Loans (Current)

(Unsecured and considered good, unless otherwise stated) (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Inter Corporate Deposits to related parties		
- Considered good	571.51	257.34
- Considered doubtful	-	6.66
Less: Expected credit loss	-	(6.66)
Total	**571.51**	**257.34**

16 Other Financial Assets (Current)

(Unsecured and considered good, unless otherwise stated) (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Security deposits		
- To related parties		
- Considered good	309.11	-
- Considered doubtful	-	-
- To others		
- Considered good	16.97	23.33
- Considered doubtful	-	0.21
Less: Expected credit loss	-	(0.21)
(A)	**326.08**	**23.33**
Others		
Other receivables		
- From related parties		
- Considered good	29.51	1,271.02
- Considered doubtful	-	25.00
- From others		
- Considered good	149.70	7,619.95
- Considered doubtful	-	551.11
Less: Expected credit loss	-	(576.11)
(B)	**179.21**	**8,890.97**
Interest accrued on bank deposits		
- Considered good	21.96	42.51
- Considered doubtful	-	0.17
Less: Expected credit loss	-	(0.17)
(C)	**21.96**	**42.51**
Derivative assets - At FVTPL	176.65	147.46
(D)	**176.65**	**147.46**
Total (A+B+C+D)	**703.90**	**9,104.27**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

17 Other Current assets

(Unsecured and considered good, unless otherwise stated) (₹ in crore)

Particulars		As at March 31, 2018	As at March 31, 2017
Advances recoverable in cash or in kind or for value to be received			
- From related parties		43.00	-
- From others		81.53	85.77
	(A)	**124.53**	**85.77**
Prepaid expenses			
- Related parties		0.37	0.37
- Others		350.52	191.57
Balances with government authorities		77.70	70.50
	(B)	**428.59**	**262.44**
Other receivables			
- Claims / other receivables			
- Considered good		54.35	1.90
- Considered doubtful		14.81	-
Less: Provision for doubtful debt		(14.81)	-
	(C)	**54.35**	**1.90**
	Total (A+B+C)	**607.47**	**350.11**

18 Assets Held for Sale

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Investment in equity instruments		
Nil (previous year 50,000) equity shares of ₹ 10 each of Essar Oil and Gas Exploration and Production Limited (EOGEPL)	-	0.05
(b) Investments in debentures		
Nil (previous year 27,68,31,556) Compulsorily Convertible Debentures of Essar Oil and Gas Exploration and Production Limited of ₹ 100 each	-	555.76
Total	-	**555.81**

19 Equity Share capital

(₹ in crore)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of ₹10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00
Issued and subscribed				
Equity shares of ₹ 10 each	1,552,487,155	1,552.49	1,552,487,155	1,552.49
Paid up				
Equity shares of ₹ 10 each fully paid up	1,490,561,155	1,490.56	1,490,561,155	1,490.56
Add : Forfeited shares - Equity shares of ₹ 10 each	61,926,000	16.60	61,926,000	16.60
		1,507.16		**1,507.16**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	1,490,561,155	1,490.56	1,450,668,359	1,450.67
Add : Equity shares issued	-	-	39,892,796	39.89
Shares outstanding at the end of the year	**1,490,561,155**	**1,490.56**	**1,490,561,155**	**1,490.56**

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 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 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 shares held (including GDS) by holding / ultimate and Intermediate holding Company and / or their subsidiaries / associates:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% of shares	Number of shares	% of shares
Nil (6,218,718 as at March 31, 2017) GDS held by Essar Energy Holdings Limited, Mauritius	-	-	951,463,854	63.83%
Equity shares held by Essar Energy Holdings Limited, Mauritius	-	-	396,607,443	26.61%
Equity Shares held by Oil Bidco (Mauritius) Limited, a promoter entity as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009	-	-	116,581,496	7.82%

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% of shares	Number of shares	% of shares
Nil (6,218,718 as at March 31, 2017) GDS held by Essar Energy Holdings Limited, Mauritius	-	-	951,463,854	63.83%
Equity shares held by Essar Energy Holdings Limited, Mauritius	-	-	396,607,443	26.61%
Equity Shares held by Oil Bidco (Mauritius) Limited, a promoter entity as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009	-	-	116,581,496	7.82%
3,109,359 (Nil as at March 31, 2017) GDS held by Kesani Enterprise Company Ltd	475,731,927	31.92%	-	-
3,109,359 (Nil as at March 31, 2017) GDS held by Rosneft Singapore Pte. Limited (Formerly known as Petrol Complex Pte. Limited)	475,731,927	31.92%	-	-
Equity shares held by Kesani Enterprise Company Ltd	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%	-	-

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018

e) Stock Options :

The Company had previously granted options to eligible employees under the EOL ESOP Scheme 2011, which were to be vested in a graded manner. The options vested prior to delisting of the Equity Shares of the Company, i.e., prior to February 17, 2016, were exercised by the concerned employees before delisting. The Options remaining unvested and outstanding as on the date of delisting were surrendered by the concerned employees in lieu of monetary compensation offered by the Company payable on the dates on which the options would have otherwise vested. Accordingly, the related compensation cost has been recognised in the current year, as it did not have material effect on the previous year financial statements.

Owing to exercise/ surrender of options as described above, no options were outstanding as on March 31, 2017 and March 31, 2018. Hence, the Company has not given disclosures required under Ind AS 102.

20 Other equity

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
General reserve	59.41	48.84
Retained earnings	8,475.13	8,195.69
Other Comprehensive Income:		
Cash flow hedge reserve	(116.73)	(76.82)
Foreign currency monetary item translation difference account	(30.14)	(25.05)
Other Reserves:		
Capital reserve	40.89	40.89
Securities premium account	7,801.39	7,801.39
Debenture redemption reserve	0.17	10.74
Total	**16,230.12**	**15,995.68**

General reserve: Under the Companies Act 1956, general reserve was created through an annual transfer of a specified percentage of net income. The purpose of the reserve was to ensure, whenever dividend distributed was more than 10% of the paid-up share capital, the distribution of dividend was less than the total distributable profits. The said requirement has been done away with, post enactment of the Companies Act, 2013.

Capital reserve: The Company recognizes profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve. The same can be utilised for issuance of bonus shares.

Securities premium account: 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. Companies are required to create this reserve equals to 25% of outstanding redeemable debentures. 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, 2018

21 Borrowings

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured Borrowings - At amortised cost		
Debentures		
Non convertible debentures	0.70	18.09
Term loans*		
From banks	7,892.91	6,712.66
From financial institutions	-	1,326.73
Export advances from customers*	7,150.60	7,319.63
Finance lease obligation from related parties	1,195.78	1,202.43
Current maturities of long term debt and finance lease obligation included under other financial liabilities (refer note 26)	(1,661.32)	(2,522.93)
Total	**14,578.67**	**14,056.61**

* Refer note 50 for borrowings outstanding in foreign currencies

(i) Security for term loans and funded interest facilities from banks and financial institutions and debentures

(₹ in crore)

Sr. No	Particulars	As at March 31, 2018	As at March 31, 2017
a)	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) 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 working capital lenders.	694.78	3,514.90
b)	Term loan from a bank was secured by first charge, ranking pari passu with other term lenders on all present and future fixed assets and second charge, ranking pari-passu with working capital lenders on all present and future current assets.	-	657.96
c)	Term loan from a bank was secured by subservient charge on moveable fixed assets. The loan has been prepaid during the year.	-	1,022.64
d)	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), all present and future movable assets excluding current assets, security interest on the rights, title and interest under project documents, trust and retention accounts, insurance policies and second charge pari-passu with working capital lenders on the current assets.	2,726.71	3,421.45
e)	Long term advances against export performance bank guarantees USD 1,109.07 million (Previous year USD 1,153.76 million) from customers are secured by EPBG issued by domestic banks which are secured by first ranking pari passu security interests with other term lenders, all present and future fixed assets (except excluded assets), second ranking security interest pari passu with working capital lenders on all present and future current assets (except excluded assets).	7,150.59	7,319.63
f)	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 Power Company Limited, Vadinar Oil Terminal Limited and Nayara Energy Properties Limited, Second charge, pari- passu with working capital lenders on the current assets of the Company, first charge by way of assignment or security interest over all rights, tiles, insurance and interest in all project documents to which the Company is a party, first charge on DSRA/margin as and when created.	4,472.13	-
g)	Finance lease obligations are secured against Leased Assets	1,195.78	1,202.43
	Total	**16,239.99**	**17,139.01**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(ii) Repayment and other terms:

(₹ in crore)

	Particulars	As at March 31, 2018	As at March 31, 2017
a)	Outstanding debentures consists of 5,58,600 (Previous year 3,190,100) – 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.	0.70	18.09
b)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions 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. The Company has prepaid loans aggregating to ₹ 12.45 crore, subsequent to the year end and intends to prepay balance ₹ 11.30 crore also in next twelve months.	23.77	648.26
c)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions is repayable in unequal instalments from March 2021 to March 2026 and carries interest ranging from 4.98% to 12.62%. 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. The Company has prepaid loans aggregating to ₹ 555.32 crore, subsequent to the year end and intends to prepay balance ₹ 68.14 crore also in next twelve months.	623.46	1,675.72
d)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions is repayable in 40 equal quarterly instalments beginning June 30, 2015 and carried interest ranging from 4.98% to 12.62%. 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. The Company has prepaid loans aggregating to ₹ 33.38 crore, subsequent to the year end and intends to prepay balance ₹ 13.47 crore also in next twelve months.	46.85	375.95
e)	A funded interest loan was payable in a single bullet payment in 2031. The same has been prepaid during the year.	-	206.88
f)	ECB Loan carry interest rate of 3 months LIBOR + 2.75% p.a. is repayable in unequal instalments starting from January 2012 and ending in October 2018. The same has been prepaid during the year.	-	590.00
g)	ECB Loans carry interest rate of 3 months / 6 months LIBOR + margin ranging from 2.75% p.a. to 5.00% p.a. are repayable in unequal instalments starting from January 2012 and ending in March 2024.	2,726.71	3,421.45
h)	EPBG advances USD,1,109.07 million (Previous year USD 1,197.94 million) carry interest rate of 12 months LIBOR + 2% margin and are repayable over a period of two years with a rollover option , at the discretion of the buyer, upto a period of 10 years.	7,150.59	7,319.63
i)	General purpose term loan carry interest rate at banks' prime lending rate / base rate plus 3.25% p.a.(margin / liquidity premium) and is repayable in installments from December 2012 to September 2018.	-	657.96
j)	Term loan carry interest rate at banks' prime lending rate / base rate plus 0.75% p.a. (Margin / liquidity premium) and was repayable in unequal instalments starting from June 2018 and ending on March 2023. The same has been prepaid during the year.	-	1,022.64
k)	Rupee loan and USD Loan from various banks and financial institutions carry interest of respective bank/financials institutions rate of 3/6 month MCLR/ 3 months USD LIBOR + spread ranging from 0 bps to 360 bps and is repayable in unequal instalments starting from June 2018 and ending to March 2038.	4,472.13	-
l)	Finance lease obligation is implicit rate of return debt.	1,195.78	1,202.43
	Total	**16,239.99**	**17,139.01**

Notes to Standalone Financial Statements
for the year ended March 31, 2018

iii) In March 2017, 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 went ahead and prepaid all their dues to the said lender aggregating to ₹ 512.10 crore (including interest and prepayment penalty of ₹ 5.28 crore). However, the lender has neither released its charge over Company's assets nor issued a no dues certificate. In response to a legal notice, the said lender recently responded stating that they are in the process of reconciling the accounts and would revert shortly. Given aforementioned situation, the Company has obtained legal advice, as per which no additional liability should devolve on the Company with respect to its borrowings from the said lender.

22 Other financial liabilities (Non-Current)

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Security deposits	0.03	5.45
Derivative Liabilities - At FVTPL	42.39	211.66
Financial guarantee obligation liability	204.93	-
Total	**247.35**	**217.11**

23 Taxation

(a) Income tax expense / (benefit)

(₹ in crore)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
Current tax (MAT)		112.20	-
Tax reversal pertaining to earlier years		-	(358.43)
Total current tax	(A)	**112.20**	**(358.43)**
Deferred tax	(B)	**170.17**	**1,312.71**
Total tax expense	(A+B)	**282.37**	**954.28**

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

(₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit / (Loss) before tax (net of loss from Discontinued Operations) for the year	**562.81**	**(1,718.67)**
Statutory tax rate	34.944%	34.608%
Expected income tax expense / (benefit) at statutory rates	**196.67**	**(594.80)**
Items giving rise to difference in tax		
Deferred tax asset not recognised	24.36	760.42
Business loss utilised not recognised earlier	-	(556.84)
Disallowable expenses	6.76	2,034.64
Effect of change in indexed cost of land	(20.53)	(705.41)
Effect of change in Statutory tax rate	58.97	-
Others	16.14	16.27
Total Income tax expense	**282.37**	**954.28**
Effective tax rate	**50.171%**	**55.524%**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(c) **Composition of deferred tax (assets) / liabilities:**

(₹ in crore)

Deferred tax balance in relation to	As at March 31, 2017	Recognised through profit and loss (including effective tax rate)	Recognised in other comprehensive income	As at March 31, 2018
Difference in Property, plant and equipment	8,829.47	91.14		8,920.61
Carried forward unabsorbed depreciation	(1,277.72)	(255.14)		(1,532.86)
Expenses allowable in tax in future years	(676.30)	354.95		(321.35)
Effect of mark to market accounting	(76.91)	100.08	(25.52)	(2.35)
Effect of lease accounting	(409.19)	(8.66)		(417.85)
MAT credit entitlement	(78.89)	(112.20)		(191.09)
Total	**6,310.46**	**170.17**	**(25.52)**	**6,455.11**

(₹ in crore)

Deferred tax balance in relation to	As at March 31, 2016	Recognised through profit and loss	Recognised in other comprehensive income	As at March 31, 2017
Difference in Property, plant and equipment	9,352.33	(522.86)	-	8,829.47
Carried forward unabsorbed depreciation	(2,829.64)	1,551.92	-	(1,277.72)
Expenses allowable in tax in future years	(633.09)	(43.21)	-	(676.30)
Effect of mark to market accounting	(199.32)	-	122.41	(76.91)
Effect of lease accounting	(377.62)	(31.57)	-	(409.19)
MAT credit entitlement	(437.32)	358.43	-	(78.89)
Total	**4,875.34**	**1,312.71**	**122.41**	**6,310.46**

(d) The Company had recorded deferred tax assets of ₹ 1,551.92 crore on certain items as at March 31, 2017, recoverability of which was not reasonably certain. Hence the same has been de-recognized.

Further, certain expenses incurred during the year ended March 31, 2017 were not considered while computing the current tax charge for the said year. Upon inclusion of the same, the current tax expense reduced by ₹ 236.23 crore with a corresponding increase in the deferred tax expense leaving the total tax charge unchanged.

To reflect the aforesaid changes, the Company has restated its comparative balances as at and for the year ended March 31, 2017. This has had the effect of the total equity as at March 31, 2017 being lower by ₹ 1,551.92 crore and net tax assets and deferred tax liability being higher by ₹ 236.26 crore and ₹ 1,788.18 crore respectively; and the current tax and deferred tax charge for the year ended March 31, 2017 being lower and higher by ₹ 236.26 crore and ₹ 1,788.18 crore respectively, as against the previously reported figures.

(e) The Company has unrecognised deferred tax assets of ₹ 792.32 crore (March 31, 2017 ₹ 767.96 crore) on short term capital losses which have not been recognised in the absence of a reasonable certainty towards their realisation. These losses can be carried forward upto March 31, 2026. Due to change of control in the current year (refer note 1), all brought forward losses up to March 31, 2017 have lapsed.

24 Short term borrowings

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured Borrowings		
Buyers' credits and bills discounting* @	3,865.77	7,156.74
Bank overdraft / Cash credit	0.04	228.26
Short term loan from banks	2,189.12	1,466.66
Working capital demand loan from bank	1,284.12	1,300.00
Total	**7,339.05**	**10,151.66**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

Security for short term borrowing:

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Buyers' credits and bills discounting:		
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, second charge on Property Plant and Equipment including both present and future (except certain leased out assets) 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 which is determined and fixed on date of availing of the loan which is presently between 2% p.a. to 8.65% p.a.	3,865.77	7,156.74
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.	0.04	228.26
c) (i) Short Term Loan from bank of ₹ 1,550 crore is secured by first charge on entire current assets of the company (existing and future) on a pari passu basis; second charge on Property Plant and Equipment including both present and future (except certain leased out assets) on a pari passu with other lender, and certain shares of a related party on a pari passu with other lenders. These loans carry an interest rate of 8.50% p.a. (ii) Short Term Loan from bank of ₹ 500 crore is secured by first charge on entire current assets of the company (existing and future) on a pari passu basis; second charge on Property Plant and Equipment including both present and future (except certain leased out assets) 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 which is based on the 3 months marginal cost of funds based lending rate (MCLR) plus a spread of 0.35% p.a. (iii) Short Term Loan from bank of ₹ 150 crore is secured by first pari passu charge on entire present and future moveable fixed assets of the refinery division and second pari passu charge on the entire present & future current assets of the refinery division. The loan carries an interest rate which is based on 3 months marginal cost of funds based lending rate (MCLR) plus a spread of 0.40% p.a.	2,189.12	1,466.66
d) Working Capital Demand loan from bank is secured / to be secured by first charge on all current assets both present and future including all receivables of Refinery and Marketing Division ranking pari passu, second charge by way of mortgage of immovable and movable properties, including revenues both present and future on 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. 8.15 % . These loans are repayable on demand.	1,284.12	1,300.00
Total	**7,339.05**	**10,151.66**
* 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 no. 12	1,021.95	902.03

@ Refer note 50 for borrowings outstanding in foreign currencies

25 Trade Payables

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of Micro and small enterprises (Refer note 48)	2.53	3.16
Total outstanding dues of creditors other than Micro and small enterprises	17,194.57	26,155.89
Total	**17,197.10**	**26,159.05**

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

Notes to Standalone Financial Statements
for the year ended March 31, 2018

26 Other financial liabilities (Current)

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long term debt (refer note 21)	1,653.60	2,516.32
Current maturities of finance lease obligation (refer note 21)	7.72	6.61
Interest accrued but not due on borrowings	20.16	39.04
Capital creditors	77.45	92.24
Security deposits	16.34	23.05
Unclaimed debenture interest and principal (secured)*	0.98	5.48
Other liabilities	70.74	67.90
Financial guarantee obligation liability	32.63	-
Derivative Liabilities - At FTVPL	142.44	75.22
Total	**2,022.06**	**2,825.86**

* 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 crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory dues@	966.73	662.03
Advances received from customers (refer note 52)	2,238.02	7,095.03
Export Obligation Deferred Income*	2.78	5.07
Total	**3,207.53**	**7,762.13**

* In respect of unfulfilled export obligation of ₹ 2,307.00 crore (previous year ₹ 7,807.63 crore)
@ Statutory dues mainly includes contribution to PF, withholding taxes, excise duty, sales tax, GST, service tax etc.

28 Provisions (Current)

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2018
Provision for employee benefits		
Compensated absences	22.83	8.43
Gratuity (refer note 51)	30.40	16.20
Total	**53.23**	**24.63**

29 Revenue from operations

(₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of manufactured products	74,082.21	63,633.39
Sale of traded goods	11,221.17	8,095.65
Other operating revenues {refer note 38(A)}*	254.83	355.53
Total	**85,558.21**	**72,084.57**

* Includes duty drawback income of ₹ 97.23 crore (Previous year ₹ 133.05 crore).

Notes to Standalone Financial Statements
for the year ended March 31, 2018

30 Other income

(₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2018
Interest income		
- Bank deposits (carried at amortised cost)	69.63	93.90
- Other financial assets (carried at amortised cost) {refer note 38(B)}	318.16	1,503.85
- Derivative instruments-carried at FVTPL	62.04	128.88
	449.83	**1,726.63**
Dividend income		
- Dividend from equity investment-carried at FVTPL	0.45	2.30
Other non-operating income	130.30	110.17
Other gains (net)		
- Net gain on investments carried at FVTPL	41.03	8.35
- Exchange differences (net)	-	624.46
- Gain on reversal of Expected credit loss (net) (refer note 50)	456.84	-
- Gain on extinguishment of lease arrangement	-	377.35
Total	**1,078.45**	**2,849.26**

31 Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in crore)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Opening inventories: (refer note 10)			
- Finished goods		857.40	501.69
- Work-in-progress		1,599.00	728.94
- Stock-in-trade		32.28	13.58
	(A)	**2,488.68**	**1,244.21**
Closing inventories: (refer note 10)			
- Finished goods		1,309.94	857.40
- Work-in-progress		1,793.06	1,599.00
- Stock-in-trade		0.10	32.28
	(B)	**3,103.10**	**2,488.68**
Shown under Discontinued Operations	(C)	-	0.11
Net Increase in Inventory	Total (A) - (B) - (C)	**(614.42)**	**(1,244.58)**

32 Employee benefits expense

(₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	387.30	373.84
Contribution to provident and other funds (refer note 51)	31.07	22.11
Staff welfare expenses	14.19	12.24
Employee Stock Option Expenses	34.88	13.51
Total	**467.44**	**421.70**

During the previous financial year 2016–17, the Company had paid excess managerial remuneration of ₹ 15.41 crore for which approval of the shareholders was obtained by way of a special resolution at the 28th Annual General Meeting held on September 28, 2017

Notes to Standalone Financial Statements
for the year ended March 31, 2018

33 Finance costs

(₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on borrowing - at amortised cost		
a) On debentures	7.57	14.53
b) On fixed term loans	1,574.76	1,190.28
c) On others	936.18	2,311.75
Other finance charges	144.27	236.50
Interest on Debentures (other than amortised cost) (refer note 42)	87.34	12.62
Total	**2,750.12**	**3,765.68**

34 Other expenses

(₹ in crore)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2018
Consumption of chemical, catalyst, stores and spare parts		253.72	239.02
Product and Intermediate material storage charges		1,344.01	339.26
Consumption of power, fuel and electricity		1,339.14	1,154.50
Rent / ROI / Adhoc Compensation to retail outlets		108.69	55.55
Freight and Forwarding Charges		662.33	411.57
Rent, rates and taxes		203.62	57.17
Insurance		50.31	50.33
Legal and professional fees (refer note 44 for remuneration to Statutory Auditors)		139.47	197.54
Repairs and maintenance		150.68	141.93
Debit balance / doubtful debts written off	154.33		
Less: provision made in the earlier years	(153.15)	1.18	6.85
Loss on discard of property, plant and equipment (net)		11.83	36.77
Exchange differences (net)		438.02	-
Trade Mark Fees		228.11	287.93
Expected credit loss (net of write off)		-	210.16
Loss arising on Financial Assets at FVTPL		-	9.48
Sundry expenses		291.37	301.18
Total		**5,222.48**	**3,499.24**

Note:

1. An amount of ₹ Nil (previous year ₹ 6.65 crore) has been contributed by the Company to Satya Electoral Trust.
2. Refer note 45 for expenditure incurred towards corporate social responsibility.

35. Earnings / (loss) per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares The following table reflects the profit and data on equity shares used in the basic and diluted EPS computations:

Notes to Standalone Financial Statements
for the year ended March 31, 2018

(₹ in crore)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
From Continuing operations			
Profit / (loss) attributable to ordinary equity share holders for basic & diluted earnings (₹ in crore)	(A)	372.71	(464.46)
From Discontinuing operations			
Loss attributable to ordinary equity share holders for basic & diluted earnings (₹ in crore)	(B)	(92.27)	(2,208.49)
From Continuing & Discontinuing operations			
Profit / (loss) attributable to ordinary equity share holders for basic & diluted earnings (₹ in crore)	(C)	280.44	(2,672.95)
Ordinary shares at the beginning of the year for basic EPS (in Nos.)		1,490,561,155	1,450,668,359
Add: Weighted average number of ordinary shares issued during the year (in Nos.)		-	5,464,767
Weighted average number of ordinary shares for basic EPS (in Nos.)	(D)	**1,490,561,155**	**1,456,133,126**
Add: Shares deemed to be issued (in Nos.)[@]		-	-
Weighted average number of ordinary shares for diluted EPS (in Nos.)	(E)	1,490,561,155	1,456,133,126
Nominal value of ordinary shares (₹)		10/-	10/-
From Continuing operations			
Basic earnings / (loss) per share (₹)	(A/D)	2.50	(3.19)
Diluted earnings / (loss) per share (₹)	(A/E)	2.50	(3.19)
From Discontinuing operations			
Basic loss per share (₹)	(B/D)	(0.62)	(15.17)
Diluted loss per share (₹)	(B/E)	(0.62)	(15.17)
From Continuing & Discontinuing operations			
Basic earnings / (loss) per share (₹)	(C/D)	1.88	(18.36)
Diluted earnings / (loss) per share (₹)	(C/E)	1.88	(18.36)

[@] Shares deemed to be issued for the year ended March 31, 2017 are Nil since the effect is anti dilutive.

36. Capital and other commitments

(₹ in crore)

Particulars		As at March 31, 2018	As at March 31, 2017
(A)	**Capital commitments :**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**544.27**	519.98
(B)	**Other commitments**		
(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 August 2017, the Company entered into a 20 year term brand license agreement with third parties towards non exclusive use of brand with an annual commitment of USD 35 Million (₹ 227.65 crore). 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.		

Notes to Standalone Financial Statements

for the year ended March 31, 2018

37. Contingent liabilities

(₹ in crore)

Particulars		As at March 31, 2018	As at March 31, 2017
(A)	In respect of income tax demands on various issues	19.29	18.28
(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 ₹ 2,541.33 crore (as at March 31, 2017 ₹ 1,928.25 crore)}	3,195.92	2,412.77
(C)	Other demands of Sales tax /VAT	81.84	81.84
(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 ₹ 49.67 crore (as at March 31, 2017 ₹ 47.22 crore)}	720.14	567.64
(E)	Legal costs, penalty and interest awarded by arbitral panel against the Company for which company has gone for an appeal	-	123.70
(F)	Claims filed by creditors of EOGEPL against the Company. The Company reserves its right to claim the entire amount back from EOGEPL.	73.90	-
(G)	The Reserve Bank of India (RBI) levied a compounding penalty of ₹ 241.16 crore (March 31 2017: ₹ 241.16 crore) on the Company for delay in the allotment of equity against advances for Global Depositary Shares. The Company contested the penalty and appealed to the RBI governor who has since rejected the appeal. In the meanwhile, the Enforcement Directorate has initiated an investigation in the matter. Based on the legal advice obtained by the company, the management is of the opinion that it should get relief and at most be liable for a sum of ₹ 4.93 crore (Previous year ₹ 4.93 crore) only for which necessary provision has been made in these financial statements.		
(H)	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 ₹ 834.23 crore (including interest of ₹ 260.14 crore) as at March 31, 2018 (As at March 31, 2017 ₹ 769.40 crore including interest of ₹195.31 crore). The Company has disputed the claim and the matter has been referred to Arbitration. The supplier has already invoked a bank guarantee of ₹186 crore provided by the Company and the assignor has reimbursed the same to the Company. The Company on the basis of legal advice and in view of the indemnity provided by the Assignor does not expect any material liability to devolve on the Company.		
(I)	In the month of June 2018, an arbitration award of ₹ 29.05 crore (including ₹ 13.02 crore towards interest and legal costs) has been decided against the Company in an ongoing dispute with a third party vendor with respect to the erstwhile E&P business which was transferred to Essar Oil and Gas Exploration and Production India Limited (EOGEPL) in March 2017 on a going concern basis (refer note 47) and subsequently EOGEPL was disposed of. The management believes that the above award is not tenable and plans to challenge the same through EOGEPL. Further, the Company has not given any financial impact in its financial statement for the above, since the Company is entitled to be reimbursed for the entire amount by EOGEPL, in the event the matter is ultimately decided against the Company.		
(J)	Other claims against the Company	136.54	100.97
	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.		

38. (A) Other operating revenue includes ₹ 50.30 crore (Previous Year ₹ 87.48 crore) 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). The appeal filed by the department against this order is pending before Gujarat High Court for hearing. The total receivables on these accounts are ₹ 348.68 crore (As at March 31, 2017 ₹ 298.38 crore).

(B) The Company has a receivable of ₹ 154.98 crore (As at March 31, 2017 ₹ 177.25 crore) which includes interest income of ₹ 7.77 crore (Previous year ₹ 7.78 crore) recorded during the current year. The Hon'ble Supreme Court of India in July 2015 had ordered the customer to pay ₹ 182.11 crore (including interest of ₹ 138.71 crore) against which the company has realised ₹ 48.20 crore as at balance sheet date. 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 credit worthiness of the party and believes that it should be able to recover its dues.

Notes to Standalone Financial Statements
for the year ended March 31, 2018

39. Exceptional items

Exceptional items comprise of (₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(A) Inventory (Gain) arising from steep fluctuations in the global price of crude oil	-	(130.00)
(B) Foreign currency (gain) / loss arising from redesignation of the currency in which dues of NIOC are to be settled, from USD to Euro	-	(853.58)
(C) Variation in foreign exchange fluctuation on overdue crude purchase liabilities to NIOC (net of earmarked bank balances) and other related costs	1,947.05	-
(D) Write-off of Capital Work-in Progress expenses relating to petrochemical and expansion projects on reassessment	297.01	-
(E) Write-back of a liability arising out of a settlement with a trade creditor	(429.50)	-
(F) Debit to profit and loss on re-assessment of the company's ability to collect the amount*	-	6,234.77
Total	**1,814.56**	**5,251.19**

* In terms of the SPAs entered into by the erstwhile promoter group to sell their stake in the Company (refer note 1) an escrow arrangement was put in place to deploy the sales consideration, to the extent required, for realization of amounts due from erstwhile related parties and other entities. The closure of sale by the erstwhile promoter group took longer than previously envisaged and the Company in the interim continued to transact with these entities, and reassessed its ability to collect the outstanding balance, through the said escrow arrangement, based on which it had debited to profit or loss ₹ 6,234.77 crore as an Exceptional Item. The carrying values of the dues to be received through the escrow mechanism aggregated at March 31, 2017 to ₹ 22,982.45 crore (net of ECL provision of ₹ 417.04 crore). In the current financial year, ₹ 23,320.74 crore was received and the balance ₹ 78.75 crore is outstanding which has been confirmed by the counterparty, and thus the company expects to recover it in due course.

40. (A) As part of the Share Purchase Agreements (refer note 1), Vadinar Power Company Limited ("VPCL") and Vadinar Oil Terminal Limited ("VOTL") became subsidiaries of the Company during the year consequent upon the acquisition of balance 73.99% stake in VPCL (in tranches), which owns and operates power and steam plants for captive use by the Company, thereby making it a 100% subsidiary of the Company, and also 97.63% stake in VOTL (in tranches) which manages storage and cargo handling facilities for the refinery.

(B) Enneagon Limited (Mauritius), wholly owned subsidiary of VOTL, has also become a wholly owned step down subsidiary of the Company on acquisition of VOTL. Coviva Energy Terminals Limited (CETL) (formerly known as Vadinar Liquid Terminals Limited), a company engaged in the business of development of marine liquid terminal facilities including single point mooring (SPM) and product jetties, has also become a subsidiary of the Company with 26% equity already held by the Company and 25% held by Vadinar Oil Terminal Limited.

41. The Board of directors of the Company at its meeting held on December 20, 2017, considering the financial and operational synergies subject to approval of shareholders, has approved a scheme of arrangement whereby two of the Company's wholly owned Subsidiaries, Vadinar Power Company Limited ("VPCL") and Nayara Energy Properties Limited (formerly known as Vadinar Properties Limited ("VPL") would merge with the Company. Since the scheme is subject to the approval of the shareholders of all concerned entities and other regulatory authorities no accounting effect of the same has been given in these financial statements.

42. 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 upto 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, accrued interest liabilities would have been higher by ₹ 1.31 crore (March 31, 2017 - ₹ 88.65 crore) and profit before tax for the year ended March 31, 2018 would have been higher by ₹ 87.34 crore (previous Year ₹12.62 crore). The said interest does not have a material impact on basic and diluted earnings per share for the year.

43 Leases

The Company has obtained various items of property, plant and equipment on finance lease. The Company's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:

Notes to Standalone Financial Statements
for the year ended March 31, 2018

A) Finance lease:-

(i) Future lease rental payable and reconciliation of minimum lease payments and its present value in respect of the assets:-

(₹ in crore)

Particulars	Minimum Lease payments/ Future lease rent payable		Interest		Present value of minimum l ease payments	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Future lease rental obligation payable:						
Not later than one year	248.77	248.76	241.05	242.15	7.72	6.61
Later than one year but not later than five years	995.10	995.10	948.53	955.38	46.57	39.72
Later than five years	3,692.67	3,941.58	2,551.17	2,785.48	1,141.50	1,156.10
Total	**4,936.54**	**5,185.44**	**3,740.75**	**3,983.01**	**1,195.79**	**1,202.43**

(ii) General description of the leasing arrangements:

- Leased Assets – Power Plant, Residential township, Transit accommodation and supply depot.
- Future lease rental payments are determined on the basis of quarterly / monthly lease payments as provided in the agreements.
- At the expiry of the lease term, the Company has an option to extend the leases on mutual terms and conditions. In case of the supply depot, the ownership gets transferred to the Company at the end of the lease term.
- Assets are taken on lease over a period of 10 to 30 years.

B) Operating lease:

(i) The Company's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings)/ retail outlet facilities/storage and handling facilities. The lease rentals are recognised under "Cost of Consumption" or "Other Expenses" as applicable. These leasing arrangements are usually renewable by mutually agreed terms and conditions.

(ii) Future minimum rentals payable under non-cancellable operating leases as at March, 31 2018 are, as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Not later than one year	985.08	953.03
Later than one year but not later than five years	-	981.97
Later than five years	-	-
Total	**985.08**	**1,935.00**

44. Auditors' remuneration

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
- Audit fees - as statutory auditor	1.05	3.06
- Tax Audit	0.09	-
- Other services {includes ₹ 0.65 crore for audit of special purpose financial statements (previous year ₹ 1.40 crore)}	0.81	3.44
- Audit of IFRS financial statements	0.40	
- Reimbursement of expenses	0.02	0.02
Total	**2.37**	**6.52**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

45. Expenditure on Corporate Social Responsibility

The Company has incurred an amount of ₹ 13.14 crore (March 31, 2017 ₹ 5.53 crore) towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 and is included in other expenses.

(₹ in crore)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	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	24.12		-	
(B) Amount spent on:				
(i) Construction / acquisition of assets	-	-	-	-
(ii) On purposes other than (i) above (for CSR projects)	12.50	0.64	3.85	1.68
Total	**12.50**	**0.64**	**3.85**	**1.68**

46. Segment information

Segment information has been provided under the Notes to the Consolidated financial statements.

47. Discontinued Operations

As a condition precedent to the SPA referred to in note no. 1, the holding Company disposed-off its Exploration and Production division on March 31, 2017 to its wholly owned subsidiary, Essar Oil and Gas Exploration India Limited, and had recorded a loss of ₹ 2,208.49 crore on the said division during the year ended on that date. During the current year, the said subsidiary has been disposed-off and an additional loss of ₹ 92.27 crore (comprising of loss on sale of investment of ₹ 77.45 crore and expense of ₹ 14.82 crore towards such discontinued operation in the current period) has been incurred and disclosed as loss on discontinued operations.

Given below is the analysis of loss from the discontinued operations including loss on fair valuation of Compulsorily Convertible Debentures (CCDs) and summary of cash flows with comparatives.

Analysis of loss from discontinued operations: (₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	-	1.68
Other income	-	1.91
Total income (I)	**-**	**3.59**
Expenses (including depreciation ₹ NIL, Previous year ₹ 1.11 crore)	14.82	14.83
Total expenses (II)	**14.82**	**14.83**
Loss before tax (III)=(I-II)	**(14.82)**	**(11.24)**
Loss on disposal of operation {sale of CCDs (includes fair valuation of CCDs as on March 31, 2017)}	(77.45)	(2,197.25)
Total loss from Discontinued operations	**(92.27)**	**(2,208.49)**

Note:

There is no current or deferred tax attributable to the loss from discontinued operations.

Summary of Cash flows from Discontinuing Operations: (₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net cash used in operating activities	(14.82)	(5.59)
Net cash generated from / (used in) investing activities	478.36	(270.65)
Net cash used in financing activities	-	(4.89)
Net cash inflows / (outflows)	**463.54**	**(281.13)**

Notes to Standalone Financial Statements

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48. Details of dues to micro and small enterprises

The information regarding principal and interest pertaining to micro and small enterprises based on available details is as under:

(₹ in crore)

Sr. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	2.53	3.16
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.00	-
3	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	0.05
4	Payments made beyond the appointed day during the year	11.73	14.86
5	Interest due and payable for the period of delay	0.03	-
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	-	-

49. Capital Management

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise the shareholder value. The company's objective while managing capital is also to safeguard its ability to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt {borrowings (excluding finance lease obligation) as detailed in notes 21 and 24 offset by cash and bank balances as detailed in notes 13 and 14} and total equity. As part of externally imposed capital requirements, the Company is required to maintain certain financial covenants as specified in the loan agreements. The Company monitors its capital using gearing ratio, which is net debt divided to equity and underlying net debt. Net debt includes borrowings less cash and cash equivalents and other bank balances.

There is no outstanding default on the repayment of loans (including interest thereon) as at March 31, 2018.

Bank loans availed by the Company are subject to certain financial covenants relating to interest service coverage ratio, debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio, ratio of total term liabilities to net worth and debt to EBIDTA. The Company has complied with the financial covenants as per the terms of the loan agreements.

The following table summarizes the capital of the Company:

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current borrowings (refer note 21)	14,578.67	14,056.61
Current borrowings (refer note 24)	7,339.05	10,151.66
Upfront fees	165.09	312.45
Current maturities of non-current borrowing (refer note 26)	1,661.32	2,522.93
Total debt including finance lease obligation	**23,744.13**	**27,043.65**
Less: Finance lease obligation (refer note 21)	(1,195.78)	(1,202.43)
Total debt excluding finance lease obligation	**22,548.35**	**25,841.22**
Less: Cash and cash equivalents (refer note 13)	(2,432.51)	(1,827.52)
Less: Bank balances other than above (refer note 14)	(1,010.10)	(1,539.23)
Total cash and bank balances	**(3,442.61)**	**(3,366.75)**
Net debt (a)	**19,105.74**	**22,474.47**
Equity share capital (refer note 19)	1,507.16	1,507.16
Other equity (refer note 20)	16,230.12	15,995.68
Total equity	**17,737.28**	**17,502.84**
Equity and underlying net debt (b)	**36,843.02**	**39,977.31**
Gearing ratio (a/b)	**51.86%**	**56.22%**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

50. Financial Instruments

A) Categories of Financials Instruments

(₹ in crore)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Measured at amortised cost				
Loans*	571.51	571.51	257.34	257.34
Other financial assets*	1,123.11	1,123.11	15,685.30	15,685.30
Trade receivables*	2,927.03	2,927.03	17,464.91	17,464.91
Cash and cash equivalent*	2,432.51	2,432.51	1,827.52	1,827.52
Bank balances other than cash and cash equivalent*	1,010.10	1,010.10	1,539.23	1,539.23
Total financial assets at amortised cost (A)	**8,064.26**	**8,064.26**	**36,774.30**	**36,774.30**
Financial assets				
Measured at fair value through profit and loss				
Non-current investments**	42.47	42.47	42.27	42.27
Current investments	1,302.09	1,302.09	-	-
Derivative assets	176.65	176.65	292.46	292.46
Total financial assets at fair value through profit and loss (B)	**1,521.21**	**1,521.21**	**334.73**	**334.73**
Total financial assets (A+B)	**9,585.47**	**9,585.47**	**37,109.03**	**37,109.03**
Financial liabilities				
Measured at amortised cost				
Borrowings				
Non-current borrowings#	16,239.99	16,239.99	16,579.54	16,549.52
Current borrowings*	7,339.05	7,339.05	10,151.66	10,151.66
Trade payables*	17,197.10	17,197.10	26,159.05	26,159.05
Other financial liabilities*	423.26	423.26	233.16	233.16
Total financial liabilities at amortised cost (A)	**41,199.40**	**41,199.40**	**53,123.41**	**53,093.39**
Financial liabilities				
Measured at fair value through profit and loss				
Derivative liabilities	184.83	184.83	286.88	286.88
Total financial liabilities at fair value through profit and loss (B)	**184.83**	**184.83**	**286.88**	**286.88**
Total financial liabilities (A+B)	**41,384.23**	**41,384.23**	**53,410.29**	**53,380.27**

including current maturities of long-term borrowings and finance lease obligations

* 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.

** Does not include investments in subsidiaries of ₹ 12,646.42 crore (Mar 31, 2017: ₹ 104.75 crore) which is being carried at cost.

Notes to Standalone Financial Statements

for the year ended March 31, 2018

B) Level wise disclosure of Financial instruments:

Particulars	As at March 31, 2018	As at March 31, 2017	Level	Valuation techniques and key inputs
Instruments at FVTPL				
Investment in debentures of Nayara Energy Properties Limited (formerly known as Vadinar Properties Limited)	42.47	42.27	II	Discounted cash flow - Future cash flows are based on the terms of Debentures. Cash flows are discounted at the current market rate reflecting current market risks.
Investment in mutual funds	1,302.09	-	I	Net asset value declared by mutual fund
Foreign currency forward exchange contracts- Assets	30.77	8.97	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	3.37	7.76	II	
Foreign currency option contracts-Assets	3.16	-	II	
Commodity Derivative Contracts -Assets	-	28.32	II	
Commodity Derivative Contracts -Liabilities	124.80	9.50	II	
Currency swap contracts -Assets	-	78.35	II	
Currency swap contracts -Liabilities	-	172.04	II	
Interest rate swap contracts -Liabilities	56.66	97.58	II	
Embedded derivative -Assets	142.72	176.81	II	Embedded foreign currency are measured similarly to the foreign currency forward contracts. The embedded derivatives are foreign currency forward contracts which are separated from long-term sales/ lease contracts where the transaction currency differs from the functional currencies of the involved parties.
Instruments at amortised cost				
Long term borrowings (including current maturities)	16,239.99	16,549.52	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.

C) Financial risk management objectives

The company's principal financial liabilities, other than derivatives, comprise loans and overdrafts, debentures, finance leases and trade payables. 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 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 interest rate risk, liquidity risk, foreign currency risk, commodity price risk and credit risk. Company enters into derivative transactions, primarily in the nature of commodity derivative contracts, forward currency contracts, currency swap 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.

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for the year ended March 31, 2018

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) **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.

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

(₹ in crore)

Particulars	March 31, 2018		March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
USD	1,901.89	25,482.13	18,063.75	30,816.38
EURO	118.50	6,499.30	5.24	18,354.95
AED	-	0.06	-	0.05
GBP	0.30	2.51	2.27	0.46
RUB	-	-	-	-
SGD	-	0.01	-	-
TOTAL	**2,020.69**	**31,984.01**	**18,071.26**	**49,171.84**

ii) **Unhedged currency risk position:**

a) 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, 2018 :

Currency	Payables		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in crore	FC in Million	₹ in crore	FC in Million	₹ in crore	FC in Million
SGD	0.01	0.00	-	-	-	-
USD	8,373.59	1,287.37	178.19	27.40	12,844.91	1,974.80
EURO	2,694.34	334.19	14.85	1.84	0.20	0.02
GBP	2.51	0.27	0.30	0.03	-	-
AED	0.06	0.03	-	-	-	-
Total	**11,070.51**		**193.34**		**12,845.11**	

Notes to Standalone Financial Statements

for the year ended March 31, 2018

As at March 31, 2017:

Currency	Payables		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in crore	FC in Million	₹ in crore	FC in Million	₹ in crore	FC in Million
JPY	0.00	0.04	-	-	-	-
USD	14,334.82	2,210.85	16,525.82	2,548.76	15,207.97	2,345.51
EURO	16,009.61	2,311.94	5.24	0.76	-	-
GBP	0.46	0.06	2.27	0.28	-	-
AED	0.05	0.03	-	-	-	-
Total	**30,344.94**		**16,533.33**		**15,207.97**	

"0.00" represents amount less than 0.01 million in FC

"0.00" represents amount less than ₹ 0.01 crore

b) Bank balance in foreign currency as at March 31, 2018 ₹ 1,079.32 crore (USD 150.00 million & Euro 12.86 million) {as at March 31, 2017 ₹ 1,573.54 crore (USD 242.69 million) which includes ₹ 1,317.67 crore in Exchange earners' foreign currency account and ₹ 255.87 crore in NOSTRO account}

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the relevant foreign currencies net of hedging. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates with all the variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 5% against the relevant currency. For a 5% weakening of INR against the relevant currency, there would be an inverse impact on profit or equity.

Particulars	Impact on Profits(net of taxes)	
	March 31, 2018	March 31, 2017
Receivable		
USD	(37.53)	(590.61)
GBP	(0.01)	(0.07)
EURO	(3.85)	(0.17)
Payables		
USD	690.20	965.37
EURO	87.65	523.45
GBP	0.08	0.02

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for the year ended March 31, 2018

iii) Forward foreign exchange contracts and Currency Swap Contracts

It is the policy of the Company to enter into forward foreign exchange contracts to cover foreign currency payments and receipts. The Company has also entered into currency swap contracts to cover the currency risk on forecasted sales. The following table details the forward foreign currency contracts and currency swap contracts outstanding at the end of the reporting period:

Outstanding currency swap contracts:
Cash flow hedges

Sell US$	Notional amounts (in USD Mn)		Fair value of liabilities (net) (₹ in crore)*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Less than 1 year	-	77.96	-	(6.86)
1 year to 2 years	-	20.41	-	(1.56)
2 years to 5 years	-	47.84	-	(23.76)
More than 5 years	-	49.64	-	(72.29)
Total	**-**	**195.85**	**-**	**(104.47)**

* Excludes Credit Value / Debit Value adjustments

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 ₹ 62.41 crore as at March 31, 2018 (debit balance of ₹ 113.79 crore as at March 31, 2017) (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.

Outstanding foreign currency forward exchange and option contracts

Not designated in hedging relationship

Particulars	Notional amounts (in Foreign Currency Mn)		Fair value of assets/(liabilities) (net) (₹ in crore)*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Forward Contracts:t				
Buy US$				
Less than 3 months	590.50	199.05	18.95	(2.73)
Sell US$				
Less than 3 months	115.00	-	0.29	-
Buy EUR Sell US$				
Less than 3 months	471.93	339.71	8.16	3.68
Options:				
Call US$				
Less than 3 months	65.00	-	3.16	-

* Excludes Credit Value / Debit Value adjustments

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iv) 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 / Euro 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 borrowings: (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Fixed rate borrowings	3,416.14	9,044.54
Non-interest bearing borrowings	-	51.90
Floating rate borrowings	20,327.99	17,947.21
Total	23,744.13	27,043.65
Less: Upfront fee	(165.09)	(312.45)
Total borrowings	**23,579.04**	**26,731.20**

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, 2018 would decrease / increase by ₹ 93.90 crore (Previous year ₹ 82.67 crore). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

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 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.

Cash flow hedges
Outstanding Contracts (Floating to Fixed)
Cash flow hedges

Particulars	Notional amounts (in USD Mn)		Fair value of liabilities (net) (₹ in crore)*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Less than 1 year	20.00	18.94	(6.64)	(18.12)
1 year to 2 years	24.00	23.63	(10.60)	(19.24)
2 years to 5 years	76.00	86.08	(22.91)	(41.84)
More than 5 years	45.10	89.44	(2.54)	(10.72)
Total	**165.10**	**218.09**	**(42.69)**	**(89.92)**

* Excludes Credit Value / Debit Value adjustments

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 ₹ 7.79 crore as at March 31, 2018 (debit balance of ₹ 28.27 crore as at March 31, 2017) 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.

Notes to Standalone Financial Statements
for the year ended March 31, 2018

Outstanding Contracts (Floating to Fixed)
Not designated in hedging relationship

Particulars	Notional amounts (in USD Mn)		Fair value of liabilities (net) (₹ in crore)*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Less than 1 year	28.64	28.89	(7.62)	(11.42)
1 year to 2 years	21.21	28.20	(4.53)	(9.55)
2 years to 5 years	23.14	44.36	(1.81)	(7.49)
More than 5 years	-	-	-	-
Total	**72.99**	**101.45**	**(13.96)**	**(28.46)**

* Excludes Credit Value / Debit Value adjustments

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.

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, loans, investment in debt securities, cash & cash equivalents and derivatives.

The Company has issued financial guarantees to banks on behalf of and in respect of loan facilities availed by its subsidiaries. In accordance with the policy of the Company (refer note 3(N)(iii)). The Company has initially recognised those guarantees as liability (Refer note 22 and 26). The credit risk exposure relating these financial guarantees contracts as at March 31, 2018 is ₹ 3,491.25 crore (As at March 31, 2017 ₹ Nil)

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:

Notes to Standalone Financial Statements

for the year ended March 31, 2018

Ageing of trade receivables (gross): (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Not due	2,854.53	10,186.40
0-30 days	73.17	1,248.60
31-60 days	0.07	1,854.24
61-90 days	0.01	918.13
91-180 days	0.09	3,227.10
More than 181 days	-	34.48
Total	**2,927.87**	**17,468.95**

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 security note 21 and 24). Expected credit losses are provided based on the credit risk of the counterparties.

Loans, Deposits, Advances and investments

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 fund companies. Loans, Deposits and Advances are extended to counterparties after assessing their financial capabilities. 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.

Movement in the expected credit loss allowance

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning of the year	630.73	662.47
Expected credit loss (reversed) / recognised (net)	(456.84)	362.65
Bad debts written off	(153.15)	(394.39)
Balance at the end of the year	**20.74**	**630.73**

Cash and bank balances and derivatives

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.

The Company's maximum exposure to the credit risk for the components of the balance sheet as at March 31, 2018 and March 31, 2017 is the carrying amounts mentioned in note no 7, note no 8 and note no 16.

vi) 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.

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

Notes to Standalone Financial Statements
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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.

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 crore)*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Cash flow hedges				
Crude oil				
Buy Positions				
Less than 1 year	16,828.00	5,085.00	(29.05)	(13.99)
Sell Positions				
Less than 1 year	(500.00)	(4,365.00)	(1.73)	3.00
Petroleum products				
Sell Positions				
Less than 1 year	(15,783.00)	(2,850.00)	(94.02)	29.57

* Excluding CVA/DVA Adjustment

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 ₹ 124.80 crore as at March 31, 2018 (credit balance of ₹ 24.59 crore as at March 31, 2017) on commodity derivative (gross of tax) contracts have been recognised in other comprehensive income.

Gain on account of hedge ineffectiveness on commodity derivative contracts is ₹ Nil for the year ended March 31, 2018, (₹ 0.07 crore for the year ended March 31, 2017) in the line item Revenue from Operations and Cost of raw materials consumed, as applicable.

The following table details the Company's sensitivity to a 5% increase in the price of respective commodity. 5% is the sensitivity rate used when reporting commodity hedging risk internally to key management personnel and represents management's assessment of the reasonably possible change in the prices of commodity. A positive number below indicates an increase in profit or equity and negative number would be an inverse impact on profit or equity.

(₹ in crore)

Particulars	Impact on profit (Net of taxes)	
	As at March 31, 2018	As at March 31, 2017
Cash flow hedges		
Crude oil		
Buy Positions		
Less than 1 year	0.94	0.46
Sell Positions		
Less than 1 year	(0.06)	(0.10)
Petroleum products		
Sell Positions		
Less than 1 year	(3.06)	(0.96)

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vii) 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 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 crore)

As at March 31, 2018	< 1 Year	1 > 5 Years	> 5 Years	Total
Non-current Borrowings including future interest	2,813.66	9,488.12	10,376.80	22,678.58
Current Borrowings including future interest	7,529.25	-	-	7,529.25
Trade payables	17,197.10	-	-	17,197.10
Other financial liabilities	218.30	116.21	88.76	423.27
Derivatives	142.44	39.84	2.54	184.82
Finance lease payables including future interest	248.77	995.10	3,692.66	4,936.53
Total	**28,149.52**	**10,639.27**	**14,160.76**	**52,949.55**

(₹ in crore)

As at March 31, 2017	< 1 Year	1 > 5 Years	> 5 Years	Total
Non-current Borrowings including future interest	3,673.87	8,645.15	7,987.17	20,306.19
Current Borrowings including future interest	10,188.49	-	-	10,188.49
Trade payables	26,159.05	-	-	26,159.05
Other financial liabilities	227.71	5.45	-	233.16
Derivatives	198.04	78.12	10.72	286.88
Finance lease payables including future interest	248.76	995.10	3,941.58	5,185.44
Total	**40,695.92**	**9,723.82**	**11,939.47**	**62,359.21**

The Company has undrawn committed facilities as at March 31, 2018 of ₹ 3,431.46 crore (₹ 1,642.10 crore as at March 31, 2017) with maturities ranging from one to two years.

51. Defined benefit plans

1) Defined benefit plans - as per actuarial valuations :

(₹ in crore)

Sr. No.	Particulars	Gratuity(Funded)	
		As at March 31, 2018	As at March 31, 2017
A	**Net assets / liability recognised in the balance sheet**		
i	Present value of defined benefit obligation	46.78	33.42
ii	Fair value of plan assets	16.38	17.22
iii	Funded status - deficit (iii = ii-i)	(30.40)	(16.20)
iv	Net liability recognised in the balance sheet	(30.40)	(16.20)
B	**Expenses recognised in profit and loss for the year**		
i	Service cost	3.37	3.42
ii	Past Service cost	8.14	-
iii	Interest cost - net	1.11	1.14
	Components of defined benefit costs recognised in Profit and loss	**12.62**	4.56

Notes to Standalone Financial Statements
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Sr. No.	Particulars	Gratuity(Funded)	
		As at March 31, 2018	As at March 31, 2017
i	Actuarial losses - experience	2.64	0.36
ii	Actuarial gains - assumptions	(1.21)	(0.71)
iii	Return on plan assets greater than discount rate	0.11	0.30
	Components of defined benefit costs recognised in other comprehensive income	**1.54**	**(0.05)**
	Total expenses	**14.16**	**4.51**
C	**Change in obligation and assets**		
(i)	**Change in defined benefit obligation**		
a	Defined benefit obligation at beginning of the year	33.42	32.06
b	Service cost	3.37	3.42
c	Interest cost	2.30	2.42
d	Past Service cost	8.14	-
e	Acquisition adjustment/Transfer In/(Transfer Out)@	-	(2.94)
f	Actuarial losses - experience	2.64	0.36
g	Actuarial losses - demographic assumptions	-	0.22
h	Actuarial gains - financial assumptions	(1.21)	(0.92)
i	Benefit payments	(1.88)	(1.20)
j	Employees contribution	-	-
k	Defined Benefit obligation at the end of the year	46.78	33.42
(ii)	**Change in fair value of assets**		
a	Fair value of plan assets at the beginning of the year	17.22	15.21
b	Acquisition adjustment/Transfer In/(Transfer Out)@	(1.09)	(1.51)
c	Interest income on plan assets	1.19	1.27
d	Contributions made	1.05	3.76
e	Return on plan assets greater/(lesser) than discount rate	(0.11)	(0.30)
f	Benefits payments	(1.88)	(1.20)
g	Fair value of plan assets at the end of the year	16.38	17.22
D	**Actuarial assumptions**		
i	Discount rate (per annum)	7.50%	7.10%
ii	Rate of salary increase	12.00%	12.00%
iii	Mortality	Indian Assured Lives Mortality (2006-08) Ult. Modified	
E	**Percentage of each category of plan assets to total fair value of plan assets**		
	Administered by Life Insurance Corporation of India	100%	100%
F	**Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date**	**6.80**	**4.00**

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

- Figures in bracket indicates negative value

(2) **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.

Notes to Standalone Financial Statements
for the year ended March 31, 2018

ii) Employer's Established Provident Fund :

Based on actuarial valuation in accordance with Ind AS 19 and Guidance note issued by Institute of Actuaries of India 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, 2018 and March 31, 2017. 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.

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. The employer managed provident fund is considered as a defined benefit plan.

Company's contribution to Employer's established provident fund aggregating to ₹ 13.48 crore (Previous year ₹ 11.93 crore) is recognised in the statement of profit and loss as and when the contributions are due.

Note :

(i) Weighted average duration of the defined benefit obligation is 7 years as at March 31, 2018 and March 31, 2017.

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, 2018 as follows: (₹ in crore)

Particulars	Gratuity
As at March 31	
2019	6.80
2020	5.27
2021	5.82
2022	6.51
2023	6.79
March 31, 2024 to March 31, 2028	38.12

Notes to Standalone Financial Statements

for the year ended March 31, 2018

3) **Sensitivity Analysis:**

Sr. No.	Particulars	Gratuity(Funded)	
		As at March 31, 2018	As at March 31, 2017
		Increase/(decrease) in DBO	
A)	**Discount Rate :**		
	Defined benefit obligation	46.78	33.42
	Discount rate	7.50%	7.10%
	1. Effect on DBO due to 0.5% increase in Discount Rate	(1.43)	(1.21)
	2. Effect on DBO due to 0.5% decrease in Discount Rate	1.51	1.29
B)	**Salary Escalation Rate :**		
	Salary Escalation rate	12.00%	12.00%
	1. Effect on DBO due to 0.5% increase in Salary Escalation Rate	1.05	0.63
	2. Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(1.04)	(0.64)
C)	**Withdrawal Rate :**		
	Attrition rate	11.00%	11.00%
	1. Effect on DBO due to 5.00% increase in Withdrawal Rate	(2.00)	(0.41)
	2. Effect on DBO due to 5.00% decrease in Withdrawal Rate	2.98	(0.01)

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.

(4) **Defined contribution plans :**

Company's contribution to superannuation fund and pension fund aggregating to ₹ 0.82 crore and ₹ 5.71 crore (Previous year ₹ 0.84 crore and ₹ 5.09 crore) 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.

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52. Related party disclosures

Notes

I. Names of related parties and description of relationship:

Relates Parties on or after August 18, 2017

	Enterprises for which Company is equity accounting investee and / or its group entity
	Rosneft Trading SA (RTSA)
	Trafigura Pte. Ltd. (TPL)
Subsidiaries	Vadinar Oil Terminal Limited (VOTL) (w.e.f. June 29, 2017)
	Vadinar Power Company Limited (VPCL) (w.e.f. May 16, 2017)
	Nayara Energy Properties Limited (NEPL) (Formerly known as Vadinar Properties Limited)
	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)
	Essar Oil Trading Mauritius Limited (EOTML)
	Essar Oil & Gas Exploration & Production Limited (EOGEPL) (upto July 31, 2017)
Key management personnel	Mr. Charles Anthony Fountain, Executive Chairman (from August 19, 2017)
	Mr. C. Manoharan, Director & Head of Refinery
	Mr. Alexander Romanov, Director (from August 19, 2017)
	Mr. Andrew James Balgarnie, Director (from August 19, 2017)
	Mr. Chin Hwee Tan, Director (from August 19, 2017)
	Mr. Dilip J Thakkar, Independent Director (upto December 17, 2017)
	Ms. Elena Sapozhnikova, Director (from August 19, 2017)
	Mr. Jonathan Kollek, Director (from August 19, 2017)
	Mr. K. N. Venkatasubramanian, Independent Director (upto October 08, 2017)
	Mr. Krzysztof Zielicki Antoni, Director (from August 19, 2017)
	Mr. Marcus George Cooper, Director (from August 19, 2017)
	Ms. Naina Lal Kidwai, Independent Director (from October 09, 2017)
	Mr. Deepak Kapoor, Independent Director (from December 18, 2017)
	Mr. R Sudarsan, Nominee Director
	Mr. B. Anand, Chief Executive Officer (from August 19, 2017)
Other related party	Essar Oil Limited Employees Provident Fund (Controlled Trust)

Related Parties before August 18, 2017

Ultimate holding Company	Essar Global Fund Limited, Cayman (EGFL)
Intermediate holding Companies	Essar Energy Limited (EEL) (Formerly known as Essar Energy PLC)
	Essar Oil & Gas Limited, Mauritius (EOGL) (w.e.f. February 16, 2016)
Holding Companies	Essar Energy Holdings Limited (EEHL) (w.e.f. February 16, 2016)
Subsidiaries	Essar Oil Trading Mauritius Limited (EOTML)
	Nayara Energy Properties Limited (NEPL) (Formerly known as Vadinar Properties Limited) (w.e.f. February 18, 2015)
	Essar Oil and Gas Exploration and Production Limited (EOGEPL) (w.e.f. May 10, 2016)
Associates	Vadinar Power Company Limited (VPCL) (upto May 15, 2017)
	Coviva Energy Terminals Limited (CETL) (Formerly known as Vadinar Liquid Terminals Limited) (upto June 28, 2017)

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Key management personnel	Mr. Prashant Ruia, Chairman
	Mr. Lalit Kumar Gupta, Managing Director and CEO
	Mr. C Manoharan, Director - Refinery
	Mr. Suresh Jain, Director - Finance (w.e.f. April 7, 2016)
	Mr. Dilip J. Thakkar, Independent Director
	Mr. K. N. Venkatasubramanian, Independent Director
	Mr. Sudhir Garg, Nominee Director - IFCI (upto February 22, 2017)
	Mr. R. Sudarsan, Nominee Director - LIC of India
	Ms. Suparna Singh (w.e.f. June 29, 2016)
	Mr. Sachikanta Mishra (w.e.f. February 22, 2017)
Fellow Subsidiaries	Aegis Limited (AEGIS), Bhander Power Limited (BPL), Equinox Business Parks Private Limited (EBPPL), Essar Bulk Terminal Limited (EBTL), Essar Bulk Terminal (Salaya) Limited (EBTSL), Essar Energy Overseas Limited (EEOL), Essar Electric Power Development Corporation Limited (EEPDCL), Essar Exploration & Production Limited (EEPL), Essar Exploration & Production (India) Limited (EEXPIL), Arkay Logistics Limited (Formely known as Essar Logistics Limited) (ELL), Essar Oil (UK) Limited (EOLUK), Essar Oilfields Services India Limited (EOSIL), Essar Power Gujarat Limited (EPGL), Essar Power Hazira Ltd (EPHL), EPC Construction (india) Limited (Formerly known as Essar Projects (I) Limited) (EPIL), Essar Ports Limited (EPL), Essar Power (Jharkhand) Ltd (EPJL), Essar Power MP Limited (EPMPL), Essar Power Limited (EPOL), Essar Power Orissa Ltd (EPOLL), Essar Power Transmission Company Limited (EPTCL), Essar Shipping Limited (ESL), Essar Steel India Limited (ESTL), Ibrox Aviation And Trading Pvt Ltd (From December 01, 2016) (IBROX), Vadinar Oil Terminal Limited (VOTL) (upto June 28, 2017)
Other related party	Essar Oil Limited Employees Provident Fund (Controlled Trust)

Notes to Standalone Financial Statements
for the year ended March 31, 2018

52. Related party disclosures

II. Transactions with related parties

(₹ in crore)

Nature of transactions	Enterprises for which Company is equity accounting investee and / or its group entity	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates
Advance received from customers	975.66	-	-	-	-
	-	-	-	(0.76)	-
Purchase of property, plant & equipment	-	-	-	5.25	-
	-	-	-	(35.77)	-
Security deposits given by the Company	-	-	55.04	3.00	-
	-	-	(11.02)	-	-
Sale of products	6,019.61	-	0.59	1,528.67	-
	-	-	-	(15,498.70)	-
Interest income	-	-	34.42	270.11	-
	-	-	(16.06)	(677.86)	(162.34)
Lease income	-	-	1.70	0.31	0.00
	-	-	(0.01)	(1.85)	(0.02)
Rendering of services*	-	-	63.10	13.59	3.43
	-	-	-	(59.94)	(29.01)
Purchase of services*	0.95	-	1,725.90	453.68	47.09
	-	-	-	(875.23)	(375.39)
Purchase of raw material	1,585.15	-	-	4.50	-
	-	-	-	(10.03)	-
Commodity derivatives	-	-	-	-	-
	-	-	-	(381.96)	-
Finance lease rent charged to Company*	-	-	265.81	0.02	30.21
	-	-	(18.05)	(946.53)	(245.00)
Purchase of investment from subsidiary	-	-	-	-	-
	-	-	(2,768.37)	-	-
Interest / financial charges paid	-	-	-	-	-
	-	-	-	(4.29)	-
Inter corporate deposits given#	-	-	1,316.54	-	-
	-	-	(16.45)	(122.35)	(0.43)
Sale of plant, property and equipments	-	-	-	-	-
	-	-	-	(0.01)	-
Advance paid / assignment against purchase of shares	-	-	-	-	-
	-	-	-	(575.99)	-
Assignment / transfer of receivables	-	-	-	-	-
	-	-	-	(3,604.75)	-
Loss on sale of discontinued operation	-	-	-	77.40	-
	-	-	-	-	-
Proceeds from sale of discontinued operation	-	-	-	478.36	-
	-	-	-	-	-
Expected credit loss	-	-	7.62	60.72	4.97
	-	(3.20)	(1.68)	(375.55)	(28.95)

Notes to Standalone Financial Statements

for the year ended March 31, 2018

Transactions with other classes of related parties	(₹ in crore)
a) Key management personnel (Short term employee benefits)[@]	**51.77**
	(26.71)

[@] 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.

As per requirement of Schedule V read with Section 196 of the Companies Act, 2013, the Company has sought approval of the Central Government for appointment of Mr. Charles Anthony Fountain, as Whole Time Director of the Company since he was not resident in India prior to the date of his appointment. During financial year 2017–18, the Company has paid remuneration of ₹ 5.23 crore to Mr. Charles Anthony Fountain.

b) Key management personnel (Director Sitting Fees)	0.80
	(0.24)
c) Key management personnel (Commission to Directors)	8.32
	(1.37)
d) Contribution during the year (includes Employees' share and contribution) to the controlled trust	36.95
	(29.92)

* Including taxes

\# The Company has given inter-corporate deposits to its subsidiaries carrying interest rate ranging from 11% - 13% and having either a fixed repayment schedule or are repayable on demand.

III. **Balances with related parties :** (₹ in crore)

Nature of balances	Enterprises for which Company is equity accounting investee and / or its group entity	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates
Assets					
Financial assets					
Trade receivables (Net of expected credit loss - ₹ Nil, Previous year ₹ 3.26 crore)	**447.09**	**-**	**0.02**	-	-
	-	-	-	(14,896.84)	(0.02)
Loans					
Inter corporate deposits (Net of expected credit loss -₹ Nil, Previous year ₹ 6.66 crore)	-	-	**571.51**	-	-
	-	-	(8.46)	(248.88)	-
Other financial assets					
Advance against purchase of shares	-	-	-	-	-
	-	-	-	(1,400.02)	-
Security deposits (Net of expected credit loss - ₹-Nil, Previous Year ₹ 35.80 crore)	-	-	**309.11**	-	-
	-	-	(69.56)	(1,066.78)	(202.09)
Other loans and advances (Net of expected credit loss - ₹-Nil, Previous year ₹ 2.58 crore)	-	-	-	-	-
	-	-	(40.42)	-	-
Other receivables (Net of expected credit loss - ₹ Nil, Previous year ₹ 25.00 crore)	-	-	**29.51**	-	-
	-	-	(0.93)	(1,270.08)	-
Other current / non current assets					
Capital advances	-	-	**70.02**	-	-
	-	-	(70.02)	-	-
Advances recoverable in cash or in kind	-	-	**43.00**	-	-
	-	-	-	-	-
Prepaid expenses	-	-	**28.96**	-	-
	-	-	(15.62)	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2018

III. Balances with related parties :

(₹ in crore)

Nature of balances	Enterprises for which Company is equity accounting investee and / or its group entity	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates
Liabilities					
Borrowings					
Finance lease obligation	-	-	**1,195.78**	-	-
	-	-	(20.78)	-	(1,181.65)
Other financial liabilities					
Trade payables	**206.85**	-	**127.24**	-	-
	-	-	-	(138.94)	-
Other current liabilities					
Advance received from customers	**1,365.93**	-	**0.00**	-	-
	-	-	-	(0.76)	-
Other balances					
Outstanding guarantees (unsecured) given for the Company	-	-	-	-	-
	-	(1,179.00)	-	-	-
Other commitments	-	-	-	-	-
	-	-	(4.86)	(12,147.86)	-

"0.00" represents amount less than ₹ 0.01 crore.

i) Previous year figures for March 2017 have been shown in brackets.

ii) During the previous year, the company had transferred ₹ 17,228.14 crore due from certain related parties and other entities to Essar Steel Jharkhand Limited and Ibrox Aviation And Trading Private Limited.

iii) For financial guarantees given on behalf of subsidiaries and outstanding at year end, refer note 50 (v).

53. The financial statements for the comparative period as at March 31, 2017 have been audited by a firm of Chartered Accountants other than S.R.Batliboi & Co. LLP.

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

Mumbai, July 05, 2018

For and on behalf of the Board of Directors

Andrew James Balgarnie
Director
DIN : 07692748

Charles Anthony Fountain
Executive Chairman
DIN : 07719852

Anup Vikal
Chief Financial Officer

B. Anand
Chief Executive Officer

Mayank Bhargava
Company Secretary

Mumbai, July 05, 2018

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

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, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) 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; the 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 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of two subsidiaries, whose financial statements include total assets of ₹ 3,897.95 crore and net assets of ₹ 1,306.72 crore as at March 31, 2018, and total revenues of ₹ 541.26 crore and net cash outflows of ₹ 5.35 crore for the period ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors.

(b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of one subsidiary, whose financial statements and other financial information reflect total assets of ₹ 0.22 crore and net assets of ₹ 0.15 crore as at March 31, 2018, and total revenues of ₹. Nil crore and net cash outflows of ₹ 0.02 crore 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 amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary 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 work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

(c) As more fully described in note 22(d), the comparative consolidated financial statements of the group for the year ended March 31, 2017, included in these consolidated financial statements have been restated to give effect to the adjustments identified to the current tax and deferred tax as at and for the year ended March 31, 2017. Accordingly the comparative period financial information comprises of:

(i) the consolidated financial statements of the Group for the year ended March 31, 2017, which has been audited by the predecessor auditor whose report dated August 14, 2017 expressed a qualified opinion;

(ii) adjustments made to the current tax and deferred tax balance as at March 31, 2017 and to the tax charge for the year then ended, as described in note 22(d) of the accompanying consolidated financial statements which has been audited by us. In our opinion, such adjustments are appropriate and have been properly applied.

We further state that we were not engaged to either audit or review or apply any procedures to the consolidated financial statements of the Group for the year ended March 31, 2017, other than with respect to the adjustments stated in (ii) above and, accordingly, we neither express any opinion nor a review conclusion nor any other form of assurance on the consolidated financial statements for the year ended March 31, 2017.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditors whose reports 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 purpose 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, 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 Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company, incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2018 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 1" to this report;

(g) 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

(i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 37 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;

(iii) There has been no delay in transferring amounts, 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, 2018.

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

per **Naman Agarwal**
Partner
Membership Number: 502405
Place: Mumbai
Date : July 5, 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NAYARA ENERGY 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 (formerly known as "Essar Oil Limited") as of and for the year ended March 31, 2018, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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 31,2018, 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to one subsidiary company, which is incorporated in India, is based on the corresponding reports of the auditors of such subsidiary.

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

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

Place: Mumbai
Date : July 5, 2018

Consolidated Balance Sheet

As at March 31, 2018

(₹ in crore)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017 {restated - refer note 22(d)}
Assets			
1) Non-current assets			
(a) Property, plant and equipment	6A	45,585.52	39,031.32
(b) Capital work-in-progress		677.98	629.70
(c) Goodwill	49B	10,818.44	11.12
(d) Other Intangible assets	6B	32.95	28.28
(e) Financial assets			
(i) Investments	7	-	191.85
(ii) Other financial assets	8	607.88	6,763.75
(f) Other non-current assets	9	232.13	261.37
(g) Non-current tax assets (net)		488.04	305.87
2) Current assets			
(a) Inventories	10	7,331.17	6,985.62
(b) Financial assets			
(i) Investments	11	1,302.09	-
(ii) Trade receivables	12	2,927.22	17,464.91
(iii) Cash and cash equivalents	13	2,459.32	1,827.70
(iv) Bank balances other than (iii) above	14	1,020.02	1,539.23
(v) Loans	15	-	248.88
(vi) Other financial assets	16	240.20	9,103.31
(c) Other current assets	17	602.86	349.80
3) Non-current assets held for Sale	43	-	2,110.92
TOTAL ASSETS		**74,325.82**	**86,853.63**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	18	1,507.16	1,507.16
(b) Other equity	19	16,693.79	16,164.62
Equity attributable to equity holders of the parent		**18,200.95**	**17,671.78**
Non-controlling Interests	48	253.56	-
TOTAL EQUITY		**18,454.51**	**17,671.78**
LIABILITIES			
1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	18,206.46	14,036.72
(ii) Other financial liabilities	21	42.42	225.12

Consolidated Balance Sheet

As at March 31, 2018

Particulars	Notes	As at March 31, 2018	As at March 31, 2017 {restated - refer note 22(d)}
(b) Deferred tax liabilities (net)	22	7,591.91	6,369.33
(c) Other non-current liabilities	23	-	3.50
2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	7,339.06	10,151.66
(ii) Trade payables	25	17,101.13	26,159.38
(iii) Other financial liabilities	26	2,109.89	2,884.26
(b) Other current liabilities	27	3,402.84	7,764.46
(c) Provisions	28	58.94	24.63
(d) Current tax liabilities (net)		18.66	7.64
3) Liabilities classified as held for sale	43	-	**1,555.15**
TOTAL EQUITY AND LIABILITIES		**74,325.82**	**86,853.63**

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

Mumbai, July 05, 2018

For and on behalf of the Board of Directors

Andrew James Balgarnie
Director
DIN : 07692748

Charles Anthony Fountain
Executive Chairman
DIN : 07719852

Anup Vikal
Chief Financial Officer

B. Anand
Chief Executive Officer

Mayank Bhargava
Company Secretary

Mumbai, July 05, 2018

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in crore)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017 {restated - refer note 22(d)}
Continuing Operations			
Income			
Revenue from operations	29	85,511.47	72,084.57
Other income	30	1,181.23	2,838.86
Total Income		**86,692.70**	**74,923.43**
Expenses			
Cost of raw materials consumed		49,207.75	41,965.75
Excise duty		14,696.81	11,215.52
Purchases of stock-in-trade (petroleum products)		10,863.09	7,888.52
Changes in inventory of finished goods, stock-in-trade and work-in-progress	31	(589.68)	(1,244.58)
Employee benefits expense	32	498.16	421.70
Finance costs	33	3,367.79	3,772.04
Depreciation and amortisation expense	6	1,701.10	1,680.99
Other expenses	34	4,032.62	3,509.51
Total expenses		**83,777.64**	**69,209.45**
Profit before exceptional items and tax		**2,915.06**	**5,713.98**
Exceptional items	39	1,844.69	5,275.55
Profit before share of (loss) / profit of associates and tax		**1,070.37**	**438.43**
Share of (loss) / profit of associates		-	(48.81)
Profit after share of (loss) / profit of associates but before tax		**1,070.37**	**389.62**
Tax expense:			
(a) Current tax expenses	22	165.06	1.82
(b) Current tax expenses - reversal of earlier years	22	-	(358.43)
(c) Deferred tax expenses	22	236.02	1,292.51
Total tax expenses		**401.08**	**935.90**
Profit / (Loss) from continuing operations		**669.29**	**(546.28)**
Discontinued Operations			
Loss from discontinued operations (after tax)	43	(92.27)	(2,208.53)
Profit / (Loss) for the year		**577.02**	**(2,754.81)**
Other Comprehensive Income			
A Items that will not be reclassified to profit or loss		(1.41)	0.95
Remeasurement gains / (losses) on defined benefit plans		(2.17)	1.46
Income tax effect		0.76	(0.51)
		(1.41)	0.95
B Items that will be reclassified to profit or loss		(45.13)	230.32
Effective portion of (loss) / gain on cash flow hedges		(61.96)	158.31
Income tax effect		22.05	(54.79)
		(39.91)	103.52
Foreign currency monetary item translation difference account		(8.02)	193.91
Income tax effect		2.93	(67.11)
		(5.09)	126.80

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017 {restated - refer note 22(d)}
Exchange difference arising on translation of foreign operation		(0.13)	(0.00)
Income tax effect		-	0.00
		(0.13)	(0.00)
Other Comprehensive Income/(Loss) for the year, net of tax		**(46.53)**	**231.27**
Total Comprehensive Income for the year (comprising (loss) / profit and Other Comprehensive Income for the year)		**530.49**	**(2,523.54)**
Profit/(Loss) for the year attributable to:			
(a) Equity holders of the parent		575.71	(2,754.81)
(b) Non-controlling interests		1.31	-
Other Comprehensive Income//(Loss) for the year attributable to:			
(a) Equity holders of the parent		(46.53)	231.27
(b) Non-controlling interests		(0.00)	-
Total comprehensive income/(Loss) attributable to:			
(a) Equity holders of the parent		529.18	(2,523.54)
(b) Non-controlling interests		1.31	-
Earnings/(Loss) per share for continuing operations (Face value ₹ 10 per share)	35		
(1) Basic (in ₹)		4.48	(3.75)
(2) Diluted (in ₹)		4.48	(3.75)
Earnings/(Loss) per share for discontinued operations (Face value ₹ 10 per share)	35		
(1) Basic (in ₹)		(0.62)	(15.17)
(2) Diluted (in ₹)		(0.62)	(15.17)
Earnings/(Loss) per share (for continuing and discontinued operations) (Face value ₹ 10 per share)	35		
(1) Basic (in ₹)		3.86	(18.92)
(2) Diluted (in ₹)		3.86	(18.92)
"0.00" represents amount less than ₹ 0.01 crore			

See accompanying 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

Mumbai, July 05, 2018

For and on behalf of the Board of Directors

Andrew James Balgarnie
Director
DIN : 07692748

Charles Anthony Fountain
Executive Chairman
DIN : 07719852

Anup Vikal
Chief Financial Officer

B. Anand
Chief Executive Officer

Mayank Bhargava
Company Secretary

Mumbai, July 05, 2018

Consolidated Statement of Cash Flows

for the year ended March 31, 2018

(₹ in crore)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A	**Cash flow from operating activities**		
	Net profit / (loss) before tax	978.10	(1,770.10)
	Adjustments for:		
	Interest income on bank deposits	(75.62)	(93.92)
	Depreciation and amortisation expense	1,701.10	1,682.10
	Loss on discard of property, plant and equipment (net)	11.89	36.77
	Interest on income tax refund	(2.15)	(5.33)
	Interest income on inter corporate deposits	-	(570.63)
	(Gain) / loss on financial assets measured at FVTPL	(2.10)	12.52
	Profit on sale of Investment at FVTPL (net)	(32.46)	(3.60)
	Gain on extinguishment of lease arrangement	-	(377.35)
	Dividend income	(0.45)	(2.30)
	Unrealised foreign exchange differences (net)	877.37	(1,473.95)
	Loss from discontinued operations (refer note 43)	77.45	2,197.25
	Exceptional Item - Debit to profit and loss on re-assessment of the Group's ability to collect the amount. (refer note 39)	-	6,259.13
	Net mark to market gain on derivative contracts	(82.97)	(206.39)
	Net Expected credit (gain) / loss	(471.12)	211.84
	Capital work in progress written off (refer note 39)	297.01	-
	Doubtful debts written off	1.18	10.65
	Capital creditors written back	(76.24)	-
	Unspent liability and excess provision written back	(433.55)	(4.76)
	Profit on disposal of investment in Associate	(100.26)	-
	Interest expenses	3,367.79	3,772.04
	Operating profit before working capital changes	**6,034.97**	**9,673.97**
	Adjustments for working capital changes:		
	Increase in inventories	(271.70)	(3,045.90)
	Decrease / (Increase) in trade and other receivables {refer note (c) below}	19,176.01	(3,572.04)
	(Decrease) / Increase in trade and other payables	(14,238.90)	6,243.52
	Cash generated from operating activities	**10,700.38**	**9,299.55**
	Income tax refund / (payment) (net) (including interest)	(217.90)	(242.82)
	Net cash generated from operating activities	**10,482.48**	**9,056.73**
B	**Cash flow from investing activities**		
	Payments for property, plant and equipment (including CWIP and Capital advances)	(528.91)	(524.56)
	Proceeds from sale of property, plant and equipment	-	3.72
	(Payments for purchase) / proceeds from sale of short term investments (net)	(1,277.43)	106.61
	Proceeds from sale of long term investments	9.90	-
	Dividend income received	0.45	2.30
	Realisation of deposits {refer note (c) below}	5,361.42	-
	Proceeds from disposal of a subsidiary (refer note 47)	478.32	-
	Payments for acquisition of subsidiaries	(4,294.29)	(1,032.80)
	Bank deposits made	(5,353.59)	(6.94)
	Encashment of bank deposits	5,867.76	29.28
	Placement of inter corporate deposits	-	(231.64)
	Refund of inter corporate deposits	127.50	23.25
	Interest received on inter-corporate deposits	102.71	28.83
	Interest received on bank deposits	96.37	94.26
	Net cash generated from / (used in) investing activities	**590.21**	**(1,507.69)**
C	**Cash flow from financing activities**		
	Proceeds from long-term borrowings	9,533.05	345.79
	Repayment of long-term borrowings	(14,297.37)	(1,321.69)
	Proceeds from short-term borrowings	7,071.45	2,920.39

Consolidated Statement of Cash Flows

for the year ended March 31, 2018

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Repayment of short-term borrowings	(9,938.31)	(2,542.08)
Net changes in short term borrowings less than 3 months	282.42	(1,422.09)
Finance cost paid	(2,868.17)	(3,903.31)
Net cash (used in) financing activities	**(10,216.93)**	**(5,922.99)**
Net (decrease) / increase in cash and cash equivalents	**855.76**	**1,626.05**
Net exchange differences on foreign currency bank balances	**0.01**	**(3.42)**
Cash and cash equivalents at the beginning of the year	**1,604.36**	**(12.38)**
Cash and cash equivalents classified as asset held for sale	**-**	**(5.94)**
Cash balance on acquisition of subsidiary	**-**	**0.05**
Cash and cash equivalents at the end of the year	**2,460.13**	**1,604.36**
Composition of Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:		
Cash and cash equivalents as per Financial statements (refer note no. 13)	**2,459.32**	**1,827.70**
Add: Earmarked bank balances (refer note no. 14)	**0.86**	**4.92**
Less: Bank overdraft (refer note 24)	**(0.05)**	**(228.26)**
Total	**2,460.13**	**1,604.36**

The amendments to Ind AS 7 Statement of Cash Flows requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from April 1, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

Particulars	As at April 1, 2017*	Cash changes	Non cash changes	As at March 31, 2018
Long term borrowings including current maturities classified in other financial liabilities*	24,144.32	(4,764.32)	600.18	19,980.18
Short term borrowings	10,151.66	(2,584.44)	(228.16)	7,339.06

* includes Long term borrowings (net of intra group eliminations) of Vadinar Oil Terminal Limited (VOTL) and Vadinar Power Company Limited (VPCL), as on the date of their respective acquisition, of ₹ 7,571.57 crore.

Notes:

a) The figures in bracket indicates outflows.

b) The above cash flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7- Statement of Cash Flows.

c) In the current year, with the change in shareholding (Refer note 1), the Company realized dues of ₹ 24,346.65 crore from related parties and other entities which had been outstanding since long (refer note 39).

d) During the current year, the Company adjusted its receivables of ₹ 2,896.70 crore against the purchase consideration payable for acquiring the equity shares of Vadinar Oil Terminal Limited and Vadinar Power Company Limited. This being a non-cash transaction has not formed part of the above cash flow statement.

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

Mumbai, July 05, 2018

For and on behalf of the Board of Directors

Andrew James Balgarnie
Director
DIN : 07692748

Charles Anthony Fountain
Executive Chairman
DIN : 07719852

Anup Vikal
Chief Financial Officer

B. Anand
Chief Executive Officer

Mayank Bhargava
Company Secretary

Mumbai, July 05, 2018

Consolidated Statement of Changes in Equity

for the year ended March 31, 2018

a. Equity Share Capital

(₹ in crore)

Particulars	Amount
Balance as at March 31, 2016	1,467.27
Issue of equity shares	39.89
Balance as at March 31, 2017	1,507.16
Balance as at March 31, 2017	1,507.16
Issue of equity shares	-
Balance as at March 31, 2018	1,507.16

b. Other Equity

Statement of Changes in Equity for the year April 1, 2016 to March 31, 2017

(₹ in crore)

Particulars	Reserves and Surplus						Other Comprehensive Income / (loss) (OCI)			Attributable to owners of the Parent	Non-controlling interest	Total
	Capital reserve	Securities premium account	Debenture redemption reserve	General reserve	Employee Share Option Outstanding Account	Retained earnings	Foreign currency Translation Reserve	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account			
Balance as at March 31, 2016	**40.89**	**6,193.99**	**10.74**	**48.84**	**7.23**	**11,158.82**	**(0.01)**	**(212.02)**	**(151.85)**	**17,096.63**	**-**	**17,096.63**
Restatement in opening reserve	-	-	-	-	-	(31.68)	-	31.68	-	-	-	-
Restated balance as on March 31, 2016	**40.89**	**6,193.99**	**10.74**	**48.84**	**7.23**	**11,127.14**	**(0.01)**	**(180.34)**	**(151.85)**	**17,096.63**	**-**	**17,096.63**
Restated Loss for the year {refer note 22(d)}	-	-	-	-	-	(2,754.81)	-	-	-	(2,754.81)	-	(2,754.81)
Restated other Comprehensive Loss for the year, net of tax	-	-	-	-	-	0.95	-	103.52	126.80	231.27	-	231.27
Total Comprehensive Loss for the year	**-**	**-**	**-**	**-**	**-**	**(2,753.86)**	**-**	**103.52**	**126.80**	**(2,523.54)**	**-**	**(2,523.54)**
Restatement of component of other equity	-	-	-	-	-	(8.64)	-	-	-	(8.64)	-	(8.64)

Consolidated Statement of Changes in Equity

for the year ended March 31, 2018

(₹ in crore)

Particulars	Reserves and Surplus						Other Comprehensive Income / (loss) (OCI)			Attributable to owners of the Parent	Non-controlling interest	Total
	Capital reserve	Securities premium account	Debenture redemption reserve	General reserve	Employee Share Option Outstanding Account	Retained earnings	Foreign currency Translation Reserve	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account			
Securities premium on issuance of equity share capital	-	1,607.40	-	-	-	-	-	-	-	1,607.40		1,607.40
Recognition of share based payments	-	-	-	-	2.86	-	-	-	-	2.86		2.86
Employee stock option surrendered	-	-	-	-	(10.09)	-	-	-	-	(10.09)		(10.09)
Balance as at March 31, 2017 {restated - refer note 22(d)}	**40.89**	**7,801.39**	**10.74**	**48.84**	**-**	**8,364.64**	**(0.01)**	**(76.82)**	**(25.05)**	**16,164.62**	**-**	**1 6,164.62**

Consolidated Statement of Changes in Equity

for the year ended March 31, 2018

Statement of Changes in Equity for the year April 1, 2017 to March 31, 2018

(₹ in crore)

Particulars	Reserves and Surplus						Other Comprehensive Income / (loss) (OCI)			Attributable to owners of the Parent	Non-controlling interest	Total
	Capital reserve	Securities premium account	Debenture redemption reserve	General reserve	Employee Share Option Outstanding Account	Retained Earnings	Foreign currency Translation Reserve	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account			
Balance as at March 31, 2017 {restated - refer note 22(d)}	40.89	7,801.39	10.74	48.84	-	8,364.64	(0.01)	(76.82)	(25.05)	16,164.62	-	16,164.62
Profit for the year	-	-	-	-	-	575.71	-	-	-	575.71	1.31	577.02
Other Comprehensive Loss for the year, net of tax	-	-	-	-	-	(1.41)	(0.13)	(39.91)	(5.09)	(46.54)	-	(46.54)
Total Comprehensive Income for the year	-	-	-	-	-	574.30	(0.13)	(39.91)	(5.09)	529.17	1.31	530.48
Debenture redemption reserve transferred to General Reserve			(10.57)	10.57						-	-	-
Acquisition of a subsidiary (refer note 49)	-	-	-	-	-	-	-	-	-	-	252.25	252.25
Balance as at March 31, 2018	40.89	7,801.39	0.17	59.41	-	8,938.94	(0.14)	(116.73)	(30.14)	16,693.79	253.56	16,947.35

* Including recycled from cash flow hedge reserve to statement of profit and loss account ₹ 776.22 crore (net of tax) (previous year ₹ 511.06 crore)

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

Mumbai, July 05, 2018

For and on behalf of the Board of Directors

Andrew James Balgarnie
Director
DIN : 07692748

Charles Anthony Fountain
Executive Chairman
DIN : 07719852

Anup Vikal
Chief Financial Officer

B. Anand
Chief Executive Officer

Mayank Bhargava
Company Secretary

Mumbai, July 05, 2018

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

1. Corporate information

Essar Oil Limited, renamed to Nayara Energy Limited (the Company) with effect from May 25, 2018, 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 "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, and supply of power & steam for the Company's refinery. The Company owns India's second largest single site refinery at Vadinar, Gujarat with a current capacity of 20 MMTPA. The Company has over 4,450 operational outlets and more than 2,700 outlets at various stages of completion.

Essar Energy Holdings Limited and Oil Bidco (Mauritius) Limited (collectively "the erstwhile promoter group") had entered into two separate Share Purchase Agreements dated October 15, 2016 ("SPAs") with Rosneft Singapore Pte. Limited (formerly Petrol Complex Pte. Limited), an entity owned and controlled by PJSC Rosneft Oil Company, Russia and Kesani Enterprises Company Limited, a consortium led by Trafigura Pte. Limited and United Capital Partners (collectively "the new shareholder group") for transfer of 98.26% equity ownership of the Company. On August 18, 2017, upon completion of all the conditions precedent stated in the SPAs and after obtaining all requisite regulatory approvals, the erstwhile promoter group transferred their 98.26% shareholding in the Company to the new shareholder group.

The consolidated financial statements of Nayara Energy Limited and its subsidiaries (collectively, the "Group") for the year ended March 31, 2018 were authorised for issue in accordance with a resolution of the directors on July 5, 2018.

Information of the Group's structure is also provided in Note 47. Information on other related party relationships of the Group is provided in Note 51.

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). The consolidated financial statements are prepared on an accrual basis.

These consolidated financial statements are prepared under the historical cost basis, except for derivative and certain other financial instruments (refer accounting policy on financial instruments), which are measured at fair value at each reporting date. The consolidated financial statements provide comparative information in respect of the previous period. The consolidated financial statements are presented in Indian Rupees, and all values are rounded to the nearest crore, except where otherwise indicated.

A. Basis of consolidation

The consolidated financial statements comprise of 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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

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 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

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.

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, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in statement of profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

3. Summary of significant accounting policies

A. Business combinations and goodwill

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. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 *Income Taxes* and Ind AS 19 *Employee Benefits* respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in statement of profit and loss or OCI, as appropriate.

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). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

B. Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence is similar to those necessary to determine control over the subsidiaries. The Group's investments in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If Group's share of losses of an associate exceeds its interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized.

The financial statements of the associate for applying the equity method are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as Share of profit of an associate in the consolidated statement of profit and loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit and loss.

C. 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:

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- 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 economic best 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.

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 Notes 45)
- Quantitative disclosures of fair value measurement hierarchy (Refer Notes 45)
- Financial instruments (including those carried at amortised cost) (Refer Notes 45)

D. 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 is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. 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, by the straight line method, as specified in schedule II of Companies Act, 2013 except in respect of the of plant and machinery. The estimate of the useful life of these assets 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. The estimated useful life of items of property, plant and equipment is mentioned below:

Particulars	Estimated useful life
Temporary Building	3
Building including taken on lease	15-60
Plant and machinery	8-40
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.

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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.

E. 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.

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.

F. Oil and gas exploration and production assets

The Group has adopted Successful Efforts Method (SEM) of accounting for its Oil and Gas activities. The policy of recognition of exploration and evaluation expenditure is considered in line with the principle of SEM. Seismic costs, geological and geophysical studies, petroleum exploration license fees and general and administration costs directly attributable to exploration and evaluation activities are expensed off. The costs incurred on acquisition of interest in oil and gas blocks and on exploration and evaluation other than those which are expensed off are accounted for as Intangible Assets under Development. All development costs incurred in respect of proved reserves are also capitalized under Intangible Assets under Development. When a well is ready to commence commercial production, the costs accumulated in Intangible Assets under Development are classified as Intangible Assets corresponding to prove developed oil and gas reserves. The exploration and evaluation expenditure which does not result in discovery of proved oil and gas reserves and all cost pertaining to production are charged to the Statement of profit and loss.

Oil and Gas Joint Ventures are in the nature of joint operations. Accordingly, assets and liabilities as well as income and expenditure are accounted on a line-by-line basis with similar items in the Group's financial statements, according to the participating interest of the Group.

The Group disposed-off its exploration and production division on March 31, 2017 to its wholly owned subsidiary. During the current year, the said subsidiary has been disposed-of (Refer note 43).

G. 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.

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H. 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.

(i) Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Refer Depreciation policy for useful life of leased assets.

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.

I. Inventories

Inventories (other than crude oil extracted) 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.

Closing stock of crude oil extracted is valued at net realisable value.

J. Revenue recognition

Revenue 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. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

(i) Sale of goods

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection. Revenue from sale of goods is recognised when property in the goods is transferred to the buyer for a price, when significant risks and rewards of ownership have been transferred to the buyer and no effective control, to a degree usually associated with ownership, is retained by the Group. Sale of goods are stated net of trade discounts, volume discounts and rebates. Since the recovery of excise duty flows to Company on its own account, revenue includes excise duty. Sales tax and Goods and service tax is collected on behalf of the Government and hence does not form part of revenue.

(ii) Interest Income

For all financial instruments measured at amortised cost interest income is recognised using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

(iii) Dividend

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

K. 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. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

L. 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.

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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

M. 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 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 and loss.

Any goodwill arising in 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.

N. 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. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately in the consolidated balance sheet.

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.

Additional disclosures are provided in Note 43. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

O. 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, debt securities issued and subordinated liabilities 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

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.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the consolidated statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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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'). The group has not designated any debt instrument as at FVTPL.

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) Equity Investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

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

d) 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

e) Impairment of financial assets

The Group applies the expected credit loss (ECL) model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Group follows simplified approach and always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

f) **Reclassification of financial assets**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in the consolidated statement of profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to the consolidated statement of profit and loss at the reclassification date.

g) **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 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.

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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) **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 Group are recognised at the proceeds received, net of direct issue costs.

d) **Financial liabilities:**

The group does not have any financial liabilities 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.

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 as finance costs in the statement of profit and loss.

e) **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.

P. **Derivative financial instruments and hedge accounting**

(i) **Initial recognition and subsequent measurement**

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 currency swaps.

Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost. All other 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.

(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. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

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

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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.

(iv) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit and loss, unless designated as effective hedging instruments.

Q. 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.

R. 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
- 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.

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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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in the statement of profit and loss. All other acquired tax benefits realised are recognised in OCI and accumulated in equity as capital reserve.

(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.

S. Provisions

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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

T. 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 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.

U. 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) Acquisition of VOTL/ VPCL

To comply with pre-conditions and in accordance with the terms of the SPAs signed by the new shareholder group, the Company acquired controlling stake in VOTL and VPCL from the erstwhile promoter group. This acquisition was done to meet pre-conditions and facilitate completion of the SPAs. The Company paid cash consideration on fair value basis. Considering this and other peculiarities of the transaction, the management has concluded that these acquisitions should be accounted for using the acquisition method as prescribed in Ind AS 103. Refer note 49 for disclosures related to acquisition accounting.

ii) 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 37

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 45 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, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If such data are not available, and appropriate valuation method is used. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 49.

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 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 38 (A)}.

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

A. Change in accounting policies

The Group applied for the first time the following amendments to the standards, which are effective for annual periods beginning on or after April 1, 2017. In all other cases, accounting policies followed in the current year are consistent with the previous year.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

i) Amendments to Ind AS 7 Statement of Cash Flows

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). Refer consolidated statement of cash flows.

ii) Amendments to Ind AS 102 Share Based Payment

The amendments to Ind AS 102 provide specific guidance for measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The Group does not have any continuing share-based payment plan. Hence, adoption of the amendment will not have any impact on financial statements of the Company.

B. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below if they are or likely to be relevant from the Group perspective. The Group intends to adopt these standards, if relevant, when they become effective. The Group does not intend to early adopt any of these standards.

i) Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on March 28, 2018 and is applicable for financial year beginning April 1, 2018. It 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 new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company from April 1, 2018 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Group's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Group has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

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for the year ended March 31, 2018

6. Property, Plant and Equipment and Intangible assets

(₹ in crore)

Description of the assets	Gross block (Cost of deemed cost) (I)				Depreciation / amortisation (II)				Net block (III) = (I - II)	
	As at April 01, 2016	Additions	Deductions**	As at March 31,2017	As at April 01,2016	During the year	Deductions**	As at March 31,2017	As at March 31,2017	As at March 31, 2016
A) Property,Plant & Equipment -Owned										
Land (Freehold)	5,264.30	16.69	2.17	5,278.82	-	-	-	-	5,278.82	5,264.30
Buildings	843.39	30.33	21.68	852.04	206.62	35.08	4.37	237.33	614.71	636.77
Plant and machinery	35,091.66	81.25	96.28	35,076.63	1,776.22	1,335.77	47.23	3,064.76	32,011.87	33,315.44
Producing properties	31.82	-	31.82	-	3.21	0.99	4.20	-	-	28.61
Furniture and fixtures	22.65	1.39	7.47	16.57	10.63	2.35	3.33	9.65	6.92	12.02
Office equipments	74.28	15.74	14.39	75.63	49.32	9.93	13.23	46.02	29.61	24.96
Vehicles	13.44	0.15	3.12	10.47	9.43	0.89	2.38	7.94	2.53	4.01
Aircraft	10.00	-	10.00	-	3.17	0.21	3.38	-	-	6.83
Total (I)	**41,351.54**	**145.55**	**186.93**	**41,310.16**	**2,058.60**	**1,385.22**	**78.12**	**3,365.70**	**37,944.46**	**39,292.94**
Property,Plant & Equipment obtained on finance lease (refer note 41)										
Land	0.17	0.05*	0.05*	0.17	0.16	0.01	-	0.17	-	0.01
Buildings	34.90	265.91*	265.91*	34.90	0.74	15.00	13.50	2.24	32.66	34.16
Marine structures	-	273.99*	273.99*	-	-	23.55	23.55	-	-	-
Plant and machinery	1,131.84	4,145.56*	4,145.56*	1,131.84	26.18	254.06	202.60	77.64	1,054.20	1,105.66
Total (II)	**1,166.91**	**4,685.51**	**4,685.51**	**1,166.91**	**27.08**	**292.62**	**239.65**	**80.05**	**1,086.86**	**1,139.83**
Total Property, Plant and Equipment (I+II)	**42,518.45**	**4,831.06**	**4,872.44**	**42,477.07**	**2,085.68**	**1,677.84**	**317.77**	**3,445.75**	**39,031.32**	**40,432.77**
B) Intangible assets										
Softwares & licenses	89.72	9.28	6.70	92.30	59.65	10.63	6.26	64.02	28.28	30.07
Total Intangible assets	**89.72**	**9.28**	**6.70**	**92.30**	**59.65**	**10.63**	**6.26**	**64.02**	**28.28**	**30.07**
Total (A+B)	**42,608.17**	**4,840.34**	**4,879.14**	**42,569.37**	**2,145.33**	**1,688.47**	**324.03**	**3,509.77**	**39,059.60**	**40,462.84**

* Pursuant to a change in the term of the arrangement leading to classification from finance lease to operating lease.

** Including discontinued operation

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6. Property, Plant and Equipment and Intangible assets

(₹ in crore)

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*	Additions	Deductions*	As at March 31,2018	As at April 01,2017	During the year	Deductions*	As at March 31,2018	As at March 31,2018	As at March 31, 2017
A) Property,Plant & Equipment -Owned											
Land (Freehold)	5,278.82	1.39	0.78	-	5,280.99	-	-	-	-	5,280.99	5,278.82
Buildings	852.04	658.09	20.66	-	1,530.79	237.33	66.44	-	303.77	1,227.02	614.71
Plant and machinery	35,076.63	8,451.40	185.88	5.62	43,780.29	3,064.76	1,607.23	1.58	4,670.41	39,037.88	32,011.87
Furniture and fixtures	16.57	0.57	0.96	0.46	17.64	9.65	1.79	0.35	11.09	6.55	6.92
Office equipments	75.63	0.38	11.87	11.87	76.01	46.02	10.35	8.92	47.45	28.56	29.61
Vehicles	10.47	0.05	2.65	1.13	12.04	7.94	0.67	0.97	7.64	4.40	2.53
Total (I)	**41,310.16**	**9,111.88**	**222.80**	**19.08**	**50,625.76**	**3,365.70**	**1,686.48**	**11.82**	**5,040.36**	**45,585.40**	**37,944.46**
Property,Plant & Equipment obtained on finance lease (refer note 41)											
Land	0.17	-	-	-	0.17	0.17	-	-	0.17	-	-
Buildings	34.90	-	-	34.90	-	2.24	-	2.24	-	-	32.66
Plant and machinery	1,131.84	-	-	1,129.46	2.38	77.64	-	75.38	2.26	0.12	1,054.20
Total (II)	**1,166.91**	-	-	**1,164.36**	**2.55**	**80.05**	-	**77.62**	**2.43**	**0.12**	**1,086.86**
Total Property, Plant and Equipment (I+II)	**42,477.07**	**9,111.88**	**222.80**	**1,183.44**	**50,628.31**	**3,445.75**	**1,686.48**	**89.44**	**5,042.79**	**45,585.52**	**39,031.32**
B) Intangible assets											
Softwares & licenses	92.30	0.09	20.26	6.92	107.03	64.02	14.62	5.86	74.08	32.95	28.28
Total Intangible assets	**92.30**	0.09	**20.26**	**6.92**	**107.03**	**64.02**	**14.62**	**5.86**	**74.08**	**32.95**	**28.28**
Total (A+B)	**42,569.37**	9,111.97	**243.06**	**1,190.36**	**50,734.04**	**3,509.77**	**1,701.10**	**95.30**	**5,115.57**	**45,618.47**	**39,059.60**

* Includes assets given / taken on lease to / from entities, on which control was acquired during the year and hence lease accounting stands eliminated (refer note 49).

1 Additions to plant and machinery include exchange loss of ₹ 5.36 crore (Previous year gain of ₹ 81.40 crore) and borrowing cost of ₹ Nil (Previous year ₹ 39.02 crore).

2 Land aggregating to ₹ 194.82 crore has been pledged for a loan taken by a third party. The Company is in the process of discussion with the lender and the third party for release of the pledge.

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7 Investments (Non-Current) (Unquoted)

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
(1) Investment in equity shares - At cost using equity method		
(i) Investment in associates (fully paid-up) (refer note 49)		
Nil (Previous year 102,999,994) equity shares of ₹ 10 each of Vadinar Power Company Limited (VPCL)**	-	191.84
Nil (Previous year 13,000) equity shares of ₹ 10 each of Coviva Energy Terminals Limited (CETL) (formerly known as Vadinar Liquid Terminals Limited (VLTL))**	-	0.01
(2) Other Investments - At FVTPL		
(i) Investments in equity shares (fully paid-up)		
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 (company under liquidation)*	-	-
10,000,000 (Previous year 10,000,000) equity shares of ₹ 0.10 each (Previous year ₹ 10 each) of Petronet India Limited*	-	-
Total	**-**	**191.85**

Particulars	As at March 31, 2018	As at March 31, 2018
Investment at cost using equity method	-	191.85
Investment at fair value through profit and loss account	-	-
Total	**-**	**191.85**

Particulars	As at March 31, 2018	As at March 31, 2018
Aggregate amount of unquoted investments	-	191.85
Total	**-**	**191.85**

* Fair value of these investments is at zero value.
** The Company acquired control over these entities during the year.
For details of investments pledged as security against borrowings, refer note no. 20t and 24.
"0.00" represents amount less than ₹ 0.01 crore

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8 Other Financial Assets (Non-Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Advances against purchase of shares*		
-To related parties	-	1,400.02
-To others	-	3,365.55
(A)	**-**	**4,765.57**
Security deposits		
-To related parties		
- Considered good	-	1,268.88
- Considered doubtful	-	31.36
-To others		
- Considered good	27.89	6.44
- Considered doubtful	-	0.17
Less: Expected credit loss	-	(31.53)
(B)	**27.89**	**1,275.32**
Other receivables		
-Export Incentive Receivables {refer note 38(A)}	409.09	381.94
-From others {refer note 38(B)}		
- Considered good	170.72	195.75
- Considered doubtful	19.90	4.89
Less: Expected credit loss	(19.90)	(4.89)
(C)	**579.81**	**577.69**
Interest accrued on bank deposits		
- Considered good	0.02	0.01
(D)	**0.02**	**0.01**
Bank Deposit for more than twelve months		
- Considered good	0.16	0.16
(E)	**0.16**	**0.16**
Derivative Assets - At FVTPL	-	145.00
(F)	**-**	**145.00**
Total (G) = (A+B+C+D+E+F)	**607.88**	**6,763.75**

For details of assets pledged as security against borrowings, refer note no. 20 and 24.

* The Company had entered into a share purchase agreement with Essar Power Limited and Essar Steel Jharkhand Limited (erstwhile promoter group companies) for acquisition of subsidiaries and the same have been acquired during the year.

Refer note 45 for terms and conditions of above financial assets.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

9 Other non-current assets (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	17.76	0.01
(A)	**17.76**	**0.01**
Balances with government authorities	-	0.49
(B)	-	**0.49**
Capital advances		
-To others	21.15	23.76
(C)	**21.15**	**23.76**
Other receivables		
-Claims / Other Receivables	193.22	237.11
(D)	**193.22**	**237.11**
Total (A+B+C+D)	**232.13**	**261.37**

For details of assets pledged as security against borrowings, refer note no. 20 and 24.

10 Inventories (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials {including in transit ₹1,361.50 crore (Previous year ₹ 2,344.19 crore)}	3,660.25	4,070.76
Work-in-progress (refer note 31)	1,777.01	1,599.01
Finished goods {including in transit ₹ 151.27 crore (Previous year ₹ 107.33 crore)} (refer note 31)	1,301.25	857.41
Trading goods	0.10	32.28
Stores and spare parts {including in transit ₹ 3.70 crore (Previous year ₹ 3.34 crore)}	395.63	318.98
Other consumables {including in transit {including in transit ₹ Nil crore (Previous year ₹ 3.80 crore)}	196.93	107.18
Total	**7,331.17**	**6,985.62**

For details of inventories pledged as security against borrowings, refer note no. 20 and 24.
Refer note 3(I) for basis of valuation.

11 Investments (Current) (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Investments in mutual funds - At FVTPL		
Investment in Axis Liquid mutual fund	250.38	-
12,98,948.40 (Previous year Nil) units at NAV of ₹ 1,927.56 (Previous year ₹ Nil) each		
Investment in Aditya Birla Sun Life mutual fund	300.52	-
1,29,54,402.67 (Previous year Nil) units at NAV of ₹ 231.99 (Previous year ₹ Nil) each		
Investment in SBI Premier Liquid mutual fund	500.84	-
18,38,358.10 (Previous year Nil) units at NAV of ₹ 2,724.39 (Previous year ₹ Nil) each		
Investment in Kotak Floater Short Term mutual fund	250.35	-
8,77,833.31 (Previous year Nil) units at NAV of ₹ 2,851.96 (Previous year ₹ Nil) each		
Total	**1,302.09**	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

Particulars	As at March 31, 2018	As at March 31, 2017
Aggregate amount of quoted investments and market value thereof	1,302.09	-
Total	**1,302.09**	**-**

12 Trade receivables (Unsecured and considered good, unless otherwise stated) (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivables		
- Considered good*	2,927.22	17,452.26
- Considered doubtful	0.84	4.04
Bills Receivable	-	12.65
	2,928.06	**17,468.95**
Less: Expected credit loss	(0.84)	(4.04)
Total	**2,927.22**	**17,464.91**

*₹ 137.07 crore (Previous year ₹ 15.92 crore) secured by letters of credit.

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 45.

For amounts due from related parties, refer note no. 51.

For details of assets pledged as security against borrowings, refer note no. 20 and 24.

Refer note 24 for details of bills discounting not meeting derecognition criteria.

13 Cash and cash equivalents (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	1,226.67	508.51
- Exchange earners' foreign currency (EEFC) accounts	1,079.32	1,317.67
- Deposits with maturities less than 3 months	150.16	-
Cheques on hand	3.12	1.46
Cash on hand	0.05	0.06
Total	**2,459.32**	**1,827.70**

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

Particulars	As at March 31, 2018	As at March 31, 2017
Other bank balances		
- Earmarked bank balances (debenture / unclaimed debenture interest)	0.86	4.92
- Margin deposits*	1,019.09	1,533.26
- Other deposits	0.07	1.05
Total	**1,020.02**	**1,539.23**

*Mainly placed as margin for letters of credit facilities, guarantees and short term borrowings obtained from banks.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

15 Loans (Current)

(Unsecured and considered good, unless otherwise stated) (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Inter Corporate Deposits to related parties		
- Considered good	-	248.88
- Considered doubtful	-	6.12
Less: Expected credit loss	-	(6.12)
Total	**-**	**248.88**

16 Other Financial Assets (Current)

(Unsecured and considered good, unless otherwise stated) (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Security deposits		
- To others		
- Considered good	22.57	23.33
- Considered doubtful	-	0.21
Less: Expected credit loss	-	(0.21)
(A)	**22.57**	**23.33**
Others		
Other receivables		
- From related parties		
- Considered good	-	1,270.08
- Considered doubtful	-	24.94
- From others		
- Considered good	161.69	7,619.93
- Considered doubtful	4.39	551.12
Less: Expected credit loss	(4.39)	(576.06)
(B)	**161.69**	**8,890.01**
Interest accrued on bank deposits		
- Considered good	22.01	42.51
- Considered doubtful	-	0.17
Less: Expected credit loss	-	(0.17)
(C)	**22.01**	**42.51**
Derivative Assets - At FVTPL	33.93	147.46
(D)	**33.93**	**147.46**
Total (A+B+C+D)	**240.20**	**9,103.31**

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for the year ended March 31, 2018

17 Other Current assets

(Unsecured and considered good, unless otherwise stated) (₹ in crore)

Particulars		As at March 31, 2018	As at March 31, 2017
Advances recoverable in cash or in kind or for value to be received		91.85	85.77
Prepaid expenses		368.14	191.63
Balances with government authorities		87.71	70.50
	(A)	**547.70**	**347.90**
Other receivables			
- Claims / other receivables			
- Considered good		**55.16**	**1.90**
- Considered doubtful		14.81	-
Less: Provision for doubtful debt		(14.81)	-
	(B)	**55.16**	**1.90**
	Total (A+B)	**602.86**	**349.80**

18 Equity Share capital

(₹ in crore)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of ₹ 10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00
Issued and subscribed				
Equity shares of ₹ 10 each	1,552,487,155	1,552.49	1,552,487,155	1,552.49
Paid up				
Equity shares of ₹ 10 each fully paid up	1,490,561,155	1,490.56	1,450,668,359	1,490.56
Add : Forfeited shares - Equity shares of ₹ 10 each	61,926,000	16.60	61,926,000	16.60
		1,507.16		**1,507.16**

a) **Reconciliation of the number of shares outstanding at the beginning and at the end of the year :** (₹ in crore)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	1,490,561,155	1,490.56	1,450,668,359	1,450.67
Add : Equity shares issued	-	-	39,892,796	39.89
Shares outstanding at the end of the year	1,490,561,155	1,490.56	1,490,561,155	1,490.56

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 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 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 shares held (including GDS) by holding / ultimate and Intermediate holding Company and / or their subsidiaries / associates:**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% of shares	Number of shares	% of shares
Nil (6,218,718 as at March 31, 2017) GDS held by Essar Energy Holdings Limited, Mauritius	-	-	951,463,854	63.83%
Equity shares held by Essar Energy Holdings Limited, Mauritius	-	-	396,607,443	26.61%
Equity Shares held by Oil Bidco (Mauritius) Limited, a promoter entity as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009	-	-	116,581,496	7.82%

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% of shares	Number of shares	% of shares
Nil (6,218,718 as at March 31, 2017) GDS held by Essar Energy Holdings Limited, Mauritius	-	-	951,463,854	63.83%
Equity shares held by Essar Energy Holdings Limited, Mauritius	-	-	396,607,443	26.61%
Equity Shares held by Oil Bidco (Mauritius) Limited, a promoter entity as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009	-	-	116,581,496	7.82%
3,109,359 (Nil as at March 31, 2017) GDS held by Kesani Enterprise Company Ltd	**475,731,927**	31.92%	-	-
3,109,359 (Nil as at March 31, 2017) GDS held by Rosneft Singapore Pte. Limited (Formerly known as Petrol Complex Pte. Limited)	**475,731,927**	31.92%	-	-
Equity shares held by Kesani Enterprise Company Ltd	**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%	-	-

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

e) **Stock Options :**

The Company had previously granted options to eligible employees under the EOL ESOP Scheme 2011, which were to be vested in a graded manner. The options vested prior to delisting of the Equity Shares of the Company, i.e., prior to February 17, 2016, were exercised by the concerned employees before delisting. The Options remaining unvested and outstanding as on the date of delisting were surrendered by the concerned employees in lieu of monetary compensation offered by the Company payable on the dates on which the options would have otherwise vested. Accordingly, the related compensation cost has been recognised in the current year, as it did not have material effect on the previous year financial statements.

Owing to exercise/ surrender of options as described above, no options were outstanding as on March 31, 2017 and March 31, 2018. Hence, the Company has not given disclosures required under Ind AS 102.

Notes to Consolidated Financial Statements

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19 Other equity

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
General reserve	59.41	48.84
Retained Earnings	8,938.94	8,364.64
Other Comprehensive Income:		
Cash flow hedge reserve	(116.73)	(76.82)
Foreign currency monetary item translation difference account	(30.14)	(25.05)
Other Reserves:		
Capital reserve	40.89	40.89
Securities premium account	7,801.39	7,801.39
Debenture redemption reserve	0.17	10.74
Foreign currency Translation Reserve	(0.14)	(0.01)
Total	**16,693.79**	**16,164.62**

General reserve : Under the Companies Act 1956, general reserve was created through an annual transfer of a specified percentage of net income. The purpose of the reserve was to ensure, whenever dividend distributed was more than 10% of the paid-up share capital, the distribution of dividend was less than the total distributable profits. The said requirement has been done away with, post enactment of the Companies Act, 2013.

Capital reserve : The Company recognizes profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve. The same can be utilised for issuance of bonus shares.

Securities premium account : 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. Companies are required to create this reserve equals to 25% of outstanding redeemable debentures. 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.

20 Borrowings

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured Borrowings - At amortised cost		
Debentures		
Non convertible debentures	0.70	18.09
Term loans*		
From banks	12,828.88	6,712.66
From financial institutions	-	1,340.72
Export advances from customers*	**7,150.60**	**7,319.63**
Finance lease obligation from related parties	-	**1,181.65**
Current maturities of long term debt and finance lease obligation included under other financial liabilities (refer note 26)	(1,773.72)	(2,536.03)
Total	**18,206.46**	**14,036.72**

* Refer note 45 for borrowings outstanding in foreign currencies

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(i) Security for term loans and funded interest facilities from banks and financial institutions and debentures (₹ in crore)

	Particulars	As at March 31, 2018	As at March 31, 2017
a)	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) 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 working capital lenders.	694.78	3,528.89
b)	Term loan from a bank was secured by first charge, ranking pari passu with other term lenders on all present and future fixed assets and second charge, ranking pari-passu with working capital lenders on all present and future current assets.	-	657.96
c)	Term loan from a bank was secured by subservient charge on moveable fixed assets. The loan has been prepaid during the year.	-	1,022.64
d)	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), all present and future movable assets excluding current assets, security interest on the rights, title and interest under project documents, trust and retention accounts, insurance policies and second charge pari-passu with working capital lenders on the current assets.	2,726.71	3,421.45
e)	Long term advances against export performance bank guarantees USD 1,109.07 million (Previous year USD 1,153.76 million) from customers are secured by EPBG issued by domestic banks which are secured by first ranking pari passu security interests with other term lenders, all present and future fixed assets (except excluded assets), second ranking security interest pari passu with working capital lenders on all present and future current assets (except excluded assets).	7,150.59	7,319.63
f)	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 Ports Company Limited, Vadinar Oil Terminal Limited and Nayara Energy Properties Limited, Second charge, pari-passu with working capital lenders on the current assets of the Company, first charge by way of assignment or security interest over all rights, tiles, insurance and interest in all project documents to which the Company is a party, first charge on DSRA/margin as and when created.	4,472.13	-
g)	The Rupee Term Loans of Yes Bank Limited along with interest are secured by first pari passu charge over both movable and immovable fixed assets, current assets of Vadinar Power Company Limited (VPCL), both present and future, including receivables, revenue, cash flow including assignment of project documents and insurance policies.	1,451.92	-
h)	Term loans facilities governed by Loan Agreement dated December 27, 2017 with bank are secured by first ranking security interests over all movable and immovable assets, intangible assets of Vadinar Oil Terminal Limited (VOTL), present and future, and leasehold interest granted by Nayara Energy Ltd (Formerly Essar Oil Limited) and insurance contracts, title and interests under project documents, designated project accounts and other accounts including DSRA when created.	3,484.05	-
i)	Finance lease obligations are secured against Leased Assets	-	1,181.65
	Total	**19,980.18**	**17,132.22**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(ii) Repayment and other terms:

(₹ in crore)

	Particulars	As at March 31, 2018	As at March 31, 2017
a)	Outstanding debentures consists of 5,58,600 (Previous year 3,190,100)–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.	0.70	18.09
b)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions 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. The Company has prepaid loans aggregating to ₹ 12.45 crore, subsequent to the year end and intends to prepay balance ₹ 11.30 crore also in next twelve months.	23.77	648.26
c)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions is repayable in unequal instalments from March 2021 to March 2026 and carries interest ranging from 4.98% to 12.62%. 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. The Company has prepaid loans aggregating to ₹ 555.32 crore, subsequent to the year end and intends to prepay balance ₹ 68.14 crore also in next twelve months.	623.46	1,675.72
d)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions is repayable in 40 equal quarterly installments beginning June 30, 2015 and carried interest ranging from 4.98% to 12.62%. 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. The Company has prepaid loans aggregating to ₹ 33.38 crore, subsequent to the year end and intends to prepay balance ₹ 13.47 crore also in next twelve months.	46.85	375.95
e)	A funded interest loan was payable in a single bullet payment in 2031. The same has been prepaid during the year.	-	206.88
f)	ECB Loan carry interest rate of 3 months LIBOR + 2.75% p.a. is repayable in unequal installments starting from January 2012 and ending in October 2018. The same has been prepaid during the year.	-	590.00
g)	ECB Loans carry interest rate of 3 months / 6 months LIBOR + margin ranging from 2.75% p.a. to 5.00% p.a. are repayable in unequal installments starting from January 2012 and ending in March 2024.	2,726.71	3,421.45
h)	EPBG advances USD,1,109.07 million (Previous year USD 1,197.94 million) carry interest rate of 12 months LIBOR + 2% margin and are repayable over a period of two years with a rollover option , subject to discretion of the buyer, upto a period of 10 years.	7,150.59	7,319.63
i)	General purpose term loan carry interest rate at banks' prime lending rate / base rate plus 3.25% p.a. (margin / liquidity premium) and is repayable in installments from December 2012 to September 2018.	-	657.96
j)	Term loan carry interest rate at banks' prime lending rate / base rate plus 0.75% p.a. (Margin / liquidity premium) and was repayable in unequal installments starting from June 2018 and ending on March 2023. The same has been prepaid during the year.	-	1,022.64
k)	Term loan of is repayable by May 2017 and carry interest rate of lender's Current Prime Lending Rate (CPLR) payable monthly.	-	10.04
l)	Term loan is repayable by December 2017 and carry interest rate of lender's Current Prime Lending Rate (CPLR) payable monthly.	-	3.95

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Particulars	As at March 31, 2018	As at March 31, 2017
m) Rupee loan and USD Loan from various banks and financial institutions carry interest of respective bank/financials institutions rate of 3/6 month MCLR/ 3 months USD LIBOR + spread ranging from 0 bps to 360 bps and is repayable in unequal instalments starting from June 2018 and ending to March 2038.	4,472.13	-
n) The rupee term loan facility from banks carry interest rate at bank's 3M MCLR + 0.50% is repayable in 51 structured quarterly instalments beginning December 31, 2017.	1,451.92	-
o) Term loan facility availed by the company carries an interest rate linked to applicable MCLR + spread of 50 bps and repayment in 80 quarterly installments starting from March 2018 till December 2037.	3,484.05	-
p) Finance lease obligation is implicit rate of return debt.	-	1,181.65
Total	**19,980.18**	**17,132.22**

(iii) In March 2017, the Company and its subsidiaries Vadinar Oil Terminal Limited and Vadinar Power Company Limited 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 Group went ahead and prepaid all their dues to the said lender aggregating to ₹ 828.24 crore (including interest and prepayment penalty of ₹ 15.17 crore). However, the lender has neither released its charge over Group's assets nor issued a no dues certificate. In response to a legal notice, the said lender recently responded stating that they are in the process of reconciling the accounts and would revert shortly. Given aforementioned situation, the Group has obtained legal advice, as per which no additional liability should devolve on the Group with respect to its borrowings from the said lender.

21 Other financial liabilities (Non-Current) (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Security deposits	0.03	13.46
Derivative Liabilities - At FVTPL	42.39	211.66
Total	**42.42**	**225.12**

22 Taxation

(a) **Income tax expense / (benefit)** (₹ in crore)

Particulars		As at March 31, 2018	As at March 31, 2017
Current tax		165.06	1.82
Tax reversal pertaining to earlier years		-	(358.43)
Total current tax	**(A)**	**165.06**	**(356.61)**
Deferred tax	**(B)**	236.02	1,292.51
Total tax expense	**(A+B)**	**401.08**	**935.90**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit / (Loss) before tax (net of loss from Discontinued Operations) for the year	978.10	(1,818.91)
Statutory tax rate	34.944%	34.608%
Expected income tax expense / (benefit) at statutory rates	341.79	(629.49)
Items giving rise to difference in tax		
Deferred tax asset not recognised	24.36	760.42
Business loss utilised not recognised earlier	-	(556.84)
Disallowable expenses	6.76	2,034.64
Effect of change in indexed cost of land	(20.53)	(705.41)
Effect of change in Statutory tax rate	65.00	-
Others	(16.30)	32.58
Total Income tax expense	401.08	935.90
Effective tax rate	41.006%	51.454%

(c) **Composition of deferred tax (assets) / liabilities:**

Deferred tax balance in relation to	As at March 31, 2017*	Recognised through profit and loss	Recognised in other comprehensive income	As at March 31, 2018
Difference in Property, plant and equipment	10,503.27	85.73	-	10,589.00
Carried forward unabsorbed depreciation / business loss	(1,764.71)	(448.29)	-	(2,213.00)
Expenses allowable in tax in future years	(653.01)	258.37	-	(394.64)
Effect of mark to market accounting	(76.91)	99.19	(25.74)	(3.46)
Effect of lease accounting	(406.08)	406.08	-	-
MAT credit entitlement	(220.93)	(165.06)	-	(385.99)
Total	**7,381.63**	**236.02**	**(25.74)**	**7,591.91**

* includes deferred tax liabilities of Vadinar Oil Terminal Ltd (VOTL) and Vadinar Power Company Ltd (VPCL), as on the date of their respective acquisition, of ₹ 631.54 crore and ₹ 380.74 crore respectively {refer note 49(B)}.

Deferred tax balance in relation to	As at March 31, 2016	Recognised through profit and loss	Recognised in other comprehensive income	As at March 31, 2017
Difference in Property, plant and equipment	9,389.64	(523.17)	-	8,866.47
Carried forward unabsorbed depreciation	(2,829.64)	1,551.92	-	(1,277.72)
Expenses allowable in tax in future years	(596.23)	(61.32)	-	(657.55)
Effect of mark to market accounting	(199.32)	-	122.41	(76.91)
Effect of lease accounting	(372.73)	(33.35)	-	(406.08)
MAT credit entitlement	(437.31)	358.43	-	(78.88)
Total	**4,954.41**	**1,292.51**	**122.41**	**6,369.33**

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(d) The Group had recorded deferred tax assets of ₹ 1,551.92 crore on certain items as at March 31, 2017, recoverability of which was not reasonably certain. Hence the same has been de-recognized.

Further, certain expenses incurred during the year ended March 31, 2017 were not considered while computing the current tax charge for the said year. Upon inclusion of the same, the current tax expense reduced by ₹ 236.23 crore with a corresponding increase in the deferred tax expense leaving the total tax charge unchanged.

To reflect the aforesaid changes, the Group has restated its comparative balances as at and for the year ended March 31, 2017. This has had the effect of the total equity as at March 31, 2017 being lower by ₹ 1,551.92 crore and net tax assets and deferred tax liability being higher by ₹ 236.26 crore and ₹ 1,788.18 crore respectively; and the current tax and deferred tax charge for the year ended March 31, 2017 being lower and higher by ₹ 236.26 crore and ₹1,788.18 crore respectively, as against the previously reported figures.

(e) The Group has unrecognised deferred tax assets of ₹ 837.02 crore (March 31 2017 ₹ 767.96 crore) on short term capital losses which have not been recognised in the absence of a reasonable certainty towards their realisation. These losses can be carried forward upto March 31, 2026. Due to change of control in the current year (refer note 1), all brought forward losses up to March 31, 2017 have lapsed.

23 Other Non Current Liabilities

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance received towards construction of amenities	-	3.50
Total	**-**	**3.50**

24 Short term borrowings

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured Borrowings		
Buyers' credits and bills discounting*@	3,865.77	7,156.74
Bank overdraft / Cash credit	0.05	228.26
Short term loan from banks	2,189.12	1,466.66
Working capital demand loan from bank	1,284.12	1,300.00
Total	**7,339.06**	**10,151.66**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

Security for short term borrowing: (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
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, second charge on Property Plant and Equipment including both present and future (except certain leased out assets) 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 which is determined and fixed on date of availing of the loan which is presently between 2% p.a. to 8.65% p.a.	3,865.77	7,156.74
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.	0.05	228.26
c) (i) Short Term Loan from bank of ₹ 1,550 crore is secured by first charge on entire current assets of the company (existing and future) on a pari passu basis; second charge on Property Plant and Equipment including both present and future (except certain leased out assets) on a pari passu with other lender, and certain shares of a related party on a pari passu with other lenders. These loans carry an interest rate of 8.50% p.a. (ii) Short Term Loan from bank of ₹ 500 crore is secured by first charge on entire current assets of the company (existing and future) on a pari passu basis; second charge on Property Plant and Equipment including both present and future (except certain leased out assets) 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 which is based on the 3 months marginal cost of funds based lending rate (MCLR) plus a spread of 0.35% p.a. (iii) Short Term Loan from bank of ₹ 150 crore is secured by first pari passu charge on entire present and future moveable fixed assets of the refinery division and second pari passu charge on the entire present & future current assets of the refinery division. The loan carries an interest rate which is based on 3 months marginal cost of funds based lending rate (MCLR) plus a spread of 0.40% p.a.	2,189.12	1,466.66
d) Working Capital Demand loan from bank is secured / to be secured by first charge on all current assets both present and future including all receivables of Refinery and Marketing Division ranking pari passu, second charge by way of mortgage of immovable and movable properties, including revenues both present and future on 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. 8.15 % . These loans are repayable on demand.	1,284.12	1,300.00
Total	**7,339.06**	**10,151.66**
* 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-recognisation criteria.	**1,021.95**	**902.03**

@ Refer note 45 for borrowings outstanding in foreign currencies

25 Trade Payables

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of Micro and small enterprises	2.99	3.16
Total outstanding dues of creditors other than Micro and small enterprises	17,098.14	26,156.22
Total	**17,101.13**	**26,159.38**

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

26 Other financial liabilities - Current

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long term debt (refer note 20)	1,773.72	2,530.32
Current maturities of finance lease obligation (refer note 20)	-	5.71
Interest accrued but not due on borrowings	20.16	39.04
Capital creditors	78.83	137.54
Security deposits	22.16	23.05
Unclaimed debenture interest and principal (secured)*	0.98	5.48
Other liabilities	71.60	67.90
Derivative Liabilities - At FVTPL	142.44	75.22
Total	**2,109.89**	**2,884.26**

* 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 crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory dues@	1,002.68	664.36
Advances received from customers (refer note 51)	2,238.02	7,095.03
Export Obligation Deferred Income*	159.95	5.07
Other liabilities	2.19	-
Total	**3,402.84**	**7,764.46**

* In respect of unfulfilled export obligation of ₹ 4,280.18 crore (₹ 7,807.63 crore as at March 31, 2017)

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

28 Provisions (Current)

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Compensated absences	24.95	8.43
Gratuity (refer note 50)	33.99	16.20
Total	**58.94**	**24.63**

29 Revenue from operations

(₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of manufactured products	74,082.21	63,633.39
Sale of traded goods	11,221.17	8,095.65
Other operating revenues {refer note 38 (A)}*	208.09	355.53
Total	**85,511.47**	**72,084.57**

* Includes duty drawback income of ₹ 97.23 crore (Previous year ₹ 133.05 crore).

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for the year ended March 31, 2018

30 Other Income (₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income		
- Bank deposits (carried at amortised cost)	75.62	93.90
- Other financial assets (carried at amortised cost) {refer note 38 (B)}	299.86	1,493.45
- Derivative instruments-carried at FVTPL	62.04	128.88
	437.52	**1,716.23**
Dividend income		
- Dividend from equity investment-carried at FVTPL	0.45	2.30
Other non-operating income	137.32	110.17
Gain on discontinuance of an associate due to control acquisition (refer note 49)	100.26	-
Other gains (net)		
- Net gain on investments carried at FVTPL	34.56	8.35
- Exchange differences (net)	-	624.46
- Gain on reversal of Expected credit loss (net) (refer note 45)	471.12	-
- Gain on extinguishment of lease arrangement	-	377.35
Total	**1,181.23**	**2,838.86**

31 Changes in inventories of finished goods, work-in-progress and stock-in-trade (₹ in crore)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Inventories: (refer note 10)			
- Finished goods		857.40	501.69
- Work-in-progress		1,599.00	728.94
- Stock-in-trade		32.28	13.58
	(A)	2,488.68	1,244.21
Closing Inventories: (refer note 10)			
- Finished goods		1,301.25	857.40
- Work-in-progress		1,777.01	1,599.00
- Stock-in-trade		0.10	32.28
	(B)	3,078.36	2,488.68
Shown under Discontinued Operations	(C)	-	0.11
Net Increase in Inventory	Total (A) - (B) - (C)	**(589.68)**	**(1,244.58)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

32 Employee benefits expense

(₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	**415.03**	373.84
Contribution to provident and other funds (refer note 50)	**33.54**	22.11
Staff welfare expenses	**14.71**	12.24
Employee stock option expenses	**34.88**	13.51
Total	**498.16**	**421.70**

During the previous financial year 2016–17, the Company had paid excess managerial remuneration of ₹ 15.41 crore for which approval of the shareholders was obtained by way of a special resolution at the 28th Annual General Meeting held on September 28, 2017

33 Finance costs

(₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on borrowing - at amortised cost		
a) On debentures	**7.57**	14.53
b) On fixed term loans	**2,293.68**	1,193.38
c) On others	**734.05**	2,308.51
Other finance charges	**245.15**	243.00
Interest on Debentures (other than amortised cost) (refer note 40)	**87.34**	12.62
Total	**3,367.79**	**3,772.04**

34 Other expenses

(₹ in crore)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of chemical, catalyst, stores and spare parts		**268.64**	239.02
Product and Intermediate material storage charges		**441.72**	339.26
Consumption of power, fuel and electricity		**1,016.23**	1,154.50
Rent / ROI / Adhoc Compensation to retail outlets		**108.69**	55.55
Freight and Forwarding Charges		**662.33**	411.57
Rent, rates and taxes		**222.58**	57.15
Insurance		**52.74**	50.33
Legal and professional fees		**149.95**	197.57
Repairs and maintenance		**162.65**	141.93
Debit balance / doubtful debts written off	154.33		
Less: provision made in the earlier years	(153.15)	**1.18**	6.85
Loss on discard of property, plant and equipment (net)		**11.88**	36.77
Exchange differences (net)		**404.48**	-
Trade Mark Fees		**228.11**	287.93
Expected credit loss (net of write off)		-	211.84
Loss arising on Financial Assets at FVTPL		-	14.23
Sundry expenses		**301.44**	305.01
Total		**4,032.62**	**3,509.51**

Note:

An amount of ₹ Nil (previous year ₹ 6.65 crore) has been contributed by the Company to Satya Electoral Trust.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

35. Earnings / (loss) per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
From Continuing operations			
Profit / (loss) attributable to ordinary equity holders of the parent for basic & diluted earnings (₹ in crore)	(A)	**667.98**	(546.28)
From Discontinuing operations			
Loss attributable to ordinary equity holders of the parent for basic & diluted earnings (₹ in crore)	(B)	**(92.27)**	(2,208.53)
From Continuing & Discontinuing operations			
Profit / (loss) attributable to ordinary equity holders of the parent for basic & diluted earnings (₹ in crore)	(C)	**575.71**	(2,754.81)
Ordinary shares at the beginning of the year for basic EPS (in Nos.)		**1,490,561,155**	1,450,668,359
Add: Weighted average number of ordinary shares issued during the year (in Nos.)		**-**	5,464,767
Weighted average number of ordinary shares for basic EPS (in Nos.)	(D)	**1,490,561,155**	1,456,133,126
Add: Shares deemed to be issued (in Nos.)@		**-**	-
Weighted average number of ordinary shares for diluted EPS (in Nos.)	(E)	**1,490,561,155**	1,456,133,126
Nominal value of ordinary shares (₹)		**10/-**	10/-
From Continuing operations			
Basic earnings / (loss) per share (₹)	(A/D)	**4.48**	(3.75)
Diluted earnings / (loss) per share (₹)	(A/E)	**4.48**	(3.75)
From Discontinuing operations			
Basic loss per share (₹)	(B/D)	**(0.62)**	(15.17)
Diluted loss per share (₹)	(B/E)	**(0.62)**	(15.17)
From Continuing & Discontinuing operations			
Basic earnings / (loss) per share (₹)	(C/D)	**3.86**	(18.92)
Diluted earnings / (loss) per share (₹)	(C/E)	**3.86**	(18.92)

@ Shares deemed to be issued for the year ended March 31, 2017 are Nil since the effect is anti dilutive.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

36. Capital and other commitments

(₹ in crore)

Particulars		As at March 31, 2018	As at March 31, 2017
(A)	**Capital commitments :**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	549.96	824.15
(B)	**Other commitments**		
	(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 on 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 August 2017, the Company entered into a 20 year term brand license agreement with third parties towards non exclusive use of brand with an annual commitment of USD 35 Million (₹ 227.65 crore). 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.		

37. Contingent liabilities

(₹ in crore)

Particulars		As at March 31, 2018	As at March 31, 2017
(A)	In respect of income tax demands on various issues	22.91	18.73
(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 ₹ 2,541.33 crore (as at March 31, 2017 ₹ 1,928.25 crore)}	3,195.92	2,412.77
(C)	Other demands of Sales tax /VAT	81.84	81.84
(D)	In respect of custom duty / excise duty / service tax mainly relating to classification of products sold, allow ability of cenvat credit {includes likely reimbursement of ₹ 49.67 crore (as at March 31, 2017 ₹ 47.22 crore)}	723.62	568.12
(E)	Legal costs, penalty and interest awarded by arbitral panel against the Group for which Group has gone for an appeal.	-	123.70
(F)	Claims filed by creditors of an erstwhile subsidiary. The Company reserves its right to claim the entire amount back from the said entity.	73.90	-
(G)	The Reserve Bank of India (RBI) levied a compounding penalty of ₹ 241.16 crore (March 31 2017: ₹ 241.16 crore) on the Company for delay in the allotment of equity against advances for Global Depositary Shares. The Company contested the penalty and appealed to the RBI governor who has since rejected the appeal. In the meanwhile, the Enforcement Directorate has initiated an investigation in the matter. Based on the legal advice obtained by the company, the management is of the opinion that it should get relief and at most be liable for a sum of ₹ 4.93 crore (Previous year ₹ 4.93 crore) only for which necessary provision has been made in these financial statements.		
(H)	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 ₹ 834.23 crore (including interest of ₹ 260.14 crore) as at March 31, 2018 (As at March 31, 2017 ₹ 769.40 crore including interest of ₹195.31 crore). The Company has disputed the claim and the matter has been referred to Arbitration. The supplier has already invoked a bank guarantee of ₹186 crore provided by the Company and the assignor has reimbursed the same to the Company. The Company on the basis of legal advice and in view of the indemnity provided by the Assignor does not expect any material liability to devolve on the Company.		
(I)	In the month of June 2018, an arbitration award of ₹ 29.05 crore (including ₹ 13.02 crore towards interest and legal costs) has been decided against the Company in an ongoing dispute with a third party vendor with respect to the erstwhile E&P business which was transferred to Essar Oil and Gas Exploration and Production India Limited (EOGEPL) in March 2017 on a going concern basis (refer note 43) and subsequently EOGEPL was disposed of. The management believes that the above award is not tenable and plans to challenge the same through EOGEPL. Further, the Company has not given any financial impact in its financial statement for the above, since the Company is entitled to be reimbursed for the entire amount by EOGEPL, in the event the matter is ultimately decided against the Company.		
(J)	Other claims against the Group	211.26	153.08

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

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38. (A) Other operating revenue includes ₹ 50.30 crore (Previous Year ₹ 87.48 crore) 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). The appeal filed by the department against this order is pending before Gujarat High Court for hearing. The total receivables on these accounts are ₹ 348.68 crore (As at March 31, 2017 ₹ 298.38 crore).

(B) The Company has a receivable of ₹ 154.98 crore (As at March 31, 2017 ₹ 177.25 crore) which includes interest income of ₹ 7.77 crore (Previous year ₹ 7.78 crore) recorded during the current year. The Hon'ble Supreme Court of India in July 2015 had ordered the customer to pay ₹ 182.11 crore (including interest of ₹ 138.71 crore) against which the company has realised ₹ 48.20 crore as at balance sheet date. 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 credit worthiness of the party and believes that it should be able to recover its dues.

39. Exceptional items

Exceptional items comprise of (₹ in crore)

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(A)	Inventory (Gain) arising from steep fluctuations in the global price of crude oil	-	(130.00)
(B)	Foreign currency gain arising from redesignation of the currency in which dues of NIOC are to be settled, from USD to Euro	-	(853.58)
(C)	Variation in foreign exchange fluctuation on overdue crude purchase liabilities to NIOC (net of earmarked bank balances) and other related costs	1,947.05	-
(D)	Write-off of Capital Work-in Progress expenses relating to petrochemical and expansion projects on reassessment	297.01	-
(E)	Write-back of a liability arising out of a settlement with a trade creditor	(429.50)	-
(F)	Loss on buyback of equity by Enneagon Limited, a subsidiary	30.13	-
(G)	Debit to profit and loss on re-assessment of the Group's ability to collect the amount*	-	6,259.13
	Total	**1,844.69**	**5,275.55**

* In terms of the SPAs entered into by the erstwhile promoter group to sell their stake in the Company (refer note 1) an escrow arrangement was put in place to deploy the sales consideration, to the extent required, for realization of amounts due from certain erstwhile related parties and other entities. The closure of sale by the erstwhile promoter group took longer than previously envisaged and the Company in the interim continued to transact with these entities, and reassessed its ability to collect the outstanding balance, through the said escrow arrangement, based on which it had debited to profit or loss ₹ 6,259.13 crore as an Exceptional Item. The carrying values of the dues to be received through the escrow mechanism aggregated at March 31, 2017 to ₹ 22,982.45 crore (net of ECL provision of ₹ 417.04 crore). In the current financial year ₹ 24,346.65 crore was received (including ₹ 1,025.91 crore received by the subsidiaries acquired by the Company during the year) and the balance ₹ 88.37 crore is outstanding which has been confirmed by the counterparty, and thus the Group expects to recover it in due course.

40. 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 upto 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, accrued interest liabilities would have been higher by ₹ 1.31 crore (previous year - ₹ 88.65 crore) and profit before tax for the year ended March 31, 2018 would have been higher by ₹ 87.34 crore (previous Year ₹ 12.62 crore). The said interest does not have a material impact on basic and diluted earnings per share for the year.

41. Leases

The Group has obtained various items of property, plant and equipment on finance lease. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:

A) Finance lease:-

(i) Future lease rental payable and reconciliation of minimum lease payments and its present value in respect of the assets:-

(₹ in crore)

Particulars	Minimum Lease payments/ Future lease rent payable		Interest		Present value of minimum lease payments	
	As at March 31,2018	As at March 31,2017	As at March 31,2018	As at March 31,2017	As at March 31,2018	As at March 31,2017
Future lease rental obligation payable:						
Not later than one year	-	245.00	-	239.28	-	5.72
Later than one year but not later than five years	-	980.00	-	945.48	-	34.52
Later than five years	-	3,920.00	-	2,778.59	-	1,141.41
Total	**-**	**5,145.00**	**-**	**3,963.35**	**-**	**1,181.65**

(ii) General description of the leasing arrangements:

- Leased Assets – Power Plants and supply depot.
- Future lease rental payments are determined on the basis of quarterly / monthly lease payments as provided in the agreements.
- At the expiry of the lease term, the Company has an option to extend the lease on mutual terms and conditions. In case of the supply depot, the ownership gets transferred to the Company at the end of the lease term.
- Assets are taken on lease over a period of 10 to 30 years.

B) Operating lease:

(i) The Company's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings)/ retail outlet facilities/storage and handling facilities. The lease rentals are recognised under "Cost of Consumption" or "Other Expenses" as applicable. These leasing arrangements are usually renewable by mutually agreed terms and conditions.

(ii) Future minimum rentals payable under non-cancellable operating leases as at March, 31 2018 are, as follows:

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Not later than one year	-	953.03
Later than one year but not later than five years	-	981.97
Later than five years	-	-
Total	**-**	**1,935.00**

The lessor with whom above finance / operating lease arrangements were made, have become Subsidiary of the holding Company and hence, none of the disclosure above are applicable. There was no Gain/Loss on such lease arrangement as on date of acquisition.

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.

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Following the change in shareholding on August 18, 2017, the new management of the Group has changed the structure of components that management uses to make decisions about operating matters and for the purposes of allocating resources to these components and measuring their performance. According to the new 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 new 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 new management views operations of the entire group as one activity for measuring performance and allocating resources. Basis this, the management has decided that the entire Group is a single segment entity.

Information about major customers:

Two customers in the Refining and Marketing segment contributed revenues (including excise duty) aggregated to ₹ 26,232.81 crore, accounting for approximately 31% of the total revenue (for the year ended March 31, 2017 : Three customers in the Refining and Marketing segment contributed revenues aggregated to ₹ 32,035.22 crore accounting for approximately 43% of the total revenue). No other customer contributed 10% or more, to the total revenue for both the year ended March 31, 2018 and March 31, 2017.

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 crore)

Revenue*	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Within India	54,657.87	39,024.65
Outside India:		
Singapore	10,561.98	9,699.36
UAE	5,063.76	7,657.57
Other Countries	15,227.86	15,702.99

*includes revenue from operations and other operating income

Particulars	As at March 31, 2018	As at March 31, 2017
Non Current Assets*		
Within India	57,347.02	39,961.79
Outside India	-	-

* Non current assets excludes financial assets and non current tax assets.

43. Discontinued Operations

As a condition precedent to the SPA referred to in note no. 1, the holding Company disposed-off its Exploration and Production division on March 31, 2017 to its wholly owned subsidiary, Essar Oil and Gas Exploration India Limited, and had recorded a loss of ₹ 2,208.49 crore on the said division during the year ended on that date. During the current year, the said subsidiary has been disposed-off and an additional loss of ₹ 92.27 crore (comprising of loss on sale of investment of ₹ 77.45 crore and expense of ₹ 14.82 crore towards such discontinued operation in the current year) has been incurred and disclosed as loss on discontinued operations.

Given below is the analysis of loss from the discontinued operations including loss on fair valuation of Compulsorily Convertible Debentures (CCDs) and summary of cash flows with comparatives.

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Analysis of loss from discontinued operations: (₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	-	1.68
Other income	-	1.91
Total income (I)	-	3.59
Expenses (including depreciation ₹ Nil, Previous year ₹ 1.11 crore)	14.82	14.87
Total expenses (II)	14.82	14.87
Loss before tax (III)=(I-II)	(14.82)	(11.28)
Loss on disposal of operation {sale of CCDs (includes fair valuation of CCDs as on March 31, 2017)}	(77.45)	(2,197.25)
Total loss from Discontinued operations	**(92.27)**	**(2,208.53)**

Note:

There is no current or deferred tax attributable to the loss from discontinued operations.

Assets and Liabilities classified as held for sale (₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Assets classified as held for sale		
Non current assets		
(a) Property, plant and equipment (including capital work-in progress and intangible assets)	-	1,954.97
Current assets		
(a) Financial assets (including cash and cash equivalent of ₹ 5.94 crore)	-	63.71
(b) Other assets	-	92.24
Total assets classified as held for sale	-	2,110.92
Liabilities classified as held for sale		
Non current liabilities		
(a) Borrowings	-	1,330.34
(b) Long term provisions	-	5.14
Current liabilities		
(a) Financial liabilities	-	210.65
(b) Short-term provisions	-	2.25
(c) Other liabilities	-	6.77
Total liabilities classified as held for sale	**-**	**1,555.15**
Net assets classified as held for sale	**-**	**555.77**

Summary of Cash flows from Discontinuing operations: (₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net cash used in operating activities	(14.82)	**(5.63)**
Net cash generated from / (used in) investing activities	478.32	**(270.61)**
Net cash used in financing activities	-	**(4.89)**
Net cash inflows / (outflows)	**463.50**	**(281.13)**

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44. Capital Management

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. The primary objective of the Group's capital management is to maximise the shareholder value. The Group's objective while managing capital is also to safeguard its ability to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt {borrowings (excluding finance lease obligation) as detailed in notes 20 and 24 offset by cash and bank balances as detailed in notes 13 and 14} and total equity. As part of externally imposed capital requirements, the Group is required to maintain certain financial covenants as specified in the loan agreements. The Group monitors its capital using gearing ratio, which is net debt divided to equity underlying net debt. Net debt includes borrowings less cash and cash equivalents and other bank balances.

There is no outstanding default on the repayment of loans (including interest thereon) as at March 31, 2018.

Bank loans availed by the Group are subject to certain financial covenants relating to interest service coverage ratio, debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio, ratio of total term liabilities to net worth and debt to EBIDTA. The Group has complied with the financial covenants as per the terms of the loan agreements.

The following table summarizes the capital of the Company: (₹ in crore)

Particulars	As at March 31,2018	As at March 31,2017
Non-current borrowings (refer note 20)	18,206.46	14,036.72
Current borrowings (refer note 24)	7,339.06	10,151.66
Upfront fees	177.71	312.45
Current maturities of non-current borrowings (refer note 26)	1,773.72	2,536.03
Total debt including finance lease obligation	**27,496.95**	**27,036.86**
Less: Finance lease obligation (refer note 20)	-	(1,181.65)
Total debt excluding finance lease obligation	27,496.95	25,855.21
Less: Cash and cash equivalents (refer note 13)	(2,459.32)	(1,827.70)
Less: Bank balances other than above (refer note 14)	(1,020.02)	(1,539.23)
Total cash and bank balances	(3,479.34)	(3,366.93)
Net debt (a)	**24,017.61**	**22,488.28**
Equity share capital (refer note 18)	1,507.16	1,507.16
Other equity (refer note 19)	16,693.79	16,164.62
Non-controlling Interests (refer note 48)	253.56	-
Total equity	18,454.51	17,671.78
Equity and underlying net debt (b)	**42,472.12**	**40,160.06**
Gearing ratio (a/b)	56.55%	56.00%

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45. Financial Instruments

A) Categories of Financials Instruments

(₹ in crore)

Particulars		As at March 31, 2018		As at March 31, 2017@	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets					
Measured at amortised cost					
Loans*		-	-	248.88	248.88
Other financial assets*		814.15	814.15	15,574.60	15,574.60
Trade receivables*		2,927.22	2,927.22	17,464.91	17,464.91
Cash and cash equivalent*		2,459.32	2,459.32	1,827.70	1,827.70
Bank balances other than cash and cash equivalent*		1,020.02	1,020.02	1,539.23	1,539.23
Total financial assets at amortised cost	**(A)**	**7,220.71**	**7,220.71**	**36,655.32**	**36,655.32**
Measured at fair value through profit and loss					
Current investments		1,302.09	1,302.09	-	-
Derivative assets		33.93	33.93	292.46	292.46
Total financial assets at fair value through profit and loss	**(B)**	1,336.02	1,336.02	292.46	292.46
Total financial assets	**(A+B)**	**8,556.73**	**8,556.73**	**36,947.78**	**36,947.78**
Financial liabilities					
Measured at amortised cost					
Borrowings					
Non-current borrowings#		19,980.18	19,980.18	16,572.75	16,563.51
Current borrowings*		7,339.06	7,339.06	10,151.66	10,151.66
Trade payables*		17,101.13	17,101.13	26,159.38	26,159.38
Other financial liabilities*		193.76	193.76	286.47	286.47
Total financial liabilities at amortised cost	**(A)**	44,614.13	44,614.13	53,170.26	53,161.02
Measured at fair value through profit and loss					
Derivative liabilities		184.83	184.83	286.88	286.88
Total financial liabilities at fair value through profit and loss	**(B)**	184.83	184.83	286.88	286.88
Total financial liabilities	**(A+B)**	44,798.96	44,798.96	53,457.14	53,447.90

including current maturities of long-term borrowings and finance lease obligations

* 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.

@ excludes assets / liabilities classified as held for sale

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B) Level wise disclosure of Financial instruments:

Particulars	As at March 31, 2018	As at March 31, 2017	Level	Valuation techniques and key inputs
Instruments at FVTPL				
Investment in mutual funds	1,302.09	-	I	Net asset value declared by mutual fund
Foreign currency forward exchange contracts-Assets	30.77	8.97	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	3.37	7.76	II	
Foreign currency option contracts-Assets	3.16	-	II	
Commodity Derivative Contracts -Assets	-	28.32	II	
Commodity Derivative Contracts-Liabilities	124.80	9.50	II	
Currency swap contracts -Assets	-	78.35	II	
Currency swap contracts -Liabilities	-	172.04	II	
Interest rate swap contracts -Liabilities	56.66	97.58	II	
Embedded derivative -Assets	-	176.81	II	Embedded foreign currency are measured similarly to the foreign currency forward contracts. The embedded derivatives are foreign currency forward contracts which are separated from long-term sales/ lease contracts where the transaction currency differs from the functional currencies of the involved parties.
Instruments at amortised cost				
Long term borrowings (including current maturities)	19,980.18	16,563.51	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.

(C) Financial risk management objectives

The Group's principal financial liabilities, other than derivatives, comprise loans and overdrafts, finance leases and trade payables. The main purpose of these financial liabilities is to raise finance for the Company'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 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 interest rate risk, liquidity risk, foreign currency risk, commodity price risk and credit risk. 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.

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

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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) **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

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

(₹ in crore)

Particulars	As at March 31, 2018		As at March 31, 2017 @	
	Assets	Liabilities	Assets	Liabilities
USD	1,902.13	25,482.55	18,071.51	31,435.22
EURO	118.50	6,499.41	5.24	18,355.29
AED	-	0.06	-	0.05
GBP	0.30	2.51	2.27	0.53
RUB	-	-	-	-
SGD	0.03	0.01	-	-
TOTAL	**2,020.96**	**31,984.54**	**18,079.02**	**49,791.09**

@ includes assets / liabilities classified as held for sale

ii) **Unhedged currency risk position:**

a) 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, 2018 :

Currency	Payables		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in crore	FC in Million	₹ in crore	FC in Million	₹ in crore	FC in Million
SGD	0.01	0.00	0.03	0.01	-	-
USD	8,373.99	1,287.43	178.43	27.43	12,844.91	1,974.80
EURO	2,694.45	334.21	14.85	1.84	0.20	0.02
GBP	2.51	0.27	0.30	0.03	-	-
AED	0.06	0.03	-	-	-	-
Total	**11,071.02**		**193.61**		**12,845.11**	

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As at March 31, 2017 :

Currency	Payables		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in crore	FC in Million	₹ in crore	FC in Million	₹ in crore	FC in Million
JPY	0.00	0.04	-	-	-	-
USD	14,408.78	2,222.25	16,533.58	2,549.96	15,752.85	2,429.55
EURO	16,009.96	2,311.99	5.24	0.76	-	-
GBP	0.53	0.07	2.27	0.28	-	-
AED	0.05	0.03	-	-	-	-
Total	**30,419.32**		**16,541.09**		**15,752.85**	

includes assets / liabilities classified as held for sale
"0.00" represents amount less than 0.01 million in FC
"0.00" represents amount less than ₹ 0.01 crore

b) Bank balance in foreign currency as at March 31, 2018 ₹ 1,079.32 crore (USD 150.00 million & Euro 12.86 million) {as at March 31, 2017 ₹ 1,573.54 crore (USD 242.69 million) which includes ₹ 1,317.67 crore in Exchange earners' foreign currency account and ₹ 255.87 crore in NOSTRO account}

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the relevant foreign currencies net of of hedging. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates with all the variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 5% against the relevant currency. For a 5% weakening of INR against the relevant currency, there would be an inverse impact on profit or equity.

(₹ in crore)

Particulars	Impact on Profits (net of taxes)	
	As at March 31, 2018	As at March 31, 2017@
Receivable		
USD	(37.53)	(590.87)
GBP	(0.01)	(0.07)
EURO	(3.85)	(0.17)
Payables		
USD	690.20	985.61
EURO	87.65	523.46
GBP	0.08	0.02

@ includes assets / liabilities classified as held for sale

iii) Forward foreign exchange contracts and Currency Swap Contracts

It is the policy of the Company to enter into forward foreign exchange contracts to cover foreign currency payments and receipts. The Company has also entered into currency swap contracts to cover the currency risk on forecasted sales. The following table details the forward foreign currency contracts and currency swap contracts outstanding at the end of the reporting period:

Outstanding currency swap contracts:

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Cash flow hedges

Sell US$	Notional amounts (in USD Mn)		Fair value of liabilities (net) (₹ in crore)*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Less than 1 year	-	77.96	-	(6.86)
1 year to 2 years	-	20.41	-	(1.56)
2 years to 5 years	-	47.84	-	(23.76)
More than 5 years	-	49.64	-	(72.29)
Total	**-**	**195.85**	**-**	**(104.47)**

* Excludes Credit Value / Debit Value adjustments

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 ₹ 62.41 crore as at March 31, 2018 (debit balance of ₹ 113.79 crore as at March 31, 2017) (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.

Outstanding foreign currency forward exchange and option contracts
Not designated in hedging relationship

Particulars	Notional amounts (in Foreign Currency Mn)		Fair value of assets/(liabilities) (₹ in crore)*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Forward Contracts:				
Buy USD				
Less than 3 months	590.50	199.05	18.95	(2.73)
Sell USD	115.00	-	0.29	-
Less than 3 months				
Buy EUR Sell USD				
Less than 3 months	471.93	339.71	8.16	3.68
Options:				
Call US$				
Less than 3 months	65.00	-	3.16	-

* Excludes Credit Value / Debit Value adjustments

iv) 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 / Euro 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.

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The following table provides a breakdown of the Group's fixed and floating rate borrowings:

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Fixed rate borrowings	2,220.35	9,023.79
No Interest bearing	-	59.97
Floating rate borrowings	25,276.60	17,953.10
Total borrowings	27,496.95	27,036.86
Less: Upfront fee	(177.71)	(312.45)
Total borrowings	27,319.24	26,724.41

@ includes liabilities classified as held for sale

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, 2018 would decrease / increase by ₹ 118.64 crore (Previous year ₹ 86.56 crore). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

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 Company to mitigate the risk of changing interest rates on the 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.

Cash flow hedges
Outstanding Contracts (Floating to Fixed)

Particulars	Notional amounts (in USD Mn)		Fair value of liabilities (net) (₹ in crore)*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Less than 1 year	20.00	18.94	(6.64)	(18.12)
1 year to 2 years	24.00	23.63	(10.60)	(19.24)
2 years to 5 years	76.00	86.08	(22.91)	(41.84)
More than 5 years	45.10	89.44	(2.54)	(10.72)
Total	**165.10**	**218.09**	**(42.69)**	**(89.92)**

* Excludes Credit Value / Debit Value adjustments

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 ₹ 7.79 crore as at March 31, 2018 (debit balance of ₹ 28.27 crore as at March 31, 2017) 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.

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Not designated in hedging relationship
Outstanding Contracts (Floating to Fixed)

Particulars	Notional amounts (in USD Mn)		Fair value of liabilities (net) (₹ in crore)*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Less than 1 year	28.64	28.89	(7.62)	(11.42)
1 year to 2 years	21.21	28.20	(4.53)	(9.55)
2 years to 5 years	23.14	44.36	(1.81)	(7.49)
More than 5 years	-	-	-	-
Total	**72.99**	101.45	**(13.96)**	(28.46)

* Excludes Credit Value / Debit Value adjustments

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.

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, loans, investment in debt securities, cash & cash equivalents and derivatives.

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 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:

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Ageing of trade receivables (gross): (₹ in crore)

Particulars	**As at March 31, 2018**	**As at March 31, 2017@**
Not due	2,854.72	10,177.34
0-30 days	73.17	1,253.03
31-60 days	0.07	1,854.52
61-90 days	0.01	918.38
91-180 days	0.09	3,227.88
More than 181 days	-	37.80
Total	**2,928.06**	**17,468.95**

@ includes assets classified as held for sale

The Group 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 security note 20 and 24). Expected credit losses are provided based on the credit risk of the counterparties.

Loans, Deposits, Advances and investments

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 fund companies. Loans, Deposits and Advances are extended to counterparties after assessing their financial capabilities. 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.

Movement in the expected credit loss allowance (₹ in crore)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Balance at the beginning of the year	630.73	662.47
Addition on account of purchase of subsidiaries	18.66	-
Expected credit loss (reversed) / recognised (net)	(471.12)	362.65
Bad debts written off	(153.15)	(394.39)
Balance at the end of the year	25.12	630.73

Cash and bank balances and derivatives

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.

The Group's maximum exposure to the credit risk for the components of the balance sheet as at March 31, 2018 and March 31, 2017 is the carrying amounts mentioned in note no 8, note no 11, note no 15 and note no 16.

vi) **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.

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

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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.

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 crore)*	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Cash flow hedges				
Crude oil				
Buy Positions				
Less than 1 year	16,828.00	5,085.00	(29.05)	(13.99)
Sell Positions				
Less than 1 year	(500.00)	(4,365.00)	(1.73)	3.00
Petroleum products				
Sell Positions				
Less than 1 year	(15,783.00)	(2,850.00)	(94.02)	29.57

* Excluding CVA/DVA Adjustment

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 ₹ 124.80 crore as at March 31, 2018 (credit balance of ₹ 24.59 crore as at March 31, 2017) on commodity derivative (gross of tax) contracts have been recognised in other comprehensive income.

Loss/(gain) on account of hedge ineffectiveness on commodity derivative contracts is ₹ Nil crore for the year ended March 31, 2018, (₹ (0.07) crore for the year ended March 31, 2017) in the line item Revenue from Operations and Cost of raw materials consumed, as applicable.

The following table details the Group's sensitivity to a 5% increase in the price of respective commodity. 5% is the sensitivity rate used when reporting commodity hedging risk internally to key management personnel and represents management's assessment of the reasonably possible change in the prices of commodity. A positive number below indicates an increase in profit or equity and negative number would be an inverse impact on profit or equity.

(₹ in crore)

Particulars	Impact on profit (Net of taxes)	
	As at March 31, 2018	As at March 31, 2017
Cash flow hedges		
Crude oil		
Buy Positions		
Less than 1 year	0.94	0.46
Sell Positions		
Less than 1 year	(0.06)	(0.10)
Petroleum products		
Sell Positions		
Less than 1 year	(3.06)	(0.96)

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vii) 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 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 Group may be required to pay. Details of maturity profile are as given below.

As at March 31, 2018	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings including future interest	3,393.71	11,944.50	17,587.56	32,925.77
Short Term Borrowings including future interest	7,529.25	-	-	7,529.25
Trade payables	17,101.13	-	-	17,101.13
Other financial liabilities	193.73	0.03	-	193.76
Derivatives	142.41	39.84	2.58	184.83
Total	**28,360.23**	**11,984.37**	**17,590.14**	**57,934.74**

As at March 31, 2017	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings including future interest	5,119.73	8,645.15	7,987.17	21,752.05
Short Term Borrowings including future interest	10,188.49	-	-	10,188.49
Trade payables	26,159.38	-	-	26,159.38
Other financial liabilities	273.01	13.46	-	286.47
Derivatives	198.04	78.12	10.72	286.88
Finance lease payables including future interest	245.00	980.01	3,920.02	5,145.03
Total	**42,183.65**	**9,716.74**	**11,917.91**	**63,818.30**

The Group has undrawn committed facilities as at 31 March, 2018 of ₹ 3,431.46 crore (₹ 1,655.76 crore as at March 31, 2017) with maturities ranging from one to two years.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

46. Additional information as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as Subsidiaries / Associates (₹ in crore)

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	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent:								
Nayara Energy Limited (formerly known as Essar Oil Limited)*	96.11%	17,737.28	48.60%	280.44	98.86%	(46.00)	44.18%	234.44
Subsidiaries:-								
Indian:								
Nayara Energy Properties Limited (formerly known as Vadinar Properties Limited)	0.45%	83.83	-0.75%	(4.31)	-	-	-0.81%	(4.31)
Essar Oil and Gas Exploration and Production Limited	0.00%	-	0.00%	-	-	-	0.00%	-
Vadinar Oil Terminal Limited	1.62%	298.57	9.55%	55.09	0.60%	(0.28)	10.33%	54.81
Vadinar Power Company Limited (Refer Note 49)	7.08%	1,307.04	13.90%	80.22	0.54%	(0.25)	15.07%	79.97
Coviva Energy Terminals Limited (formerly known as Vadinar Liquid Terminals Limited)	0.00%	(0.49)	-0.03%	(0.16)	-	-	-0.03%	(0.16)
Foreign:								
Essar Oil Trading Mauritius Limited	0.00%	(0.30)	-0.01%	(0.07)	-	-	-0.01%	(0.07)
Enneagon Limited	0.00%	0.11	-0.75%	(4.31)	-	-	-0.81%	(4.31)
Intercompany Elimination and Consolidation Adjustments	-5.26%	(971.53)	29.48%	170.12	-	-	32.07%	170.12
Non Controlling Interest in all subsidiaries Associates (Investment as per the equity method) :-								
Indian :								
Vadinar Oil Terminal Limited	-	-	-	-	-	-	-	-

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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	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Coviva Energy Terminals Limited (formerly known as Vadinar Liquid Terminals Limited)	-	-	-		-	-	-	-
Foreign:								
Essar Oil Trading Mauritius Limited	-	-	-	-	-	-	-	-
Enneagon Limited	-	-	-	-	-	-	-	-
Grand Total	100.00%	18,454.51	100.00%	577.02	100.00%	(46.53)	100.00%	530.49

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(₹ in crore)

Name of Entity	2016-17 {restated note no. 22(d)}							
	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	Amount	As % of co nsolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent:								
Nayara Energy Limited (formerly known as Essar Oil Limited)*	99.04%	17,502.84	97.03%	(2,672.95)	100.00%	231.28	96.76%	(2,441.67)
Subsidiaries:-								
Indian:								
Nayara Energy Properties Ltd (formerly known as Vadinar Properties Limited)	0.46%	81.87	1.91%	(52.60)	-	-	2.08%	(52.60)
Essar Oil and Gas Exploration and Production Limited	-10.28%	(1,816.57)	0.00%	-	-	-	0.00%	-
Foreign:								
Essar Oil Trading Mauritius Limited	0.00%	(0.23)	0.00%	(0.05)	-	-	0.00%	(0.05)
Enneagon Limited	0.00%	-	0.00%	-	-	-	0.00%	-
Intercompany Elimination and Consolidation Adjustments	9.69%	1,712.03	-0.10%	2.71	-	-	-0.11%	2.71
Associates (Investment as per the equity method):								
Indian :								
Vadinar Power Company Limited	1.09%	191.84	1.16%	(31.91)	0.00%	(0.01)	1.26%	(31.92)
Coviva Energy Terminals Limited (formerly known as Vadinar Liquid Terminals Limited)	0.00%	-	0.00%	(0.01)	-	-	0.00%	(0.01)
Grand Total	**100.00%**	**17,671.78**	**100.00%**	**(2,754.81)**	**100.00%**	**231.27**	**100.00%**	**(2,523.54)**

*excluding investment in associates shown under "Associates (Investment as per the equity method)".
"0.00" represents amount less than ₹ 0.01 crore.
"0.00%" represents % less than 0.01%.

Notes to Consolidated Financial Statements

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47. Detail of Subsidiaries / Associate and Composition of Group

Following subsidiaries and associates have been considered in the preparation of consolidated financial statements.

Sr. No.	Name of the Company	Principal activities	Relation	Country of Incorporation	Proportion of ownership Interest (%)	
					As at March 31, 2018	As at March 31, 2017
1	Nayara Energy Properties Limited (formerly known as Vadinar Properties Limited) (w.e.f. February 18, 2015)*	Construction and leasing/renting of residential township, colonies and complexes.	Wholly Owned Subsidiary	India	100.00%	100.00%
2	Essar Oil and Gas Exploration and Production India Limited (EOGEPL) (w.e.f. May 10, 2016 to July 31, 2017)@	Oil and Gas exploration and production	-	India	-	100.00%
3	Coviva Energy Terminals Limited (CETL) (formerly known as Vadinar Liquid Terminals Limited) (w.e.f. March 27, 2015)*(Note (a))	Engaged in development of marine liquid terminal facilities	Subsidiary	India	51.00%	26.00%
4	Vadinar Power Company Limited (VPCL) {w.e.f. May 16, 2017 }*#	Owns and operates power plants	Wholly Owned Subsidiary	India	100.00%	26.01%
5	Vadinar Oil Terminal Limited (VOTL) (w.e.f. June 29, 2017)*	Handling and storage of crude oil and petroleum products	Subsidiary	India	97.63%	-
6	Essar Oil Trading Mauritius Limited (EOTML)*	Engaged in Investment holdings and trading in commodities	Wholly Owned Subsidiary	Mauritius	100.00%	100.00%
7	Enneagon Limited, Mauritius (w.e.f. June 29, 2017)@ (Note (b))	Buying and selling of petroleum and coal products	Subsidiary	Mauritius	97.63%	-

*Audited financial statements have been considered for consolidation.

@Unaudited financial statements have been considered for consolidation and was a subsidiary till July 31, 2017

In previous year, Effective holding is 13.69 %, considering the participating preference shares held by its holding company.

(a) VOTL is holding 25% in Coviva Energy Terminals Limited (formerly known as Vadinar Liquid Terminals Limited). The Company is also holding 26% in CETL and hence CETL has also become subsidiary of the Company.

(b) VOTL is holding 100% in Enneagon Limited and hence Enneagon Limited has also become subsidiary of the Company.

Notes to Consolidated Financial Statements

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48. Non-Controlling Interest (NCI)

Most of the non controlling interest relate to Vadinar Oil Terminal Limited as on March 31, 2018. NCIs hold an economic interest by virtue of their shareholding of 2.37%. The principal place of business of VOTL is in India.

The table below shows summarized financial information of subsidiaries of the Group that have non-controlling interests.

(₹ in crore)

Particulars	As at March 31, 2018
Non-current assets	14,823.43
Current assets	143.71
Non-current liabilities	3,858.06
Current liabilities	410.33
Net Assets	**10,698.75**
Equity attributable to owners of the group	10,445.19
Non-controlling interest	**253.56**

(₹ in crore)

Particulars	As at March 31, 2018
Revenue (Including other income)	1,497.40
Expenses (including exceptional items)	1,325.11
Profit for the year	**65.10**
Profit attributable to owners of the Company	63.56
Profit attributable to non-controlling interests	1.54
Profit for the year	65.10
Other comprehensive loss attributable to the owners of the Company	(0.27)
Other comprehensive loss attributable to non-controlling interests	(0.01)
Other comprehensive loss during the year	(0.28)
Total comprehensive income attributable to the owners of the Company	63.28
Total comprehensive income attributable to non-controlling interests	1.54
Total comprehensive income during the year	64.82
Dividends paid to non-controlling interests	-
Net cash inflow from operating activities	828.38
Net cash inflow from investing activities	2,858.10
Net cash outflow from financing activities	(3,663.30)
Net cash inflow	**23.18**

VOTL became a subsidiary during this year hence NCI for previous year is nil.

Transaction towards non-controlling interests in Coviva Energy Terminals Limited (Formerly known as Vadinar Liquid Terminals Limited), being immaterial, has not been disclosed.

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49. Business combination and acquisition of Non-controlling interest

(A) The Group completed the acquisition of Vadinar Oil Terminal Limited (VOTL) and Vadinar Power Company Limited (VPCL) during the current year and acquired a controlling stake in these entities on June 29, 2017 and May 16, 2017 respectively. Given below are relevant details with regard to the acquired companies, including information related to controlling stake acquired and consideration paid:

Name	General nature of business	Dates	% of equity shares acquired	Consideration paid (₹ In crore)	Form of consideration (cash/ equity)
Vadinar Oil Terminal Limited (VOTL)*	providing services relating to receipt, storage and dispatch of crude and petroleum products	June 29, 2017	61.25%	10,272.83	Cash
		June 30, 2017	26.58%		
		July 20, 2017	9.80%		
Vadinar Power Company Limited (VPCL)**	Owns and operates power plants at Vadinar and supplies steam and electricity to the Company.	May 11, 2017	22.99%	2,025.00	Cash
		May 16, 2017	26.00%		
		May 18, 2017	25.00%		
		May 26, 2017	0.00%		

* VOTL is holding 100% in Enneagon Limited and hence Enneagon Limited has also become subsidiary of the Company. VOTL is holding 25% in Vadinar Liquid Terminals Limited (VLTL). The Company is also holding 26% in VLTL. Hence VLTL has also become a subsidiary of the Company.

** Earlier to above acquisition, the Company was holding 26.01% in VPCL and hence, VPCL has now become a wholly owned subsidiary of the Company.

More information about the nature of business of these entities are detailed in note 47. With the acquisition, the Group will be able to achieve more independence in managing transportation/ storage of its raw material and finished products and to ensure un-interrupted supply of power and steam for its refinery operations. This will significantly reduce the Group's dependence on third parties for these activities, result in cost saving and add substantial synergy to its refinery operations.

The acquisition was accounted for in the books, using the acquisition method and accordingly, all the assets and liabilities were measured at their fair values as on the acquisition date and the purchase consideration has been allocated to the net assets.

The management has determined that various tranches of the acquisition are part of single arrangement and linked. Hence, they should be treated as single acquisition for application of the acquisition method. For convenience purposes and based on materiality consideration, the Group has used June 30, 2017 as acquisition date to account for acquisition of VOTL and May 15, 2017 as acquisition date to account for acquisition of VPCL.

In the interim condensed consolidated financial statements, the management has accounted the above business combination based on provisional fair value of assets and liabilities as the information related to certain assets and liabilities was pending. Since all the pending information has been received, purchase price allocation has been finalised.

In June 2018, the valuation of VOTL was completed. This resulted in an increase in the acquisition date fair value of the plant & machinery of ₹ 888.28 crore over the provisional value originally determined and increase in the fair value of other net assets (excluding deferred tax) of ₹ 61.64 crore over the provisional value originally determined. As a result, there was an increase in the deferred tax liability of ₹ 197.18 crore and an increase in the non-controlling interest of ₹ 2.99 crore. There was also a corresponding reduction in goodwill of ₹ 749.75 crore, resulting in ₹ 9,785.94 crore of total goodwill arising on the acquisition. The group has used final values in preparing its numbers for the year ended March 31, 2018.

In June 2018, the valuation of VPCL was completed. This resulted in an increase in the acquisition date fair value of the plant & machinery of ₹ 108.92 crore over the provisional value originally determined and decrease in the fair value of other net assets (excluding deferred tax) of ₹ 28.98 crore over the provisional value originally determined. As a result, there was an increase in the deferred tax liability of ₹ 122.99 crore. There was also a corresponding increase in goodwill of ₹ 14.91 crore, resulting in ₹ 1,021.38 crore of total goodwill arising on the acquisition. The group has used final values in preparing its numbers for the year ended March 31, 2018.

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The fair value of the identifiable assets and liabilities of the above mentioned entities as at the date(s) of their respective acquisition were estimated as follows:

(₹ in crore)

Particulars	VOTL	VPCL
Assets		
Non-current assets		
(a) Property, Plant & Equipment	5,336.15	2,689.03
(b) Capital Work in Progress	50.06	-
(c) Intangible assets	-	0.11
(d) Other Financial Assets	29.43	1,200.96
(e) Other non-current assets	-	3.50
(f) Non-Current tax assets	75.78	23.41
Current assets		
(a) Inventories	7.05	66.80
(b) Financial Assets		
(i) Investments	0.05	
(ii) Trade receivables*	0.09	-
(iii) Cash and Cash equivalents	340.80	0.48
(iv) Loans	1.51	127.50
(v) Other Financial Assets	3,601.55	560.64
(c) Current Tax Assets	-	108.71
(d) Other Current Assets	15.34	8.11
(e) Investments classified as held for sale		
TOTAL ASSETS	**9,457.81**	**4,789.25**
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	5,652.56	2,085.13
(ii) Other Financial Liabilities	198.87	217.54
(b) Deferred tax liabilities (net)	631.54	380.74
Current liabilities		
(a) Financial Liabilities		
(i) Trade Payables	138.70	24.70
(ii) Other Financial Liabilities*	1,852.21	689.96
(b) Other Current Liabilities	243.37	0.44
(c) Provisions	1.04	3.40
(d) Current tax Liabilities	0.38	91.62
TOTAL LIABILITIES	**8,718.67**	**3,493.53**
NET ASSETS	**739.14**	**1,295.72**
Fair value of existing stake	-	292.10
Consideration paid		
Cash consideration paid	4,340.30	295.29
Adjusted from advance given against purchase of shares	3,365.54	1,400.00
Adjusted against other assets	2,566.99	329.71
Non-controlling interest	252.25	-
Less: Fair value of net assets	739.14	1,295.72
Goodwill	**9,785.94**	**1,021.38**

* These includes trade and other receivables from and / or other financial liabilities to the acquirer Nayara Energy Limited. Nayara Energy Limited has assessed that the fair value of these assets and liabilities is not significantly different from their carrying amount at the acquisition date, hence, the resulting gain / loss on settlement of these pre-existing relationship is NIL.

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Since the Company was holding equity interest in VPCL in previous periods and had accounted for it as an investment in associate, the same has been treated as if it was disposed of and reacquired at fair value on the acquisition date. For this purpose, the fair value has been determined based on price paid for acquisition of balance stake. Consequently, the Group re-measured its existing 26% investment in VPCL, prior to this transaction, to their fair values, recognising a gain of ₹ 100.26 crore.

The Group also recognised a goodwill of ₹ 10,807.32 crore resulting from the excess of the fair value of consideration paid over the fair value of the net assets acquired. The goodwill recognised in the transaction consists largely of the synergies from the combined / more independent operations of the Group and certain intangible items such as assembled workforce which have not been recognised separately as these do not meet the criteria for recognition as intangible assets under Ind AS 38 Intangible Assets. No part of goodwill is deductible for tax purposes.

Since VOTL and VPCL were rendering services only to Nayara Energy Limited, they have not contributed to the revenue of the Group after the date of acquisition though these acquisitions have resulted in cost saving for the Group, resulting in profit before tax by ₹ 299.83 crore . If VOTL and VPCL had been acquired at the beginning of the year, profit before tax of the Group would have further increased by ₹ 24.66 crore.

Non-controlling interest has been measured at its fair value. For this purpose, the fair value has been determined based on price paid for acquisition of balance stake.

Net flow arising on acquisition is as below: (₹ in crore)

Particulars	VOTL	VPCL
Total consideration paid through cash	4,340.30	295.29
Net cash acquired with the subsidiary (included in cash flows from investing activities)	340.80	0.48
Net cash flow on acquisition	3,999.50	294.81

B) **Impairment testing of goodwill**

The Group has recognised goodwill of ₹ 10,807.32 crore arising on acquisition of VOTL and VPCL (refer note 4A(i)). 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 markets (refining business). Hence, the entire goodwill is allocable to the refining business CGU / segment.

The Group performed its annual impairment test for the year ended March 31, 2018 on March 31, 2018 (March 31, 2017: not applicable). The Group considers various external and internal factors including significant change in macro-economic environment and geo-political developments, market interest rates, etc., when reviewing for indicators of impairment. As at March 31, 2018, the Group has determined that there were no indicators of impairment. To comply with the requirements of Ind AS 36 Impairment of Assets, the Group has assessed refining business CGU / segment for impairment testing.

The recoverable amount of the CGU has been determined at ₹ 65,053.00 crore as at March 31, 2018, based on a value in use calculation using cash flow projections from business plans prepared by senior management covering a five-year period and 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 ₹ 57,114.89 crore 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) – GRM is the difference between product revenue and feedstock cost. The total product revenue and feedstock cost has been computed using the crude and product price assumptions which are based on the Morgan Stanley Forward Price Curve as of first week of September 2017 and also used for preparing the 5 year business plan. Accordingly, the GRMs are estimated to increase from US$ 10.1 per bbl in FY 2018-19 to US$ 11.4 per bbl in FY 2022-23, and thereafter increase at a nominal rate of 2% per annum post the 5 year business plan. A US$ 0.5 per bbl change in the GRM over the forecast period would lead to a change in the recoverable value by ₹ 3,096.00 crore.

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.

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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's investors. 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 Company has estimated a discount rate of 10.2%. A change in discount rate by 50 basis points leads to a decrease or increase in recoverable value by ₹ 3,909.00 crore and ₹ 4,416.00 crore respectively.

50. Defined benefit plans

(1) Defined benefit plans - as per actuarial valuations : (₹ in crore)

Sr. No.	Particulars	Gratuity (Funded) As at March 31, 2018	Gratuity (Funded) As at March 31, 2017
A	**Net assets / liability recognised in the balance sheet**		
i	Present value of defined benefit obligation	51.98	33.42
ii	Fair value of plan assets	17.99	17.22
iii	Funded status - deficit (iii = ii-i)	(33.99)	(16.20)
iv	Net assets / (liability) recognised in the balance sheet	(33.99)	(16.20)
B	**Expenses recognised in profit and loss for the year**		
i	Service cost	3.74	3.42
ii	Past Service cost	8.86	-
iii	Interest cost	1.26	1.16
	Components of defined benefit costs recognised in Profit and loss	13.86	4.58
i	Actuarial losses - experience	2.06	0.36
i	Actuarial losses/(gains) - assumptions	(0.08)	(0.71)
iii	Return on plan assets greater than discount rate	0.18	0.30
	Components of defined benefit costs recognised in Other Comprehensive Income	2.15	(0.06)
	Total expenses	**16.01**	**4.52**
C	**Change in obligation and assets**		
i	**Change in defined benefit obligation**		
a	Defined benefit obligation at beginning of the year	33.42	32.06
b	Defined benefit obligation on account of acquisition of subsidiary	4.25	-
c	Current Service cost	3.74	3.42
d	Interest cost	2.56	2.42
e	Past Service cost	8.86	-
f	Acquisition adjustment/Transfer In/(Transfer Out)@	-	(2.94)
g	Actuarial losses - experience	2.05	0.36
h	Actuarial losses - demographic assumptions	-	0.22
i	Actuarial losses/(gains) - financial assumptions	0.08	(0.92)
j	Benefit payments	(2.98)	(1.20)
k	Employees contribution	-	-
l	Defined Benefit obligation at the end of the year	51.98	33.42

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Sr. No.	Particulars	Gratuity (Funded)	
		As at March 31, 2018	As at March 31, 2017
ii	**Change in fair value of assets**		
a	Fair value of plan assets at the beginning of the year	17.22	15.21
b	Fair value of plan assets on account of acquition of subsidiaries	1.46	-
c	Acquisition adjustment/Transfer In/(Transfer Out)@	(1.09)	(1.52)
d	Interest income on plan assets	1.30	1.27
e	Contributions made	2.27	3.76
f	Return on plan assets lesser than discount rate	(0.19)	(0.30)
g	Benefits payments	(2.98)	(1.20)
h	Fair value of plan assets at the end of the year	17.99	17.22
D	**Actuarial assumptions**		
1	Discount rate (per annum)	7.50%	7.10%
2	Rate of salary increase	12.00%	12.00%
3	Mortality	Indian Assured Lives Mortality (2006-08) Ult. Modified	
E	**Percentage of each category of plan assets to total fair value of plan assets**		
	Administered by Life Insurance Corporation of India	100%	100%
F	**Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date**	**7.61**	**4.00**

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

- Figures in bracket indicates negative value.

(2) 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.

ii) Provident Fund

Based on actuarial valuation in accordance with Ind AS 19 and Guidance note issued by Institute of Actuaries of India 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, 2018 and March 31, 2017. Having regard to the assets of the Fund and the return on the investments, the Group does not expect any deficiency in the foreseeble future.

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.

Company's contribution to Employer's established provident fund aggregating to ₹ 14.70 crore (Previous year ₹ 13.65 crore) is recognised in the statement of profit and loss as and when the contributions are due.

Notes :

i) Weighted average duration of the defined benefit obligation is 7 years as at March 31, 2018 and March 31, 2017.

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

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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, 2018 as follows: (₹ in crore)

Particulars	Gratuity
As at March 31	
2019	7.61
2020	5.80
2021	6.56
2022	7.12
2023	7.44
March 31, 2024 to March 31, 2028	41.76

3 **Sensitivity Analysis:**

Sr. No.	Particulars	Gratuity (Funded)	
		As at March 31, 2018	As at March 31, 2017
		Increase/(decrease) in DBO	
A)	**Discount Rate :**		
	Defined benefit obligation	51.99	36.36
	Discount rate	7.50%	7.10%
	1. Effect on DBO due to 0.5% increase in Discount Rate	(1.60)	(1.21)
	2. Effect on DBO due to 0.5% decrease in Discount Rate	1.70	1.29
B)	**Salary Escalation Rate :**		
	Salary Escalation rate	12.00%	12.00%
	1. Effect on DBO due to 0.5% increase in Salary Escalation Rate	1.19	0.63
	2. Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(1.18)	(0.64)
C)	**Withdrawal Rate :**		
	Attrition rate	11.00%	11.00%
	1. Effect on DBO due to 5.00% increase in Withdrawal Rate	(2.30)	(0.41)
	2. Effect on DBO due to 5.00% decrease in Withdrawal Rate	3.49	(0.01)

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.

(4) **Defined contribution plans :**

Group's contribution to superannuation fund and pension fund aggregating to ₹ 0.82 crore and ₹ 6.28 crore (Previous year ₹ 0.84 crore and ₹ 5.09 crore) respectively are recognised in the profit or 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, 2018

51. Related party disclosures

Notes

I. Names of related parties and description of relationship:

Relates Parties on or after August 18, 2017

Enterprises for which Company is equity accounting investee and / or its group entity	
	Rosneft Trading SA (RTSA)
	Trafigura Pte. Ltd. (TPL)
Key management personnel	Mr. Charles Anthony Fountain, Executive Chairman (from August 19, 2017)
	Mr. C. Manoharan, Director & Head of Refinery
	Mr. Alexander Romanov, Director (from August 19, 2017)
	Mr. Andrew James Balgarnie, Director (from August 19, 2017)
	Mr. Chin Hwee Tan, Director (from August 19, 2017)
	Mr. Dilip J Thakkar, Independent Director (upto December 17, 2017)
	Ms. Elena Sapozhnikova, Director (from August 19, 2017)
	Mr. Jonathan Kollek, Director (from August 19, 2017)
	Mr. K. N. Venkatasubramanian, Independent Director (upto October 08, 2017)
	Mr. Krzysztof Zielicki Antoni, Director (from August 19, 2017)
	Mr. Marcus George Cooper, Director (from August 19, 2017)
	Ms. Naina Lal Kidwai, Independent Director (from October 09, 2017)
	Mr. Deepak Kapoor, Independent Director (from December 18, 2017)
	Mr. R Sudarsan, Nominee Director
	Mr. B. Anand, Chief Executive Officer (from August 19, 2017)
Other related party	Essar Oil Limited Employees Provident Fund (Controlled Trust)
Related Parties before August 18, 2017	
Ultimate holding Company	Essar Global Fund Limited, Cayman (EGFL)
Intermediate holding Companies	Essar Energy Limited (EEL) (Formerly Known As Essar Energy PLC)
	Essar Oil & Gas Limited, Mauritius (EOGL) (w.e.f. February 16, 2016)
Holding Companies	Essar Energy Holdings Limited (EEHL) (w.e.f. February 16, 2016)
Associates	Vadinar Power Company Limited (VPCL) (upto May 15, 2017)
	Coviva Energy Terminals Limited (CETL) (Formerly known as Vadinar Liquid Terminals Limited) (upto June 28, 2017)
Key management personnel	Mr. Prashant Ruia, Chairman
	Mr. Lalit Kumar Gupta, Managing Director and CEO
	Mr. C Manoharan, Director - Refinery
	Mr. Suresh Jain, Director - Finance (w.e.f. April 7, 2016)
	Mr. Dilip J. Thakkar, Independent Director
	Mr. K. N. Venkatasubramanian, Independent Director
	Mr. Sudhir Garg, Nominee Director - IFCI (upto February 22, 2017)
	Mr. R. Sudarsan, Nominee Director - LIC of India
	Ms. Suparna Singh (w.e.f. June 29, 2016)
	Mr. Sachikanta Mishra (w.e.f. February 22, 2017)

Notes to Consolidated Financial Statements
for the year ended March 31, 2018

Fellow Subsidiaries	Aegis Limited (AEGIS), Bhander Power Limited (BPL), Equinox Business Parks Private Limited (EBPPL), Essar Bulk Terminal Limited (EBTL), Essar Bulk Terminal (Salaya) Limited (EBTSL), Essar Energy Overseas Limited (EEOL), Essar Electric Power Development Corporation Limited (EEPDCL), Essar Exploration & Production Limited (EEPL), Essar Exploration & Production (India) Limited (EEXPIL), Arkay Logistics Limited (FKA Essar Logistics Limited) (ELL), Essar Oil (UK) Limited (EOLUK), Essar Oilfields Services India Limited (EOSIL), Essar Power Gujarat Limited (EPGL), Essar Power Hazira Ltd (EPHL), EPC Construction (india) Limited (Formerly known as Essar Projects (I) Limited) (EPIL), Essar Ports Limited (EPL), Essar Power (Jharkhand) Ltd (EPJL), Essar Power MP Limited (EPMPL), Essar Power Limited (EPOL), Essar Power Orissa Ltd (EPOLL), Essar Power Transmission Company Limited (EPTCL), Essar Shipping Limited (ESL), Essar Steel India Limited (ESTL), Ibrox Aviation And Trading Pvt Ltd (From December 01, 2016)(IBROX), Vadinar Oil Terminal Limited (VOLT) up to June 28, 2017
Other related party	Essar Oil Limited Employees Provident Fund (Controlled Trust)

II. Transactions with related parties (₹ in crore)

Nature of transactions	Enterprises for which Company is equity accounting investee and / or its group entity	Holding Company / Intermediate Holding Company	Fellow Subsidiaries	Associates
Advance received from customers	**975.66**	-	-	-
	-	-	(0.76)	-
Purchase of property, plant & equipment	-	-	**5.25**	-
	-	-	(35.77)	-
Security deposits given by the Company	-	-	3.00	-
	-	-	-	-
Sale of products	**6,019.61**	-	**1,528.67**	-
	-	-	(15,498.70)	-
Interest income	-	-	**270.11**	-
	-	-	(677.86)	(162.34)
Lease income	-	-	**0.31**	**0.00**
	-	-	(1.85)	(0.02)
Rendering of services*	-	-	**13.59**	3.43
	-	-	(59.94)	(29.01)
Purchase of services*	**0.95**	-	**459.60**	**47.09**
	-	-	(875.23)	(375.39)
Purchase of raw material	**1,585.15**	-	**4.50**	-
	-	-	(10.03)	-
Commodity derivatives	-	-	-	-
	-	-	(381.96)	-
Finance lease rent charged to Company*	-	-	**0.02**	**30.21**
		-	(946.53)	(245.00)
Interest / financial charges paid	-	-	-	-
	-	-	(4.29)	-
Inter corporate deposits given	-	-	-	-
	-	-	(122.35)	(0.43)
Sale of plant, property and equipments	-	-	-	-
	-	-	(0.01)	-
Advance paid / assignment against purchase of shares	-	-	-	-
	-	-	(575.99)	-
Assignment / transfer of receivables	-	-	-	-
	-	-	(3,604.75)	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

Nature of transactions	Enterprises for which Company is equity accounting investee and / or its group entity	Holding Company / Intermediate Holding Company	Fellow Subsidiaries	Associates
Loss on sale of discontinued operation	-	-	**77.40**	-
	-	-	-	-
Proceeds from sale of discontinued operation	-	-	**478.36**	-
	-	-	-	-
Expected Credit Loss	-	-	**60.72**	**4.97**
	-	(3.20)	(375.55)	(28.95)

Transactions with other classes of related parties (₹ in crore)

a)	Key management personnel (Short term employee benefits)[@]	51.77
		(26.71)

[@] 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.

As per requirement of Schedule V read with Section 196 of the Companies Act, 2013, the Company has sought approval of the Central Government for appointment of Mr. Charles Anthony Fountain, as Whole Time Director of the Company since he was not resident in India prior to the date of his appointment. During financial year 2017–18, the Company has paid remuneration of ₹ 5.23 crore to Mr. Charles Anthony Fountain.

b)	Key management personnel (Director Sitting Fees)	0.80
		(0.24)
c)	Key management personnel (Commission to Directors)	8.32
		(1.37)
d)	Contribution during the year (includes Employees' share and contribution) to the controlled trust	36.95
		(29.92)

* Including taxes

III. Balances with related parties : (₹ in crore)

Nature of balances	Enterprises for which Company is equity accounting investee and / or its group entity	Holding Company/ Intermediate Holding Company	Fellow Subsidiaries	Associates
Assets				
Financial assets				
Trade receivables (Net of expected credit loss - Previous year ₹ 3.26 crore)	**447.09**	-	-	-
	-	-	(14,896.84)	(0.02)
Inter corporate deposits (Net of expected credit loss -Previous year ₹ 6.12 crore)	-	-	-	-
	-	-	(248.88)	-
Other financial assets				
Advance against purchase of shares	-	-	-	-
	-	-	(1,400.02)	-
Security deposits(Net of expected credit loss - Previous Year ₹ 31.36 crore)	-	-	-	-
	-	-	(1,066.79)	(202.09)
Other receivables (Net of expected credit loss -Previous year ₹ 24.94 crore)	-	-	-	-
	-	-	(1,270.08)	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

III. Balances with related parties : (₹ in crore)

Nature of balances	Enterprises for which Company is equity accounting investee and / or its group entity	Holding Company/ Intermediate Holding Company	Fellow Subsidiaries	Associates
<u>Liabilities</u>				
<u>Borrowings</u>				
Finance lease obligation	-	-	-	-
	-	-	-	(1,181.65)
<u>Other financial liabilities</u>				
Security deposits	-	-	-	-
	-	-	-	(8.00)
Trade payables	206.85	-	-	-
	-	-	(139.17)	-
<u>Other current liabilities</u>				
Advance received from customers	1,365.93	-	-	-
	-	-	(0.76)	-
Advances received on capital account	-	-	-	-
	-	-	-	(3.50)
Liabilities held for sale	-	-	-	-
	-	-	(3.55)	-
<u>Other balances</u>				
Outstanding guarantees (unsecured) given for the Company	-	-	-	-
	-	(1,179.00)	-	-
Other commitments	-	-	-	-
	-	-	(12,147.86)	-

"0.00" represents amount less than ₹ 0.01 crore.

i) Previous year figures for March 2017 have been shown in brackets.

ii) During the previous year, the Group had transferred ₹ 17,228.14 crore due from certain related parties and other entities to Essar Steel Jharkhand Limited and Ibrox Aviation And Trading Private Limited.

52. The financial statements for the comparative period as at March 31, 2017 have been audited by a firm of Chartered Accountants other than S.R.Batliboi & Co. LLP.

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

Mumbai, July 05, 2018

For and on behalf of the Board of Directors

Andrew James Balgarnie
Director
DIN : 07692748

Charles Anthony Fountain
Executive Chairman
DIN : 07719852

Anup Vikal
Chief Financial Officer

B. Anand
Chief Executive Officer

Mayank Bhargava
Company Secretary

Mumbai, July 05, 2018

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

	(₹ in crore)	(₹ in crore)	(₹ in crore)	(₹ in crore)	(₹ in crore)	Amt in USD	(₹ in crore)	Amt in USD	(₹ in crore)
Name of the subsidiary	**Coviva Energy Terminals Limited (CETL) (formerly known as Vadinar Liquid Terminals Limited)**	**Vadinar Oil Terminal Limited (VOTL)**	**Vadinar Power Company Limited (VPCL)**	**Nayara Energy Properties Limited (formerly known as Vadinar Properties Limited)**	**Essar Oil and Gas Exploration and Production India Limited (EOGEPL)**	**Enneagon Limited, Mauritius**		**Essar Oil Trading Mauritius Limited (EOTML)**	
Reporting period	31-3-2018	31-3-2018	31-3-2018	31-3-2018	31-3-2018		31-3-2018		31-3-2018
The date since when subsidiary was Incorporated / acquired	29-6-2017	29-6-2017	16-5-2017	18-2-2015	10-5-2016		29-6-2017		11-3-2014
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	INR	INR	INR	INR	INR	USD	1 US$ = ₹ 65.0441	USD	1 US$ = ₹ 65.0441
Share capital	0.05	321.95	788.00	0.68	0.05	1.00	0.00	100	0.00
Reserves & surplus	(0.54)	(23.35)	519.05	83.15	957.70	(92,901.00)	(0.60)	(47,044)	(0.31)
Total assets	11.50	4,571.49	4,034.92	451.57	2,699.32	34,516.00	0.22	182	0.00
Total liabilities	11.99	4,272.89	2,727.87	367.73	1,741.57	127,416.00	0.83	47,126.00	0.31
Investments	-	-	-	-	-	-	-	-	-
Turnover	-	1,501.95	624.30	3.70	7.08	7,622,953.00	49.58	-	-
Profit before taxation	(0.16)	172.34	152.21	(6.09)	5.45	3,404,232.00	22.14	(10,995)	(0.07)

Notes to Consolidated Financial Statements
for the year ended March 31, 2018

	(₹ in crore)	(₹ in crore)	(₹ in crore)	(₹ in crore)	(₹ in crore)	Amt in USD	(₹ in crore)	Amt in USD	(₹ in crore)
Name of the subsidiary	**Coviva Energy Terminals Limited (CETL) (formerly known as Vadinar Liquid Terminals Limited)**	**Vadinar Oil Terminal Limited (VOTL)**	**Vadinar Power Company Limited (VPCL)**	**Nayara Energy Properties Limited (formerly known as Vadinar Properties Limited)**	**Essar Oil and Gas Exploration and Production India Limited (EOGEPL)**	**Enneagon Limited, Mauritius**		**Essar Oil Trading Mauritius Limited (EOTML)**	
Provision for taxation	-	107.19	65.87	(1.78)	-	102,256.00	0.67	-	-
Profit after taxation	(0.16)	65.15	86.34	(4.31)	5.45	3,301,976.00	21.48	(10,995)	(0.07)
Proposed dividend	-	-	-	-	-	-	-	-	-
% of shareholding	51%	97.63%	100%	100%	100%	97.63%		100%	
Names of subsidiaries which are yet to commence operations						Coviva Energy Terminals Limited, EOTML			
Names of subsidiaries which have been liquidated or sold during the year						EOGEPL (sold on July 31, 2017)			

As per our report of even date

For and on behalf of the Board of Directors

Andrew James Balgarnie
Director
DIN : 07692748

Charles Anthony Fountain
Executive Chairman
DIN : 07719852

Anup Vikal
Chief Financial Officer

B. Anand
Chief Executive Officer

Mayank Bhargava
Company Secretary

Mumbai, July 05, 2018

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 2833 661444, Fax: 91 2833 662929
Email: investors@nayaraenergy.com
Website: www.nayaraenergy.com

Notice

NOTICE is hereby given that Twenty Eighth Annual General Meeting of the members of **NAYARA ENERGY LIMITED** 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 Friday, September 14, 2018 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, 2018 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, 2018 together with the report of Auditors thereon.

3. To appoint a Director in place of Mr. Charles Anthony Fountain (DIN 07719852) 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. Krzysztof Zielicki (DIN 07692730) 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. C. Manoharan (DIN 00184471) 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. **Appointment of Mr. Didier Casimiro as Director of the Company**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) ("Act"), Mr. Didier Casimiro (DIN: 08166831), who was appointed by the Board of Directors as an Additional Director of the Company with effect from July 5, 2018 pursuant to Section 161 of the Act and who holds office up to the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. **To amend the Memorandum of Association**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in furtherance to the special resolution passed by the shareholders of the Company on February 18, 2013 and pursuant to the provisions of Section 13 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) made thereunder), to align the Memorandum of Association with the format set out in Schedule I to the Companies Act, 2013, approval of the shareholders be and is hereby accorded to merge sub-clauses 49 to 55 appearing in the Other Objects of the Memorandum of Association of the Company to the main objects under clause III A of the Memorandum of Association of the Company after sub-clause 2, renumber the existing sub-clauses of clause III B and to re-format the Memorandum of Association as per the format prescribed under the Companies Act, 2013."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be deemed necessary, proper, desirable or expedient in its absolute discretion for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard without requiring the Board to seek any further consent or approval of the members of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

8. **Adoption of new set of Articles of Association of the Company**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 and the Companies (Incorporation) Rules, 2014 (including statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members of the Company be and is hereby accorded, to adopt the new set of the Articles of Association of the Company, a draft of which is submitted to this meeting (which be and is hereby specifically approved), in substitution of the existing Articles of Association of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to undertake all such acts, steps, deeds, matters and things and give such directions as may be deemed necessary, proper, desirable and expedient in its absolute discretion, and to settle any question, difficulty or doubt that may arise in this regard without being required to seek any further consent or approval of the members of the Company or otherwise to the end and intent that the members of the Company shall be deemed to have given their approval thereto expressly by the authority of this resolution."

9. Approval of 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 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Diwanji & Co., Cost Accountants (Firm Registration Number: 000339), appointed as the Cost Auditors of the Company by the Board of Directors, for the conduct of the audit of the cost records of the Company for the financial year ending on March 31, 2019, 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

Mayank Bhargava
Company Secretary

Place: Mumbai
Date: August 7, 2018
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 setting out material facts 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 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 Wednesday, September 12, 2018.**

3. As per Section 105 of the Companies Act, 2013 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 https://www.nayaraenergy.com/investors-noticendebdue 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, Sunday and Public Holiday. 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 Tower-2, Equinox Business Park, Off Bandra Kurla Complex, L.B.S. Marg, Kurla (West), Mumbai - 400070, Maharashtra, India 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.

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. Pursuant to Section 124 of the Companies Act, 2013, 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 2010-11 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

12. The particulars of the venue of the Meeting including route map and prominent land mark has been enclosed for easy location.

13. Members 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, 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 09, 2018
End of remote e-voting	:	Up to 5.00 p.m. of September 13, 2018

   Remote e-voting shall not be allowed beyond 5.00 p.m. of September 13, 2018. 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 7, 2018.

   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 AGM will be sent to the members, whose names appear in the register of members / depositories as at closing hours of business, on August 10, 2018 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.

3. The facility for voting through ballot paper will be made available at the AGM and the Members attending the meeting, who have not cast their vote by remote e-voting, shall be able to exercise their right at the AGM.

4. 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.

5. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

6. 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.

7. 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 7, 2018.

8. 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 7, 2018 may obtain the login ID and password by sending a request to NSDL at 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.

9. The Board of Directors of the Company has appointed Mr. Prakash Pandya (Membership No. FCS – 3901 COP No. 2311) or failing him Ms. Reena Raphael (Membership No. ACS – 48557, COP No. 20255) of M/s P. K. Pandya & Co., Practicing Company Secretaries as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.

10. 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.

11. The results of the voting on the resolution at the AGM shall be declared by the Chairman or his authorized representative or anyone of the Directors of the Company on/or after the date of the AGM within the prescribed time limits.

12. The result of the remote e-voting along with the report of scrutiniser will also be placed on the website of the Company viz. www.nayaraenergy.com and on the website of NSDL.

13. 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.

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 e-services 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**************
b) 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 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.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on 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 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 E-voting Event Number ("EVEN") in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" 108932 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@pkpandya.com with a copy marked to 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 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 or call on toll free no.:1800-222-990 or send a request at 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 9 of the accompanying Notice:

Item No. 6

Petrol Complex Pte. Ltd. (name changed to Rosneft Singapore Pte. Ltd.) ("Rosneft Singapore"), a Shareholder holding 49.13% stake in the Share Capital of the Company has withdrawn its Nominee Director, Mr. Marcus Cooper and proposed appointment of Mr. Didier Casimiro as its nominee on the Board of the Company and also requested the Company to appoint him as Director pursuant to the provisions of Sections 160 and 161 of the Companies Act, 2013. The Board of Directors appointed Mr. Didier Casimiro as an Additional Director in terms of the provisions of Section 161 of the Companies Act, 2013 w.e.f. July 5, 2018 to hold office till the date of ensuing Annual General Meeting. In terms of the provisions of Section 152 of the Companies Act, 2013, appointment of Mr. Didier Casimiro is subject to approval of the members by Ordinary Resolution.

The Company has received from Mr. Didier Casimiro consent to act as Director of the Company, other disclosures and declaration confirming that he is not disqualified from being appointed as Director in terms of Section 164 of the Act. As required under Secretarial Standard 2 specified by the Institute of Company Secretaries of India, the qualification, experience and other details of Mr. Didier Casimiro are appended at the end of the Notice for information of the members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Didier Casimiro, are concerned or interested, financially or otherwise, in the resolution mentioned at Item No. 6 of the Notice.

The Board recommends the resolution set forth in Item No. 6 for the approval of the members.

Item No. 7

The Memorandum of Association (MoA) was adopted by the Company under the provisions of the erstwhile Companies Act, 1956. This Act has been replaced by new Companies Act, 2013 ("the New Act") which came into effect in stages commencing from September 12, 2013.

With the MoA having got modified consequent to name change, the document will also now need to adhere to the provisions of the New Act.

The Shareholders of the Company by way of special resolution passed on February 18, 2013 had approved insertion of clause nos. 49 to 55 in the Other Objects Clause of the MoA pursuant to the provisions of Section 17 of the Companies Act, 1956. The shareholders had also authorized commencing any or all of the businesses set out in clauses 49 to 55 at such time as may be deemed fit by the Board of Directors under the provisions of Section 149(2A) of the Companies Act, 1956.

As per the provisions of the New Act, the MoA should not contain "Other Objects Clause". Hence to enable the Company to carry on/ commence the Objects as adopted by the shareholders on February 18, 2013 and also to ensure that the MoA is in the format prescribed under the Act, it is proposed that the existing clauses from 49 to 55 be merged into Clause III A relating to Main Objects after sub-clause 2 and the Matters which are necessary for furtherance of objects and set out in Clause III B be renumbered accordingly. Further the MoA will be aligned as per the format prescribed under Schedule I of the New Act.

The Board of Directors of the Company approved the amendment of MoA subject to approval of the Members by special resolution in terms of the provisions of Section 13 of the New Act.

The draft of the revised MoA, has been uploaded on the Company's website for perusal of the Members which shall also be available for inspection at the Registered Office of the Company, till the date of Annual General Meeting, during normal business hours on any working day, excluding Saturday, Sunday and Public Holiday between 10.00 am to 1.00 pm. The shareholders of the Company can also obtain a copy of the draft MoA by giving a written request to the Company Secretary.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, are concerned or interested, financially or otherwise, in the resolution mentioned at Item No. 7 of the Notice.

The Board recommends the special resolution, as set out at Item No. 7 of the accompanying Notice, for approval by the Members.

Item No. 8

Pursuant to the acquisition of majority of the shares of the Company by Petrol Complex Pte. Ltd (name changed to Rosneft Singapore Pte. Ltd.) ("Petrol Complex") (a subsidiary of PJSC Rosneft Oil Company) and Kesani Enterprises Company Limited ("Kesani") (owned by a consortium led by Trafigura Pte Ltd and UCPPE Investments Limited) entire stake in the Company held by Essar Energy Holdings Limited and Oil Bidco (Mauritius) Limited was transferred to Petrol Complex and Kesani with both Petrol Complex and Kesani acquiring 49.13% stake each in share capital of the Company. In view of the change of majority shareholding of the Company, it is proposed to amend the Articles of Association ("AoA") of the Company to incorporate regulations and rights of the majority shareholders in relation to the Company.

Further the existing AoA is in force since incorporation of the Company in the year 1989 with amendments carried out from time to time. The existing AoA is in line with the erstwhile Companies Act, 1956 and are not aligned with the provisions of the Companies Act, 2013 ("the New Act"). The New Act is now in force and substantive sections of the New Act, which deal with the general working of companies stand notified. With the coming into force of the New Act several Articles of the existing AoA of the Company require alteration/deletions.

The Board of Directors of the Company has approved the adoption of new set of AoA subject to approval of the Members by special resolution in terms of the provisions of Section 14 of the New Act.

The draft of the new AoA, has been uploaded on the Company's website for perusal of the Members which shall also be available for inspection at the Registered Office of the Company, till the date of Annual General Meeting, during normal business hours on any working day, excluding Saturday, Sunday and Public Holiday between 10.00 am to 1.00 pm. The shareholders of the Company can also obtain a copy of the draft AoA by giving a written request to the Company Secretary.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, are concerned or interested, financially or otherwise, in the resolution mentioned at Item No. 8 of the Notice.

The Board recommends the special resolution, as set out at Item No. 8 of the accompanying Notice, for approval by the Members.

Item No. 9

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, 2019 and the Cost Audit fees has been fixed at ₹ 11.00 lakh 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 Act 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. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on March 31, 2019.

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. 9 of the Notice for your approval.

By order of the Board of Directors

Mayank Bhargava
Company Secretary

Place: Mumbai
Date: August 7, 2018

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	Charles Anthony Fountain	Krzysztof Zielicki	C. Manoharan	Didier Casimiro
Age	57	60	64	51
Qualification	B. Sc., Economics & International Studies from Warwick University and MPhil, Economics from Oxford University	B. Sc. Maths, MSc Maths	Chemical Engineer from Calicut University	Graduated with distinction from Ghent University, Belgium, in 1991, and from Ghent University, Belgium/ Lisbon University, Portugal, in 1992
Experience	Mr. Fountain has around 34 years of experience. He had held various positions in BP and worked for around 25 years. He had also worked as CEO of Nuclear Decommissioning Authority for a period of two years. Mr. Fountain has also worked with Reliance Industries Limited as CEO (Refining and Marketing) for over four years.	Mr. Krzysztof A Zielicki has more than 37 years of experience in oil and gas industry. He has worked in senior positions in the upstream, midstream and retail at BP, Rosneft and several other oil and gas companies. He has also acted as member and advisor to several boards.	Mr. Manoharan 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. Mr. Manoharan has also worked for 2 years on deputation to Nigeria providing technical assistance to the operating personnel at Port Harcourt Refinery of NNPC. He was a Board member and also served as Chairman of Indian Oil Technologies Limited. He also has the distinction of being the first Indian to be on the panel of NPRA's Q&A 2003 session held at New Orleans in U.S.A.	Mr. Casimiro has extensive experience in Refining and Petrochemicals Business of over 25 years. Since 1996 he held top management positions at British Petroleum (BP) and thereafter at TNK-BP since 2005. From May 2012 he worked as Vice President in Rosneft Oil Company and from March 2013 as Vice President for Commerce and Logistics at Rosneft. His role enhanced since January 2015 as Vice President for Refining, Petrochemical, Commerce and Logistics at Rosneft. In June 2012 he joined as member of the Management Board of Rosneft Oil Company.
Terms and conditions of appointment/ re-appointment	To hold office for a period of three years from January 2, 2018 to January 1, 2021	Subject to retirement by rotation	To hold office for a period of three years with effect from August 19, 2017 to August 18, 2020	Subject to retirement by rotation
Remuneration sought to be paid	Remuneration approved by the shareholders at the Extraordinary General Meeting held on May 21, 2018	Sitting fees and Commission on profits as may be approved by the Board from time to time	Remuneration approved by the shareholders at the Annual General Meeting held on September 28, 2017	Sitting fees and Commission on profits as may be approved by the Board from time to time
Remuneration last drawn	Sitting fee of ₹ 3,40,000 as Non-Executive Director and remuneration of ₹ 5,23,22,778 as Executive Chairman, both paid in financial year 2017-18	Sitting fee of ₹ 7,40,000 paid in financial year 2017-18	₹ 8,66,78,825 in financial year 2017-18	NA
Date of first appointment by the Board	August 19, 2017	August 19, 2017	August 19, 2017	July 5, 2018

Particulars	Charles Anthony Fountain	Krzysztof Zielicki	C. Manoharan	Didier Casimiro
Shareholding in the Company	Nil	Nil	Nil	Nil
Relationship with other directors, KMPs	Not Related	Not Related	Not Related	Not Related
Number of meetings of the Board attended during the year	4 out of 4	4 out of 4	8 of 8	NA
Other directorships	Nil	Nil	1. Vadinar Power Company Limited 2. Vadinar Oil Terminal Limited 3. Nayara Energy Properties Limited 4. Coviva Energy Terminals Limited	Nil
Chairmanship of committee of other Boards	Nil	Nil	Nil	Nil
Membership of committee of other Boards	Nil	Nil	1. CSR, Safety and Sustainability Committee of Vadinar Power Company Limited and Vadinar Oil Terminal Limited 2. Nomination and Remuneration Committee of Nayara Energy Properties Limited	Nil

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NAYARA ENERGY LIMITED
(FORMERLY 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

28TH ANNUAL GENERAL MEETING - SEPTEMBER 14, 2018 AT 10:00 A.M.

Folio No.	
DP ID/ Client ID	
No. of Shares held	

NAME & ADDRESS OF THE REGISTERED SHAREHOLDER

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

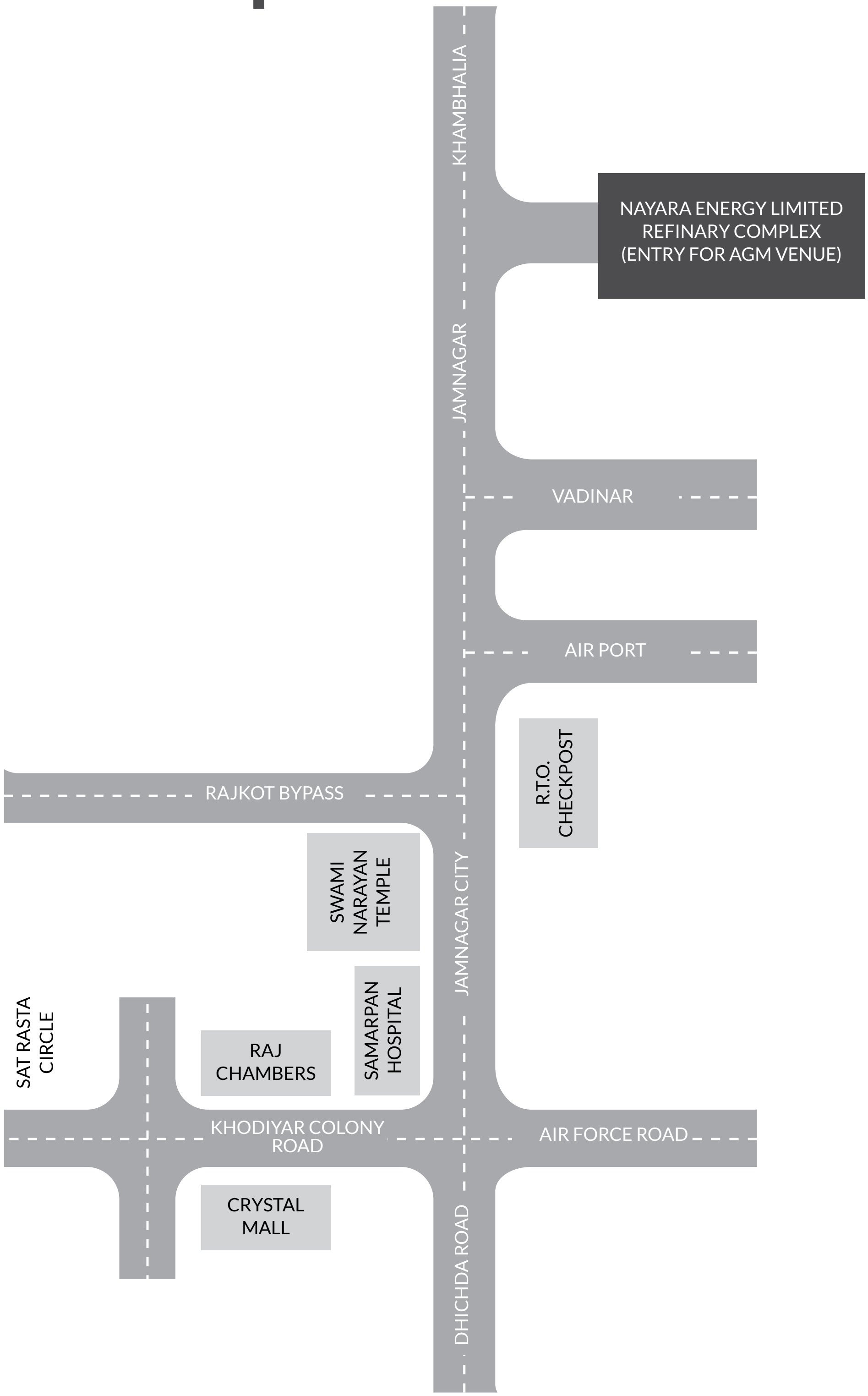
I hereby record my presence at the Twenty Eighth Annual General Meeting of the Company being held at the Registered Office at Khambhalia Post (39th KM. stone on Jamnagar-Okha Highway), Dist. Devbhumi Dwarka - 361305, Gujarat , India on September 14, 2018 at 10:00 a.m.

Member's/Proxy's Signature

Note:

1. Please complete this and hand it over at the entrance of the hall.

Route Map



KHAMBHALIA
NAYARA ENERGY LIMITED
REFINARY COMPLEX
(ENTRY FOR AGM VENUE)
JAMNAGAR
VADINAR
AIR PORT
R.T.O.
CHECKPOST
RAJKOT BYPASS
SWAMI
NARAYAN
TEMPLE
JAMNAGAR CITY
SAT RASTA
CIRCLE
RAJ
CHAMBERS
SAMARPAN
HOSPITAL
KHODIYAR COLONY
ROAD
AIR FORCE ROAD
CRYSTAL
MALL
DHICHDA ROAD

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]

CIN	U11100GJ1989PLC032116		
Name of the Company	NAYARA ENERGY LIMITED		
Registered Office	Khambhalia Post,P.O. Box No. 24, Dist. Devbhumi Dwarka – 361305, Gujarat, India		
Name of the member (s)			
Registered address			
E-mail Id			
Folio No/ Client Id		DP ID	

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	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held on Friday, September 14, 2018 at 10:00 a.m. at the Registered Office at 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, 2018 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, 2018 together with the report of Auditors thereon.		
3	To appoint a Director in place of Mr. Charles Anthony Fountain (DIN 07719852) 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. Krzysztof Zielicki (DIN 07692730) 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. C. Manoharan (DIN 00184471) 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	Appointment of Mr. Didier Casimiro as Director of the Company		
7	To amend the Memorandum of Association		
8	Adoption of new set of Articles of Association of the Company		
9	Approval of remuneration payable to the Cost Auditors.		

Signed this ....day of ....2018.

Affix Revenue Stamp

Signature of shareholder : ___________________

Signature of Proxy holder(s): _________________

Note:

1. This from 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.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Awards & Accolades

- Prestigious Greentech Safety Award 2017 (Gold Award), by Greentech Foundation for its outstanding performance in Safety Management.
- First Prize in Confederation of Indian Industry - Western Region (CII, WR) Safety, Health and Environment (SHE) Excellence & Innovation Award 2017.
- Oil & Gas Conservation Fortnight Award 2016 for Furnace/Boiler Insulation Effectiveness in Lowest Heat Loss from Furnace/Boiler Shell (BTU/hr/ft^2) by Ministry of Petroleum & Natural Gas.
- International Safety Award in the category of Health and Safety Management 2016 by British Safety Council.
- Skoch BSE Award - Merit of Certificate for Petroleum Refining in the category of Occupational Health and Safety.
- Gold Award in State Level 5S Competition to Dispatch, FY2016-17 by QCFI Vadodara Chapter.
- “Excellent Energy Efficient Unit” award in 18th National Award for Excellence in Energy Management 2017 by Confederation of Indian Industry (CII).
- “Excellence in Management of Environment” for the year 2016 by Indian Chemical Council (ICC).
- First Prize in CII (WR) Safety, Health and Environment (SHE) Excellence & Innovation Award 2017 by Confederation of Indian Industry (CII)
- National award in Physical Security for “Excellence in Access Control and Perimeter Security” by The International Fire & Security Exhibition and conference (IFSEC) India.

NAYARA
ENERGY

If undelivered, please return to:
M/s. **Datamatics Business Solutions Ltd.**
Unit : Nayara Energy Limited
Plot No. B-5, Part B Cross Lane,
MIDC, Marol, Andheri (East),
Mumbai - 400093, INDIA.