NAYARA ENERGY

FUELLING POSSIBILITIES

ENERGISING PROGRESS

FOR INDIA

Nayara Energy Limited / Annual Report 2022-23

Fuelling Possibilities, Energising Progress

FOR INDIA

As India strives for self-reliance and progress, we are ready to deliver on our commitment to contribute to the nation's growth.

Delivering value for all our stakeholders is at the very core of our beliefs and we are committed to providing the energy that fuels the dreams of our customers, partners and communities.

Fuelling India's Energy Needs

A country of India's size and aspirations requires a stable and affordable energy system to fuel its ever-increasing and diverse needs, empowering progress on multiple fronts. We contribute ~8% of India's refining output and aim to actively participate in ensuring India's energy security.

Energising Mobility

With over 6,300 Retail Outlets, we cater to the need for reliable and safe mobility across the length and breadth of the country. We are dedicated to expanding our retail footprint to cater to India's ambitious growth aspirations and provide quality petroleum products to our customers across the country.

Building a Foundation of Progress

Presently, India is a net importer in the petrochemical sector. However, a compelling opportunity lies before us to make substantial contributions to the nation's advancement. Looking forward to the longer term, we are guided by our vision for becoming a powerhouse to meet India's enormous potential. With the construction of polypropylene and allied units at our refinery in Vadinar in full swing, Nayara Energy's overall petrochemical capabilities continue to evolve.

Empowering Communities, Revitalising Lives

Our commitment extends beyond just fuelling India's energy requirements, we actively contribute to enhancing the progress and well-being of the communities where we operate. We are revitalising these communities, with a focus on key areas such as health, sanitation, waste management, sustainable livelihoods, education, and skilling.

We are Nayara Energy

Our name truly stands for the vision of bringing in a new era in the energy sector riding on a wave of excellence. We, at Nayara, are passionate about unleashing the true potential of tomorrow while staying committed to delivering value for our stakeholders, and society at large, each day, every day.

Our Values

E	X	C	E	L
Energetic	Xtraordinary	Courageous	Ethical	Lead
Constantly looking at better ways to shape tomorrow	Constantly asks the question, is there a better way of doing things?	Succeed in the ever-changing market landscape	Honour commitments with integrity, consistency and transparency.	Taking ownership of our actions and lead by example

Nayara Energy embodies the idea of sustainable growth, as we empower opportunities by leveraging our world-class assets to drive progress and provide value for all stakeholders.

About this Report

This Annual Report covers the financial, non-financial, and operational aspects of Nayara Energy for FY 2022-23.

The report is available at https://www.nayaraenergy.com/investors/financial-performance

CONTENTS

CORPORATE PORTRAIT

Nestled within the Gulf of Kutch lies Vadinar, a quaint coastal town situated in the Devbhoomi Dwarka district. It is here that our illustrious journey unfolds, anchored by the presence of one of the world's most intricate refineries. Renowned for its exceptional safety standards, unwavering reliability, and remarkable efficiency, Nayara Energy's Vadinar refinery is India's second largest single-site refinery, capable of handling a diverse range of crude.

The increasing population, growing automobile sales and focus on infrastructure are some of the demand generating levers for India. To ensure optimum crude mix procurement for India's energy security, we navigate volatile markets through clearly defined strategies, and foresight, while ensuring a reliable and uninterrupted flow of crude. Nayara Energy is committed to fueling our nation's growing demand for energy and strive to manufacture products that uphold our organisational values and position us as a reliable business partner.

We operate India's fastest-growing private fuel station network offering quality products to our customers across the country. Nayara Energy is fully focused on innovating and developing products that our customers want. We have adopted a phase wise asset development strategy to enter into the petrochemicals sector which will be a significant step in our crude to chemicals journey.

FY 2022-23 IN BRIEF

Measuring Our Progress

OPERATIONAL HIGHLIGHTS

REFINERY

~99.8%
Operational availability outside turnaround for major process units

29 Days
Time taken to successfully and safely complete refinery turnaround

Completion of the new Coal Yard
With a capacity of 200 KT

TRADING

131.32 Mn bbl
Crude procured

83.5 MMSCM
Natural Gas purchases

1.938 MMT
Coal purchases

MARKETING

Launched
New products such as Light Sulphur Heavy Stock (LSHS) and Polymer Modified Bitumen (PMB)

Operationalised
Rail-fed depot at Pali, Rajasthan to enhance supply security to the region

12%
Ethanol blending achieved to reduce CO_2e emissions

PETROCHEMICALS

91%
Completion achieved under Phase-1 construction

CREATING SHARED VALUE

57,000
Medical consultations conducted through Mobile Health Clinic

4,000+
Farmers facilitated with market access to improve income and buying-selling practices

69%
Reduction of severely underweight children in the Dwarka region

SAFETY ABOVE ALL

15 Mn safe man hours
Completed the Phase 1 petrochemical construction project

5,500
LTI-free days at the Refinery

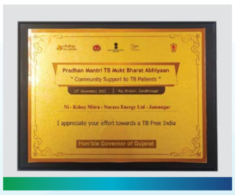
AWARDS AND RECOGNITION

Most Trusted Brands of India 2023 – Team Marksmen Network

International Safety Award For Nayara Energy Vadinar Refinery - British Safety Council

CSR Project of the Year at the 7th edition CSR Summit & Awards for Project Gram Samruddhi

“Fly Ash Utilisation” Runner-up Award - Mission Energy Foundation under CPP category



Appreciation Plaque from the Hon’ble Governor of Gujarat – Nutrition Support to TB patients

BOARD OF DIRECTORS

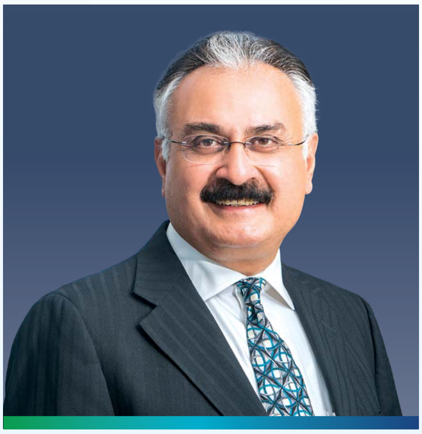
Prasad K. Panicker
Chairman & Head of Refinery

Avril Conroy
Non-Executive Director

Victoria Cunningham
Non-Executive Director

Naina Lal Kidwai
Independent Director

Andrey Bogatenkov
Non-Executive Director

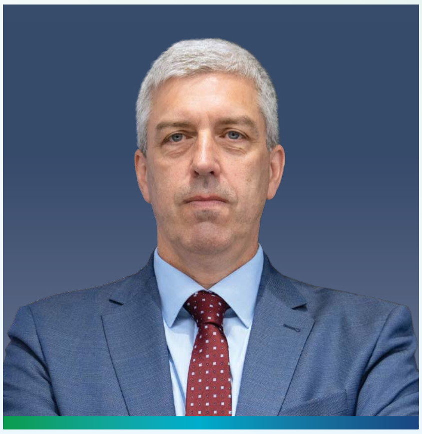


Deepak Kapoor
Independent Director

Anton Kabachinskiy
Non-Executive Director

P. N. Vijay
Non-Executive Director

Alexey Lizunov
Non-Executive Director



Jörg Tumat
Non-Executive Director

Abhimanyu Bhandari
Non-Executive Director

LETTER FROM THE CHAIRMAN

Building a Foundation of Progress

India is expected to witness the world's largest rise in energy demand, driven by a buoyant economy. Against this backdrop, Nayara Energy is committed to powering India's energy and petrochemical security. Our dedication to realising our growth plans remains resolute.

Dear Shareholders,

It is with great pleasure that I present to you our Annual Report for FY 2022-23. As you peruse this report, it is my sincere hope that you gain a comprehensive overview of our remarkable achievements, an understanding of the challenges we encountered, and a glimpse into the promising prospects that await us.

Our performance in FY 2022-23 reaffirmed the strength of our business strategy as we adeptly navigated the rapidly evolving energy landscape while staying true to our core 'EXCEL' values. Despite confronting numerous global challenges and market uncertainties, we demonstrated resilience and delivered on our promise of strong performance.

Notably, we achieved an impressive operational availability rate of 99.8% for major process units in refinery, excluding the scheduled turnaround period. The refinery turnaround, which was successfully concluded in 29 days, surpassing the planned duration of 30 days, was executed with utmost safety.

Winds of Change

Since February 2020, the world has witnessed a series of overlapping shocks including a global pandemic, geopolitical conflicts, and a severe cost-of-living crisis. Looking back, the world has managed to somewhat recover from the profound shocks of the past three years, paving the way for growth and stability.

India, in particular, has emerged as an outlier, largely resilient to these shocks, and continues to be the fastest-growing major economy globally. With an estimated GDP growth of 7.2% in FY 2022-23, coupled with a projected growth rate exceeding 6.5% in the subsequent two years, India is well poised to embark on a new phase of development. India is also focused on building infrastructure and implementing structural policy changes to foster sustainable long-term growth.

Embracing the Vast Energy Landscape

The tumultuous events of FY 2022-23 have underscored the crucial role that affordable and reliable energy plays in the global economy.

The volatility witnessed in the past year highlights the imperative of an energy system that effectively balances economic prosperity, energy security, and environmental preservation. Affordable energy serves as a vital catalyst for economies to flourish, while reliable energy stands as a cornerstone of national security.

India is expected to witness the world’s largest rise in energy demand, driven by a buoyant economy. Against this backdrop, Nayara Energy is committed to powering India's energy and petrochemical security. Our dedication to realising our growth plans remains resolute.

Safety, Reliability, and Consistency

The progress we summarise below is based on a solid foundation of safe and reliable operations. Our strategy has remained definitive and determined, centred on the secure and reliable provision of essential oil products to Indian consumers today through operational excellence. For tomorrow, we are committed to expanding our business and operations to cater to India’s future energy and petrochemical needs.

Prasad K. Panicker

Chairman & Head of Refinery

Nayara Energy, being a responsible employer, has set a goal to implement industry best practices in India, aiming to make a substantial impact on road transportation safety. During the year, we achieved a Total Recordable Injury Rate (TRIR) of 0.09, an improvement from 0.14 in the previous year. This reduction is a testament to the Company's commitment to upholding the highest safety standards.

In FY 2022-23, the refinery undertook a significant turnaround, which was successfully executed without any major incidents. Moreover, a remarkable achievement was recorded, with nearly 5,500 injury-free days for our employees, encompassing over 55 million working hours. Similarly, our contractors also contributed to this exceptional safety record, with over 10 million work hours completed without any major injuries.

Strategy in Action

Nayara Energy remained committed to executing our long-term strategy while maintaining a strong focus on performance. In FY 2022-23, we achieved remarkable financial results, with a record-breaking Profit After Tax (PAT) of ₹ 95,916 million, compared to the previous year's figure of ₹ 10,299 million. This performance was bolstered by favourable market conditions and efficient crude procurement practices.

> At Nayara Energy, we see the green transition as an unprecedented multi-decadal opportunity for sustainable and inclusive growth. Over 1,000 retail outlets and two Nayara owned depots, already have solar installations along with a planned pilot capacity of 10 MW solar generation at the Vadinar refinery.

As the leading private player in fuel retailing, our primary focus remained on expanding our retail network to meet the increasing demand. We remain steadfast in our commitment to support the Government of India's goal of biofuel blending as a crucial means of decarbonisation and achieving self-reliance. To this end, Nayara Energy has made significant strides in enhancing ethanol blending in Motor Spirit (MS) supplied through our retail outlets. We have achieved a commendable milestone of 10% blending compliance in MS in FY 2022-23.

With a focus on disciplined investment in high-quality assets, we achieved a return on capital employed of 43.25%. We strengthened our balance sheet, reducing our net debt to EBITDA ratio to 0.27. Our efficient deployment of capital is expected to drive the growth of our businesses while continuing to deliver strong returns to investors.

Plans for Growth

We made significant progress on our maiden journey into the petrochemicals sector, with the revamp of the Fluid Catalytic Cracking Unit (FCCU) during the turnaround and completion of Performance Guarantee Test Run of the Petrochemical Refinery Unit (PRU) in May 2023. We remain on track for the deployment of the Polypropylene (PP) Unit in FY 2023-24. This marks the commencement of a transformative journey towards growth, as we forge ahead to establish a world-class integrated downstream manufacturing complex that is poised to shape the future.

At Nayara Energy, we see the green transition as an unprecedented multi-decadal opportunity for sustainable and inclusive growth. Over 1,000 retail outlets and two Nayara owned depots, already have solar installations along with a planned pilot capacity of 10 MW solar generation at the Vadinar refinery.

During the year, we made solid progress in our endeavour to establish a 10MW solar plant at its Vadinar refinery in Gujarat, which will help us mitigate ~20,000 tCO_2e annually. Additionally, we have scheduled the commissioning of a 500 kW captive solar power plant at our newly established rail-fed fuel depot in Pali, Rajasthan. This strategic move will contribute to a further reduction of approximately 730 tCO_2e per year.

We are also exploring pilot projects for green hydrogen to meet our significant hydrogen requirements, in line with the Government of India's Hydrogen Mission.

Creating Shared Value

We firmly believe in translating words into action, actively promoting inclusive development through impactful programmes in key areas such as health and nutrition, education, and skill development. In the past year, we have taken a monumental stride toward building a brighter tomorrow.

Notably, the Company facilitated over 57,000 consultations through our Mobile Health Clinic (MHC) and Community Health Centre, spanning 15 villages in Jamnagar and Devbhumi Dwarka. Additionally, we provided 6,700 consultations through the Mobile Health Clinic (MHC) in four villages adjacent to the Wardha depot. These efforts exemplify our commitment to making a positive impact on the well-being of the communities we serve.

I am delighted to share that Nayara Energy has been honoured with numerous awards and accolades in FY 2022-23. Our flagship projects, such as Project Tushti and Gram Samruddhi, were specifically recognised for their exceptional contributions in the field of nutrition and livelihood and water resource development respectively. Furthermore, our nutrition support initiatives for TB patients garnered appreciation from esteemed personalities, including the Honourable Governor of Gujarat and USAID, who commended our efforts on different platforms. These accolades validate our commitment to making a positive social impact and inspire us to continue our journey toward excellence.

Looking Ahead with Confidence

Our current financial position provides a solid foundation for us to fuel accelerated growth and cater to the surging energy demand in India. However, in light of the inherently uncertain business environment, it is crucial to exercise prudent capital deployment. We must remain vigilant and agile, effectively managing the risks stemming from these uncertainties.

Despite these challenges, the inherent strengths of our Company, coupled with a dynamic and vibrant Nayara family, guided by a capable, agile, and experienced leadership, position us for a promising future. I am confident that we will continue to deliver exceptional outcomes for all our valued shareholders.

Finally, my thanks go out to you, our shareholders, for continuing to place your trust in our great Company.

Best Regards,

Prasad K. Panicker

Chairman & Head of Refinery

LETTER FROM THE CEO

In the Pursuit of Value Generation In India, For India

For Nayara, our commitment to fulfilling this fundamental human need for connection drives us to explore new possibilities, fuel aspirations and reimagine how we can better serve our stakeholders. We aspire to create meaningful experiences that foster genuine human connections, with our customers, employees, and the communities we serve.

Dear Shareholders,

The events of 2022 underscored the pivotal role of energy in the global economy. The year's volatility emphasised the need for a secure, affordable, and sustainable energy system to support economic growth.

The continued geopolitical situation and unprecedented business environment made the past year challenging and uncertain. The downstream oil industry experienced some buoyancy as travel restrictions eased and the global consumer economy regained momentum. This resurgence in economic activity led to an upswing in refining margins and product cracks.

Despite global headwinds and state-level interventions imposed to stabilise the domestic energy prices and the economy, relentless management efforts towards business improvements enabled us to deliver a resilient performance in FY 2022-23. Our accomplishments are a testament to the commitment and dedication of our exceptional team, who consistently creates value over and above industry benchmarks in the current difficult energy landscape.

The Power of Connection

Throughout the years, we have embarked on a transformative journey of growth, delivering world-class products in the hydrocarbon value chain. By aligning ourselves with our vision, we have actively contributed to India's development and progress. Crucially, our endeavours have had a positive impact on the lives of numerous stakeholders. Together, we have pursued a shared purpose and forged a path of inclusive growth.

At the core of our success lies a profound understanding of the fundamental driver behind our value creation process – social interaction. The concept of 'value' only emerges within a social context, emphasising the crucial role of social interactions as the primary source of values.

As a species, we have evolved to be social beings, possessing a natural design to need and desire human connection. This has propelled humanity to push boundaries and achieve noteworthy feats. I am reminded of the remarkable evolution of mobility that has shaped the course of human civilisation.

In the very early days, our physical capabilities of walking and running limited our reach and interactions. Nevertheless, our persistent pursuit of connectivity led to the advent of Steam Engines. Today, we stand at the nadir of human achievement, witnessing an array of advanced modes of transportation that have revolutionised mobility. From cars and airplanes to high-speed trains and electric vehicles, the world is now interconnected like never before. Despite all the advances in social media and novel ways to connect virtually, the demand for physical interactions, for example travel, is booming.

For Nayara, we must embrace this legacy of progress and continue to fulfil the fundamental human need for connection and reimagine how we can better serve our stakeholders. **We aspire to create meaningful experiences that foster genuine human connections, with and between our customers, employees, and the communities we serve.**

Dr. Alois Virag

Chief Executive Officer

For Customers

At Nayara, we believe that the innate human desire to connect drives the demand for mobility. Our endeavours today involve embracing this legacy of progress and continuing to drive innovation in mobility.

This drives our commitment to offer unparalleled customer services and amenities at our retail outlets while delivering high-quality fuel products. Our steadfast emphasis on maintaining the highest quality standards ensures product excellence in every drop of fuel to cater to the ever evolving energy needs. Thereby catalysing our customers' journeys, supporting them in reaching their destinations and empowering them with the energy to turn their dreams into reality.

Over 98% of our retail outlets have been automated, moving us a step closer to becoming a 'future-ready' organisation. We have outlined a roadmap to leverage automation as a catalyst for delivering enhanced services and experiences to our valued consumers and intend to embark on this transformative journey, unlocking new possibilities for improved efficiency and customer satisfaction.

In-line with our long-term strategy, we have meticulously expanded our retail presence into the remote regions of India through 'Project Bharat'. I am delighted to announce that we achieved network coverage in remote service areas well ahead of the targeted timeline; facilitating last mile connectivity

Aligned with India's ambitious growth aspirations, we are committed to expanding our retail footprint to meet the need for safe and reliable mobility across the country. By 2030, we envision a 50% increase in our total RO network, solidifying our contribution to India's thriving mobility landscape.

For India

At Nayara, we take great pride in managing our state-of-the-art refinery which is widely regarded as one of the most modern and complex refineries in the world. Our refinery has an annual capacity of 20 MMT and contributes ~8% to India's refining output. It serves as a key driver in our endeavour to contribute to India's growth trajectory. Nayara is and always will remain a Company that is firmly rooted in 'In India, For India'.

Fuelling Possibilities, Energising Progress For India

We have strategically embraced asset development, positioning ourselves to venture into the thriving petrochemicals sector. This strategic move aligns with our vision to diversify our product portfolio and seize opportunities in the high-growth petrochemical industry.
We are driven by our firm conviction that the refining and petrochemical sector not only plays a significant role but will continue to serve as a crucial catalyst for driving economic growth.

The 450 KTPA upcoming polypropylene plant at Vadinar, Gujarat has made remarkable progress and is on track to be commissioned in the near term.

We have successfully completed 15 million safe man-hours of work at the project site, marking a significant milestone in ensuring the well-being of our workforce.

In FY 2022-23, we achieved an exceptional operational availability of 99.8% for our major process units outside the scheduled turnaround period. Our refinery turnaround was completed safely in 29 days, a day ahead of our planned timeline of 30 days, followed by safe start-up. We recorded over 55 million working hours without any major injuries among our employees, and an additional 10 million work hours without incidents involving our contractors. This remarkable achievement serves as a testament to the paramount importance we place on high standards of safety.

Our marketing business is primarily focused on meeting the burgeoning domestic demand. This is evident from the robust sales we achieve through our extensive network of retail outlets, institutional partnerships, and collaborations with other oil companies.

> During the year, we forged stronger relationships with communities in Gujarat and Maharashtra.

During the year, we operationalised the rail-fed depot at Pali, Rajasthan. This depot ensures supply security for Nayara in the state of Rajasthan and strengthens our partnership with oil marketing companies (OMCs). As part of our efforts to strengthen our supply chain and cater to ever-growing demand in an optimised manner, we are exploring the development of additional depots in key focus geographies.

This success was made possible by meticulous planning and flawless execution by our Xtraordinary Nayara team. We remain steadfast in delivering exceptional performance and contributing to India's energy landscape.

For Communities

The need for human social interaction goes beyond immediate acquaintances and into the larger communities. At Nayara, we recognise that our responsibility extends beyond the scope of our immediate stakeholders, encompassing the larger communities in which we operate.

Through a wide range of community outreach programmes, we continuously explore new avenues to empower individuals and enhance their quality of life.

During the year, we forged stronger relationships with communities in Gujarat and Maharashtra. Our flagship project, Gram Samruddhi, achieved remarkable progress in enhancing livelihoods and developing water resources in the districts of Jamnagar and Devbhumi Dwarka.

In pursuit of addressing the critical challenge of malnutrition we are actively engaged in our flagship initiative known as Project Tushti, working in close collaboration with the Government of Gujarat.

We collaborated with the United Nations Development Programme (UNDP) under Project EXCEL to equip 4,000 farmers with essential business and marketing skills.

These initiatives exemplify our promise to making a positive impact in the communities we serve.

50,000+

Forecourt salesman and communities around our retail network positively impacted

For the Environment

The global energy transition presents both long-term challenges and opportunities. It is evident that the world desires an energy system that offers security, affordability, and sustainability – the energy trilemma. I believe that collaboration, driven by the human need for connection, will play a vital role in supporting humanity's aspiration for a cleaner and greener world.

In line with this vision, we are committed to leveraging our strengths and capabilities to preserve the environment. During the year, we have undertaken a range of initiatives to minimise our environmental footprint.

We ensure that all site-related emissions from our refinery remain below the expected regulatory requirements, diligently minimising our environmental impact within our local community.

Subsequent to commissioning of the polypropylene plant, a proportion of carbon will be diverted away from combustion and towards the development of long-lasting functional materials; another step towards continued sustainability of our business.

The addition of our second depot in Pali is in line with our commitment to creating world-class assets in a sustainable manner to fuel India's growing energy demands.
It significantly reduces road transport and aids our endeavour to reduce our carbon footprint, by preventing ~730 metric tonnes of CO_2e emissions per year.

We ensure that all site-related emissions from our refinery remain below the expected regulatory requirements, diligently minimising our environmental impact within our local community.

We also have been actively involved in promoting mangrove forestation in the vicinity of our Vadinar refinery. Presently, we have nurtured 175 hectares of voluntary mangrove cover and have set an ambitious goal to expand it by 57% to reach 275 hectares by 2025. As a part of our green belt initiative, we have planted approximately 300,000 trees and will enhance this green cover by an additional 25% over the next three years.

We continued to contribute towards the Government of India's vision of reducing dependency on oil imports by ensuring 10% ethanol blending in Motor Spirit, at our Retail Outlets. We believe that regulated ethanol blending is a key driver towards decarbonisation and self-reliance.

Additionally, we are making progress on our plans to install a 10 MW captive solar power plant at our Vadinar refinery in Gujarat. By embracing sustainable energy sources, we aim to reduce our carbon footprint and contribute to a greener and cleaner future. Subsequent to a successful pilot-scale integration of solar power into the refinery's energy mix, Nayara shall undertake substantial scale-up of green energy portfolio at the plant.

For Employees

At Nayara, we firmly believe that our people are the driving force behind our operations. It is their expertise, and determination that power us forward and create shared value for all stakeholders. We strive to foster a strong partnership with our partners and contractors that brings mutual value, resulting in tangible benefits for both parties.

Each member of our team at Nayara is valued for their unique strengths, perspectives, and ideas that contribute to achieving our organisational goals. We understand that their individual skills and perspective will play a crucial role in driving Nayara's future success.

As part of our commitment to our employees, we have embarked on a transformative leadership development journey for our employees in FY 2022-23. Through investing in leadership development, we strive to cultivate a strong leadership pipeline and nurture talent within our organisation.

Building a Legacy of Success

Our journey reflects our true identity and adherence to strong values, serving as a testament to the principles that guide our every action. Our commitment to aligning with the core human desire for mobility and social interactions has yielded record earnings, establishing us as a trusted brand delivering superior experiences and top-class products to our stakeholders.

Operating within one of the strongest economies in the world, deeply rooted in a resilient industry, we are poised to meet India's growing energy demands and aim to be a catalyst for the nation's dreams and aspirations.

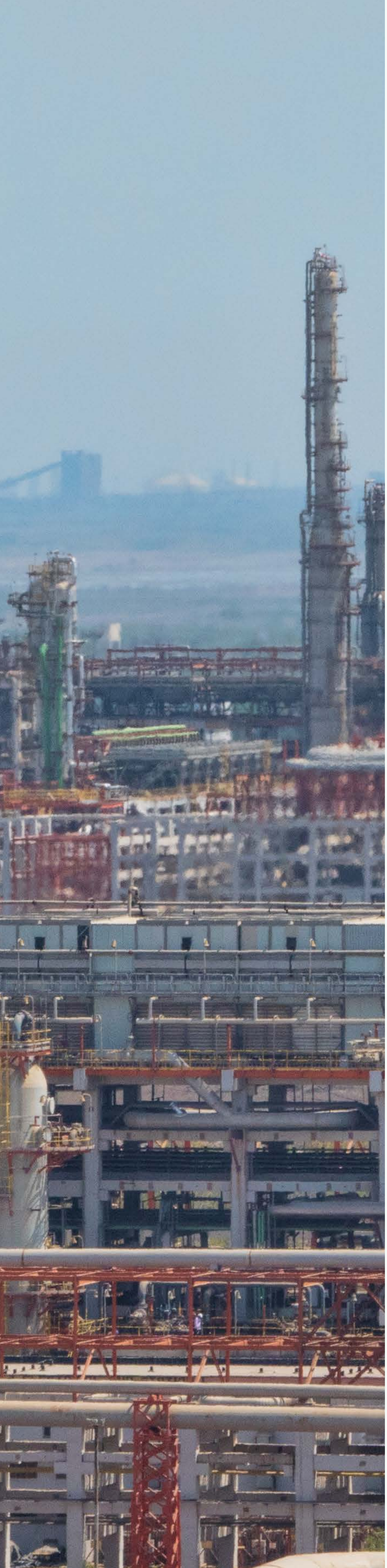
I am confident that we have all of the right ingredients in place – great people, best-in-class assets, and good governance for Nayara's continued progress in the energy landscape.

Let me conclude by expressing my heartfelt gratitude to the Board of Directors for their continued guidance and support. My deepest appreciation also goes out to all our stakeholders, whose continued faith and confidence in Nayara have been instrumental in our journey.

Best Regards,

Dr. Alois Virag

Chief Executive Officer



Board's Report

Dear Shareholders,

The Directors take immense pleasure in presenting the 33rd Annual Report along with the Company's audited Financial Statements for the financial year ended March 31, 2023.

Financial Performance and State of the Company's affairs

Highlights of financial performance on standalone basis

(₹ in million)

Particulars	FY 22-23	FY 21-22
Revenue from Operations	1,378,213	1,196,894
Total Revenue including Other Income	1,385,715	1,200,028
Earnings before finance cost, depreciation/ amortisation, Exceptional items, and Tax (EBIDTA)	183,112	50,675
Profit before Exceptional Items and Tax	1,27,544	13,490
Profit/(Loss) before Tax	1,27,544	13,490
Tax (reversal)	31,628	3,191
Net Profit after Tax	95,916	10,299

Global Market

The year FY 2022-23 gone by was marked by a range of significant events, both in the economic and political arena. Despite initial concerns about the ongoing impact of global pandemic, the global economy continued the notable rebound with GDP growth surpassing pre-pandemic levels in several regions. As per International Monetary Fund's estimates, the global economic activity expanded by 3.4% CY 2022, higher than its own estimates of 3.2%. These growth figures are lower than the 6.1% growth recorded in CY 2021, which was aided by the rebound from a lower base of the pandemic year CY 2020.

While the world started to put the COVID-19 scenarios behind them, some countries like China continued to face a few outbreaks followed by extended movement restrictions, dampening the reopening growth boom. However, China too pivoted and opened up its economy from its stringent Zero-COVID policy towards the end of the year, leading to expectations of higher growth for the country as well as the entire global economy in the year ahead.

The world was divided in finding the way forward for its resolution on the geo-political developments that impacted the world. The EU and the US declared sanctions which prohibited importing Russian seaborne crude oil and petroleum products while also trying to enforce a price ceiling on Russia's energy exports to other nations. The threat of these sanctions and their implementation drove energy prices to some unforeseen highs during the last year. Brent Oil prices reached a high of near USD 140/bbl while cracks margins on oil products like Singapore gasoil cracks traded as high as USD 75/bbl and gasoline crack traded near USD42/bbl at its peak. The sanctions imposed on the Nord Stream pipelines carrying natural gas to Europe spiked the gas prices to new lifetime highs during the year.

The continued recovery in oil demand, easing of COVID restrictions and steady improvement in mobility indices to pre-pandemic levels continued to get reflected in the oil price and refining margins rose during the year.

3.4%

Global GDP growth in CY 2022

The imposition of sanctions and price caps led to the redirection of trade flows on a large scale. Russian crude exports to EU came to a halt and the flows were redirected to countries much farther like India and China. Similarly, Russian oil product exports found new homes in Africa, the Middle East and the Far East nations. The redirection of flows, while easing global energy prices from the highs, led to an initial higher move on oil tanker freights, as ships carrying crude and products were moving much farther due to the newly emerging routes and trade flows. Meanwhile

on the gas front, Europe initially saw prices surge to as high as 343 Euro/ megawatt hour (MWh) in its efforts to refill its gas storage ahead of the winters, where it has been the traditional fuel of choice for heating and industrial purposes. A late and unusually warm winter along with self-rationing and delay in imposition of sanctions, helped Europe with inventory level replenishment and avoid the exceptionally high gas prices for this winter.

On the macroeconomic front, the Central Banks across the world have been fighting to tame the multi-decade high inflation monster that had been unleashed as a consequence of years of monetary stimulus/ quantitative easing/welfare spending by the Governments across the world ever since the Great Financial Crisis of 2008 and further exacerbated during the COVID pandemic. The broken down supply chains resulting from COVID were just about recovering when the geo-political situation and subsequent sanctions further fuelled up inflation. As a measure to quell inflation and bring it down to acceptable levels, Central Banks led by the US Federal Reserve raised interest rates substantially during the past year. However, the high interest rates required to fight against sticky global inflation are bound to dampen the global economic activity and growth during the current year. High interest rates have already led to the inversion of yield curves in most large economies, indicating the stress in the financial systems and pointing to the possibility of a recession up ahead.

The financial system stress recently led to the collapse of a few stressed banks in the US and Europe, though the risk of contagion has so far been averted by timely intervention by the Central Banks.

Global Refinery Margins strengthened on the back of higher cracks from conventional fuels. The continued recovery in oil demand, easing of COVID restrictions and steady improvement in mobility indices to pre-pandemic levels continued to get reflected in the oil price and refining margins rose during the year. While crude oil prices witnessed extreme volatility unseen in the past few years, the refining margins got a further boost with restrictions on trade-flows from the geo-political fallout. A tight product balance amid fears of scarcity from the sanctions, pick-up in fuel consumption, industrial activities and pent-up holiday/travel demand combined to provide a positive stimulus to product markets led to a strong performance by refined product margins. With double-digit refining margins for a larger part of the year, refiners had reason to run a high capacity utilisation rates, thereby building up inventories which had reached near the 5-year lows, especially on the distillates.

The IMF projects global GDP growth to be subdued at 2.8% in 2023, with downside risks of recession in the Western world, especially Europe and the US. Unusually high uncertainty surrounds this forecast and downside risks to the global outlook emerge from a possible worsening of the current geo-political situation, escalation of sanctions on Russia as well as continuation of inflationary pressures amid slowing growth. Hence, refinery margins, which had recovered from the pandemic lows last year on strong diesel and gasoline cracks, may moderate from the current levels in the year ahead.

Domestic Market Overview

India's GDP growth outlook for FY 2023-24, as per IMF, is among the highest for large nations, with the country's growth slated to be 5.9%.

FY 2022-23 was a year of economic growth for India. India is on track to become the world's third largest economy by 2027 basis global trends and key investments in infrastructure space. Industry witnessed robust logistics indicators such as steady growth in rail freight, container traffic in 2022, a strong recovery registered in automobile sales, specifically in passenger vehicles, tractors and 3-wheelers. The agri sector also continued to show resilience, posting a strong 3.6% growth for the 5th straight year. IIP is showing consistent upward trend with steel consumption, cement production and other underlying metrics showing a holistic growth.

4.8%

India registered a growth in the total Petroleum Oil and Lubricants production during FY 2022-23 over the previous year

10.2%

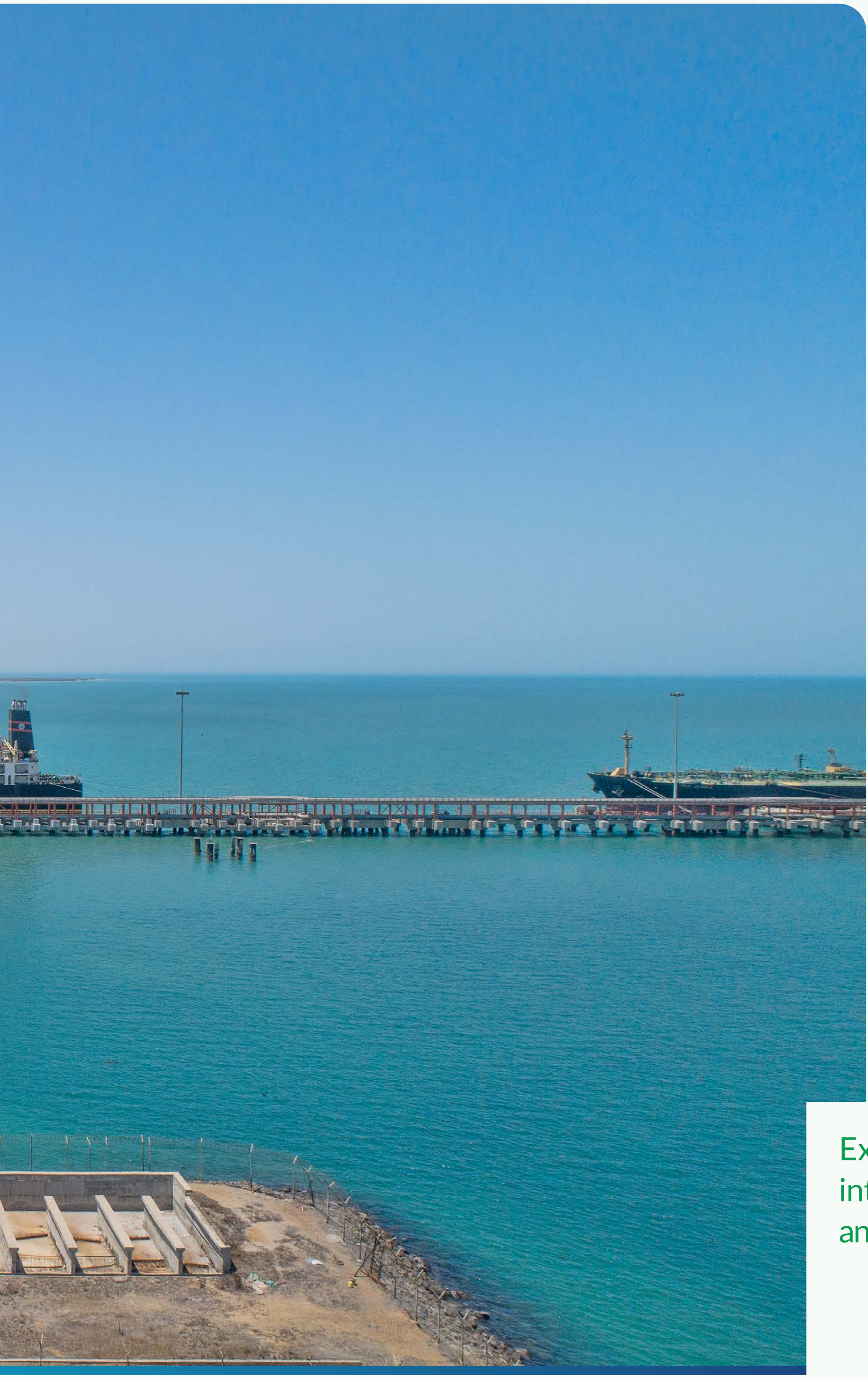
Growth in the consumption of petroleum products during April-Mar 2023 with a volume of 222.3 MMT compared to the volume of 201.7 MMT during the same period of the previous year.

India registered a growth of 4.8% in the total Petroleum Oil and Lubricants (POL) production during FY 2022-23 over the previous year. The consumption of petroleum products during April-Mar 2023 with a volume of 222.3 MMT reported growth of 10.2% compared to the volume of 201.7 MMT during the same period of the previous year. This growth was led by 13.4% growth in MS, 12% in HSD & 47.1% in ATF consumption besides FO/LSHS, Petcoke, LPG and others during the period. With this growth, demand has surpassed pre-pandemic levels of FY 2019-20.

The global Oil and Gas industry witnessed high volatility in crude oil and finished product prices in FY 2022-23. India imports a significant portion of its crude oil requirements. Therefore, the prices of petrol and diesel in the country are linked to their respective prices in the international market. However, to insulate the Indian consumers from the impact of high volatility in the international market and manage inflation, prices of petrol and diesel were kept relatively stable in India despite record high international prices. This created stress on profitability of domestic marketing of petroleum products.

While recent geo-political uncertainty remains, the impact of a recent upsurge in COVID-19 have not led to any restrictions and does not have significant impact on the Indian economy. The government's thrust on capital expenditure, the automobile industry and oil demand is expected to grow further in FY 2023-24. India's favourable demographic helping drive domestic consumption and decouple from the global economy. India's GDP growth outlook for FY 2023-24, as per IMF, is among the highest for large nations, with the country's growth slated to be 5.9%.

International Supply and Trade



It was a volatile year for crude and product prices in FY 2022-23. Even so, Nayara's international business segment was successful in navigating these uncertainties through clearly defined strategies, foresight, and support from a robust internal framework. Our international departments, driven by Supply & Trading, ensured positive export net-backs to relevant destination benchmarks. This was made possible through the Company's experienced trading teams, detailed risk management systems, as well as strong in-house shipping and operational support. All this is coupled with robust controls and governance in place.

A key initiative included Nayara's continual pursuance to expand its international customer and supplier base. This resulted in a rise in customer participation for the firm's global exports. Counterparties include a robust list of trading houses, oil majors, and national oil companies. Nayara will continue to build on these strong relationships to ensure stable procurement of feedstocks for our refinery, and optimal supply of our products to the global marketplace.

Expanded our international customer and supplier base

Refinery

Operational Excellence

Vadinar refinery processed 18.69 MMT of crude achieving approx. 93% capacity utilisation in FY 2022-23. Refinery took a turnaround during November 2022 which resulted in lower utilisation for FY 2022-23. Your Company has achieved 99.8% operational availability outside turnaround for major process units in FY 2022-23. Refinery Turnaround was completed safely in 29 days (against plan of 30 days) followed by safe start-up and stabilisation of units.

As a first step towards petrochemical integration of Refinery, revamp of the Fluidised Catalytic Cracker Unit (FCCU) was carried out during the turnaround for maximising Propylene yield from the unit. Propylene Recovery Unit (PRU) and Polypropylene (PP) Units are expected to be commissioned in FY 2023-24, which will mark the Company's maiden foray in the historically high-margin and high-growth petrochemicals business.

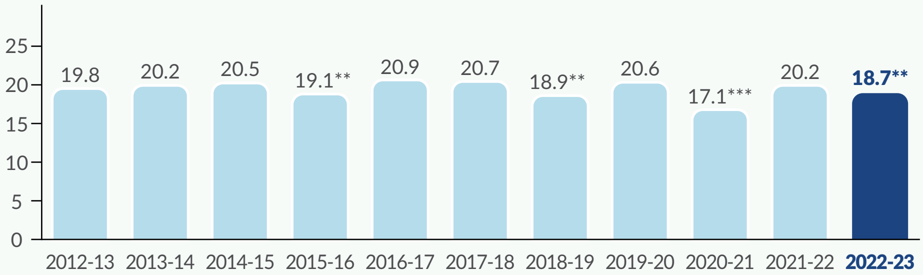
During the turnaround, the catalyst replacement was carried out in major hydroprocessing units. Besides this, metallurgy upgradation, execution of various schemes for improving reliability and removing process constraints, enhancing flexibility in processing tough crudes, reduction in energy consumption and maintenance and inspection (M&I) jobs for various equipment were carried out in all process units, utilities, captive power plant and marine facilities.

Various optimisation projects across functions were taken up which resulted in the optimisation of hydrocarbon inventories resulting in reduced working capital, widening of crude basket and energy efficiency improvement. In view of higher natural gas prices, hydrogen was produced from alternate feedstocks resulting in reduction of raw material costs.

As part of facility augmentation at Vadinar site, the following infrastructure development activities were taken up during FY 2022-23:

a. A new covered coal stockyard was constructed which will result in reducing dependency on third party for storing coal and also aid in environment protection.

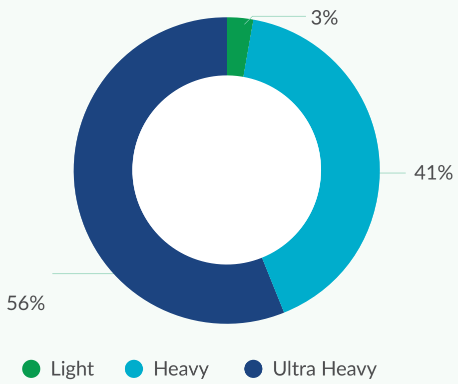
Crude Processed, MMT



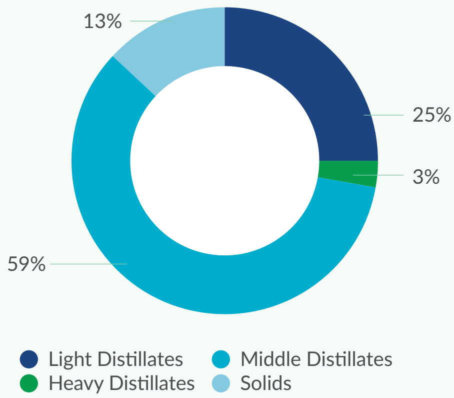
** Throughput low due to turnaround.

*** Lower Demand caused by COVID-19 pandemic and opportunity shutdown in October 2020.

Crude Grades Processed FY 22-23



Product Slate FY 22-23



Refinery Turnaround was completed safely in 29 days (against plan of 30 days) followed by safe start-up and stabilisation of units.

b. A full surface fire-fighting facility was commissioned for enhancement of our fire-fighting capability for large crude oil storage tanks.

c. A new associate colony was constructed for providing accommodation facility to contractual workforce.

Vadinar refinery processed 97% of heavy and ultra-heavy crudes and produced 87% of high margin distillates. Your Company is continuously exploring market opportunities for processing different crudes with a focus to reduce the overall raw material cost. One new grade of crude was processed during FY 2022-23 expanding the crude basket to 127 crude grades. Production of Domestic MS and Domestic HSD were at a record level of 2.6 MMT and 5.5 MMT (including LDO & HFHSD) respectively, which is the highest ever production for any financial year. As an endeavour to enhance margins from existing assets, new value-added product LSHS (Low Sulphur Heavy Stock) was produced and introduced in the market.

97%

Processed of heavy and ultra-heavy crudes

Highest Ever Production of Domestic MS and Domestic HSD in FY 2022-23

Marketing

Nayara's mission is "In India, for India". With this clear guideline, we first supply to our retail outlets, following which we offer all additional volumes to PSU's and domestic customers for sale. By Nayara's focus on domestic sales, less than 40% of our products are exported and traded internationally.

Retail

Your Company's Retail business faced significant headwinds for a major period of FY 2022-23. The global geo-political situation led to an unprecedented increase in crude oil prices and refined product cracks in international markets. However domestic retail selling price has shown limited traction. This led to significant under recoveries in the Retail business.

Along with the impact of the shifting market dynamics, retail also navigated an evolving regulatory and compliance environment domestically with the introduction of mandates such as Universal Service Obligation and Excise Export Duty.

As a result, there was a severe impact on profitability in the Retail channel. This situation led to a loss of retail volumes by approx. 50% as compared to FY 2021-22.

98%

Retail Outlets are automated, moving a step closer to becoming a 'future-ready' organisation

Adverse business conditions for a prolonged period also had negative impact on franchisee partners. The Company ensured continuous and open dialogue with the franchisee partners to understand and acknowledge their concerns while developing initiatives to extend support and addressing their pain points.

As per the long-term strategy, the Company continued to add new retail outlets in focused geographies. The Company successfully completed "Project Bharat" by achieving mandatory network presence in remote service area within the timeline of May 2022.

Despite difficult business conditions, RO rebranding project maintained traction and completed rebranding of 1,083 ROs in FY 2022-23. In December 2022, we crossed a historic milestone of 3,000 Nayara branded outlets. Towards the end of FY 2022-23, more than 50% of the RO network was with Nayara brand out of a total of 6,300+ outlets.

The Company continues in its efforts to automate the entire supply chain. The Company has automated approximately 98% of its retail outlets, a step closer to becoming a 'future-ready' organisation. The Company plans to embark on a journey to utilise automation as an enabler to deliver better services and experience to end consumers by the end of FY 2023-24.

50,000+ families positively impacted, fueling job opportunities & building communities.

The Company is exploring various initiatives to make our network future-ready, which includes non-fuel retail opportunities, mobility solutions, alternate fuels including CNG, battery swapping and EV Charging points. Multiple Non-Fuel Retail (NFR) opportunities are identified under food, auto services and other services categories. A pilot programme is in progress to test these ideas to develop strong business case before mass rollout of NFR across the network.

The Company continued to contribute towards the Government of India's mandate on biofuels blending as a key driver for decarbonisation and self-reliance, and regard it as critical for reducing dependency on imported crude. Nayara Energy continues to move towards improving the ethanol blending in MS being supplied through our retail outlets with 10% blending in MS compliance achieved from December 2022.
The Company is committed towards meeting the enhanced blending in line with Government guidelines and have reached 12% ethanol blending as well at the end of the financial year. Additionally, the Company has achieved biodiesel blending readiness at Vadinar refinery and plan to start biodiesel blending despite challenges in availability in the market. As a long-term strategy, to ensure compliance with Government mandate, the Company is planning to invest into ethanol manufacturing plants.
As an initial step, it is proposed to invest in such plants within the next 3 to 5 years. This will provide necessary reliability of ethanol supply to our retail network.

Being the largest fuel retailing private player, Nayara Energy's focus continues to expand and meet the growing demand, thereby building job opportunities and entrepreneurship. The Company is positively impacting close to approximately 50,000+ forecourt salesman and communities around our retail network.

6,300+

Retail Outlets

Institutional Business

Institutional Business maintained its focus on maximising volume and earning from "On purpose" product portfolio consisting of High Speed Diesel (HSD), Light Diesel Oil (LDO) & Mineral Turpentine Oil (MTO) products along with other evacuation products like Petcoke, Sulphur and Fly ash. The Company has added new high margin products like Light Sulphur Heavy Stock (LSHS) in April 2022 and Polymer Modified Bitumen (PMB) in August 2022.

During FY 2022-23, the Company saw overall industry decline for direct business on account of a steady increase in the product price and large price arbitrage of diesel in bulk against Retail. In FY 2022-23, bulk market witnessed a decline in HSD consumption by approx. 43% over FY 2021-22. However, in this extremely challenging environment Nayara continued to retain customers and grew its HSD volume by 13% over FY 2021-22. Our overall on-purpose product portfolio market share grew to 6% from 4% in FY 2021-22.

Nayara Energy's bulk HSD market share doubled in FY 2022-23 from 3% to 6%. This was largely possible due to expanding existing customer base by entering into new segments and new markets beyond our addressable region. Our association with key customers grew stronger as our service levels remained our priority. We signed up the agreement with major paint manufacturers for sale of our MTO and grew our market share to 11% in FY 2022-23 from 8% in FY 2021-22.

The Company continued to maximise its earning potential on bitumen based on the production economics and managed timely and efficient evacuation of our solids inventories namely petcoke and sulphur. The Institutional business will continue its focus on growing market share and effectively seeding the market with newly launched products.

Added new high margin products such as Light Sulphur Heavy Stock (LSHS) and Polymer Modified Bitumen (PMB)

Nayara Energy witnessed a strong domestic demand in FY 2022-23. With strong margins in Oil Marketing Companies (OMC) business, OMC volumes were maximised to expand netback for the Company.

Supply and Distribution

Nayara Energy witnessed a strong domestic demand in FY 2022-23. With strong margins in Oil Marketing Companies (OMC) business, OMC volumes were maximised to expand netback for the Company. OMC sales in FY 2022-23 were 143% as against the plan.

OMC sales comprised of approximately 48% of domestic sales in FY 2022-23. Strong OMC sales ensured that Nayara would achieve regulatory requirements of selling mandated share of productions of fuels in the domestic market and tap high realisation potential in the case of domestic OMC sales.

In July 2022, Nayara operationalised rail fed depot at Pali, Rajasthan. This is a state-of-the-art rail-fed facility completed on schedule against all odds including disruptions due to the pandemic. This facility will ensure supply security for Nayara in the state of Rajasthan and help enhance partnership with OMCs.

Facility augmentation completed at all coastal supply locations to ensure availability of storage and blending facility for ethanol. Ethanol blending commenced at all supply locations of Nayara Energy in FY 2022-23, the Company commissioned two tanks in Vadinar, one each for storage of Ethanol and EBMS. With this, the supply of Ethanol Blended MS (EBMS) started to all Nayara rail-fed locations from Vadinar, thereby maximising economic gains due to ethanol blending.

The Company also augmented hired tankages at Mangaluru in accordance with business expansion plans in the Karnataka market. The Company is looking for land parcels in Madhya Pradesh, Uttar Pradesh and Telangana for potential depots. The Company is also exploring our options to acquire hired terminal capacity in coastal locations in the states of Odisha and West Bengal to improve our supply security.

In the logistics domain, improved Vehicle Tracking System (VTS) with integration of driver monitoring camera and voice box introduced. This enables Nayara to monitor drivers while they are driving the Tanker Trucks and alert them in case system identifies lapse of concentration. Improved VTS tracking is expected to bring in more discipline and reduction in driving policy violations.

Asset Development

As reported earlier, Nayara Energy has adopted a phase-wise Asset Development Strategy to enter into the petrochemicals sector and is well-positioned to become a strong petrochemical player due to its unique advantages in terms of the opportunity of integration with the refinery, proximity to the port and location of the refinery in western India which is the largest petrochemical consumption region of the country.

Nayara Energy's focus on petrochemical is well-supported by the intensive growth of petrochemical products.

Polyolefin consumption in India grew 8.2 % (PP 7.7% and PE 8.6%) during 2022-23 to reach a level of 13.5 MMTPA, 6.6 MMTPA in PP and 7.0 MMTPA in PE. Import of PP in India has reached a level of 1.6 MMTPA which will create sufficient space for easy market entry for Nayara Energy's PP project.

During the last year, demand for petroleum products also grew strongly at a rate of 10.2% to reach a level of 222 MMTPA.

Nayara Energy is currently implementing Phase 1 of the strategy aimed to maximise propylene recovery from existing refinery assets of Fluidised Catalytic Cracking (FCC) Unit by increasing its severity and recovering this propylene in a

450,000

tonnes per annum of Polypropylene plant

Propylene Recovery Unit and then converting it into polypropylene in a new Polypropylene Unit of 450,000 metric tonnes per annum.

Major scope of Phase 1 Project is as follows:

- Revamp of FCC and LPG treatment units
- Construction of a new Propylene Recovery Unit (PRU) and augmentation of existing utilities
- Construction of a new Polypropylene Unit (PP) and related off-sites and utilities (OSBL facilities)

The Company awarded Engineering, Procurement & Construction (EPC) contracts to various parties to complete the scope of work as mentioned above.

Despite the two waves of the COVID-19 pandemic during the project execution period, the work at our project site has progressed well and the Company has achieved overall project progress of more than 91% and completed 15 million safe man hours work at the project site by the end of March 2023.

Phase 2 of Asset Development Strategy is the construction of a World Scale Steam Cracker Project with downstream derivative units fully integrated with the refinery.

In December 2022, the Company has completed the revamp of the FCC Unit and Unsaturated LPG Treatment Unit along with the Refinery turnaround. The revamped FCC Unit was commissioned safely and 100 per cent unit throughput was achieved. With the completion of the FCC revamp, we have made significant progress on our petrochemical entry.

For Propylene Recovery Unit, pre commissioning activities have started and the Company expects to complete the work in the first quarter of FY 2023-24.

For Polypropylene Unit, approximately 95% material has arrived at the site and complete focus is on the completion of remaining construction activities. With this, your Company is confident to complete the project and start off Polypropylene production by the end of FY 2023-24.

As Polypropylene is a new product for the Company, the Company has recruited an experienced petrochemical marketing team to support this new product segment. Business-readiness and preparedness including marketing capability development to place polypropylene product in the Indian market is progressing as per plan.

Phase 2 of Asset Development Strategy is the construction of a World Scale Steam Cracker Project with downstream derivative units fully integrated with the refinery. Nayara Energy has carried out a detailed feasibility study of the project, with a focus on capex affordability and further expandability of Steam Cracker, which can provide opportunities for partnership. Post seeking Board approval, the Company intends to start FEED stage activities.

Financial Performance

Revenue from operations was at ₹ 1,378,213 million for the financial year ended March 31, 2023, compared to ₹ 1,196,894 million for the financial year ended March 31, 2022. Earnings before interest, tax, depreciation and amortisation (EBITDA) was higher by 261% at ₹ 183,112 million in FY 2022-23 from ₹ 50,675 million in the preceding financial year. While the external market and optimal crude sourcing strategies supported the physical performance, the benefits accrued out of these factors were largely offset by the under-recoveries on retail sales of MS & HSD and levy of special additional excise duty on export of petroleum products viz. gasoil, gasoline, ATF, etc. However, the Company's flagship performance and profitability improvement programme "One Lakshya" aided in delivering exceptional performance in a challenging business environment.

The Company earned a Profit After Tax (PAT) of ₹ 95,916 million in FY 2022-23 against a PAT of ₹ 10,299 million in the preceding financial year. To conserve financial resources, the Board of Directors have not recommended any dividend for the financial year ending March 31, 2023. Further, no amounts are proposed to be transferred to the General Reserve during the FY 2022-23.

₹ 1,378,213 million

Revenue from Operations

Earnings before interest, tax, depreciation and amortisation (EBITDA) was higher by 261% at ₹ 183,112 million in FY 2022-23 from ₹ 50,675 million in the preceding financial year.

Standalone and Consolidated Financial Statements

The audited Standalone Financial Statements, prepared as per the Indian Accounting Standards (Ind AS) for the financial year ended March 31, 2023, form part of this Annual Report. The audited Consolidated Financial Statements of the Company, as required under Section 129 of the Companies Act 2013 (Act), also form a part of this Annual Report.

Key Financing Activities

During FY 2022-23, the Company redeemed ₹ 22,850 million of Non-Convertible Debentures (NCDs) after obtaining requisite approvals from the lenders. The Company had issued these NCDs during FY 2021-22 as Secured, Listed, Rated, Redeemable Non-Convertible Debentures with face value of ₹ 10,00,000 (Rupees One Million) each on private placement basis. With early redemption of the NCDs on March 29, 2023, these NCDs have now been delisted from BSE.

To manage the working capital requirements in highly volatile crude oil price scenario, the Company managed to get its working capital limits reassessed at the same enhanced level as last year. During the financial year, the Company tied-up working capital limits with various domestic and international banks. The Company was successfully able to obtain its maiden unsecured limits from one of the international banks. The Company also entered into long-term prepayment against the supply of product cargoes during the year which supported the Company's working capital requirements, optimise its operational costs and secure the offtake of product cargoes.

The Company had achieved financial closure for Phase 1 petrochemicals project with project term lenders in FY 2021-22. The Company has now successfully drawn more than 50% of the project debt in multiple tranches as per project requirements which has supported in the smooth progress of the Phase 1 project. The Company will continue to draw the balance amount basis project progress.

In its recent review, CARE Ratings Limited reaffirmed the Company's credit rating to 'AA-' and updated the Outlook to 'Stable' on the back of strong business and financial performance during the year.

Holding and Subsidiary Companies

Your Company does not have any holding company. Rosneft Singapore Pte Limited and Kesani Enterprises Company Limited continue to hold 49.13% shareholding each in Nayara Energy Limited.

The Company has been informed by Kesani Holdings Limited (the immediate holding company of Kesani Enterprises Company Limited (KECL)) about the acquisition of a 49.88% stake in its ultimate holding entity by Hara Capital S.a.r.l. (100% subsidiary of Mareterra Group Holding S.r.l.) from Trafigura Pte Limited effective January 10, 2023.

There was no change in the position of subsidiary companies during the FY 2022-23. The Company does not have any associates.

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

The financial statements of these subsidiaries for the financial year ended March 31, 2023, and other related information will be made available to any member of the Company or its subsidiaries seeking such information at any point in time. The same is also available for inspection by any member at the Company's Registered Office/ Corporate Office.

Share Capital

There was no change in the Company's authorised, issued, subscribed and paid-up share capital during the FY 2022-23.

Information Technology

In an era of growing demands for information services, Nayara IT continues to be a key strategic enabler for business at Nayara Energy.

In an era of growing demands for information services, Nayara IT continues to be a key strategic enabler for business at Nayara Energy. While our FY 2021-22 goals focused on COVID-19 response and recovery priorities to support hybrid models of working; in FY 2022-23 the Company has strengthened investments in information assets to provide secure, highly reliable technology infrastructure along with responsive, high-quality support so as to meet the ever-changing needs of the business.

Safeguarding data and information at Nayara is one of the main tasks of IT. As part of our continued commitment to strengthening Digital Resilience, the Company has initiated a review of IT and OT Operating Policies and Procedures across systems and components. The Company has improved cyber-security safeguards and implemented a governance framework for User Access Management through automated SAP GRC workflows. The Company has taken an important step towards its vision of private-cloud operations by upgrading its IT infrastructure to deliver software-defined datacentre and networks. The Company has also embarked on a 3-year programme to upgrade and refresh the IT and OT network at the refinery.

The Company has extended the existing SAP platform to support the operational readiness of the upcoming Petrochemicals unit. The Company is also working with partners to deliver new SAP functionalities like Treasury Management and Transport Management. Implementation of the Digital Operations Execution Systems (DOES) was kicked-off and is an important step towards enhanced safety and productivity of field operations. To support new products PMB (Polymer Modified Bitumen) and LSHS (Low Sulphur Heavy Stock), the Company added new capabilities on SAP for automated end-to-end Bitumen Stock transfer process, and LSHS Sales Process. The capabilities of the Refinery turnaround software platform were effectively demonstrated during refinery turnaround 2022.

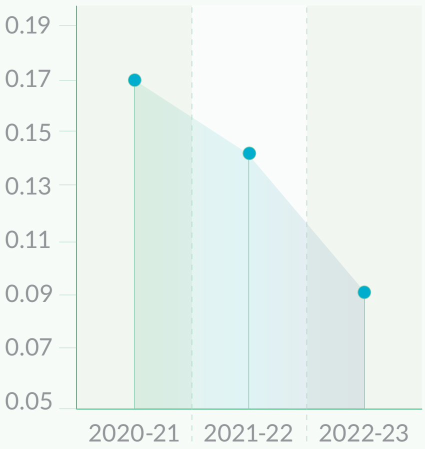
The retail outlet automation journey continued at a strong clip, with automation rolled out to nearly 6,050 outlets.

Pilot programmes were launched for video analytics at key outlets. Once completed, the programme will provide insights into the demographic and behaviour patterns of customers, enabling Nayara to offer personalised shopping experiences and improved customer service while simultaneously improving safety and process compliance. A new depot was commissioned at Pali, supported by IT and OT infrastructure deployment, including CCTV and personnel access systems.

Some of the other key IT-led initiatives across our business functions that have enhanced data security, improved operations, increased efficiencies and created digital capabilities, are refresh and upgrade of Microsoft portfolio, Data-erasure software, Laptop-tracking software, Laptop-refresh, Identity and Access Management systems upgrade and other initiatives.

Safety and Occupational Health

Total Recordable Injury Rate



Nayara Energy, as a responsible employer and accountable member of the society, has recently set the goal to go beyond legal requirements and Indian industry best practices, and create a significant impact in road transportation safety.

Whereas, the big effort taken by Nayara Energy to improve the safety performance gets paid off with excellent occupational and process safety; road safety remains a challenge. With great regret, the Company has to report six fatal road accidents in relation to our business, one contractor employee and five third-party fatalities.

Nayara Energy's Total Recordable Injury Rate (TRIR) is 0.09 as of March 31, 2023, compared to 0.14 in the previous reporting period. This significant reduction is the result of the Company's continuous strive to achieve the best safety standards, by setting ambitious goals, increasing competency and awareness across the organisation and initiating several programmes, together with the contractors working at Nayara Energy's sites. (refer graph: Total Recordable Injury Rate)

During the Indian National Road Safety months of January and February, followed by the National Safety Week beginning of March, your Company initiated and performed a variety of campaigns, together with all associates, at the refinery, depots and retail outlets, project sites and office locations. The remarkable proactive contributions by employees and contractors, together with an incredible genius creativity starting from safety models visualising standards, to vivid quizzes for knowledge tests up to joyful skits, made these campaigns unforgettable

For our employees, almost 5,500 days, counting more than 55 million working hours, and over 10 million work hours for our contractors were recorded without any major injury.

events. These programmes have even spanned clients at retail outlets; they were either recognised for or reminded to wear a helmet while driving a two-wheeler vehicle.

The refinery underwent the most important turnaround in 2022 without any major incident including the very successful commissioning of the Fluid Catalytic Cracking Unit and the Crude Oil Distillation Unit. The use of drones and cameras for monitoring highly critical activities yielded fruitful results. For our employees, almost 5,500 days, counting more than 55 million working hours, and over 10 million work hours for our contractors were recorded without any major injury. The Training Centre (Nalanda Knowledge Centre) has been certified again for the set-up and quality of trainings through the Director of Industrial Safety & Health in Jamnagar.

Pali Depot, which was inaugurated on July 8, 2022 was constructed in approx. 200,000 work days with NIL Lost Time Injury. The commissioning of Pali Depot has resulted in reduction of product movement by road which has helped in strengthening the HSE performance. Around 19 million kilometres of transportation on the road, one of the highest safety risks in the Oil & Gas Industry, have been avoided around 30%.

Further, defensive driver training was conducted to improve our HSE standards, wherein 2,183 TT drivers were imparted training during last year.

Besides the risk based Emergency Response Disaster Management Plan, mock drills like the bomb threat drill together or the major spill exercise at the National Highway, both involving the district police and administration, are important measures implemented to tackle the variety of emergencies.

First-aid, cardiopulmonary resuscitation and an eye-check camp was organised especially for tank truck drivers, and blood donation campaigns were organised, and employees and associates showed high participation.

The Phase 1 petrochemical construction project made steady progress with good HSE performance during the year, clocking more than 15 million safe workhours, without any lost time injury. Several critical activities, including a major revamp work, hot jobs at varying heights, excavations, confined space entry and critical heavy lifts were carried out at several locations inside the operating refinery as well as the polypropylene construction site, where continuous emphasis was given on behavioural safety trainings.

To stay competitive in today's dynamic world, Nayara Energy's people strategy is framed to engage, retain, and empower our people to develop their skills so that they are prepared to face existing and new challenges.

People

Our people drive the entire value chain of the business and thus, people management is at the core of all our business processes and growth. At Nayara, we value each and every employee, who bring their own unique individual strengths, views and ideas for achieving organisational aspirations.

To stay competitive in today's dynamic world, Nayara Energy's people strategy is framed to engage, retain, and empower our people to develop their skills so that they are prepared to face existing and new challenges. Therefore, our focus has been to strengthen learning culture, capability building, leadership development, employee engagement and well-being. These focus areas are driven in alignment with our culture pillars "Result, Caring, Learning and Purpose".

Supporting business by ensuring we have the workforce onboarded and ready for the critical business expansions

As the world of work changed and adapted to the pandemic and economic headwinds, so too did the talent acquisition landscape. Our focus has always been hiring best talent for the organisation and providing best employee experience to our prospective candidates.

We have strong campus connect programmes through which we induce young talents at the bottom of the pyramid. To promote job rotation and career progression, we also have an in-house platform "Aspire".

- 150+ job rotations
- 400+ hiring in FY 2022-23
- 85% hiring done through low cost channels
- 20% positions filled internally (IJP's)
- 92% retention of new hires

Building a Learning Culture

Across Nayara, we encourage people to remain curious and open. Nayara provides ample opportunities in the form of classroom programmes, online programmes, and stretch assignments, along with support in the form of tools, mentoring, and coaching by providing access to online learning resources across the organisation, we have achieved the following:

- 66% increase in leadership programmes from last year
- 4.85/5 average feedback rating
- 67% people have gone through at least one classroom programme
- Penetration of online programmes went up by 70%

Leadership Development

We initiated Leadership Development journey in 2022. Development of new leadership capabilities is the need of the hour in this dynamic world of business. As it is beneficial for both the organisation and people.

In line with the expectations, we have developed leadership development journeys for all levels in the organisation with premier B-schools. Various leadership development programmes such as ALDP (Advance Leadership Development Programme), Excellence in Leadership Programme, Foundation of Leadership Programme and Emerging Leader Programme were launched during FY 2022-23

- 2.65 average training man-days
- 950+ Saksham certified - to execute technical jobs successfully
- 406+ classroom programmes
- 800+ online programmes
- Launched Manthan to promote cross-functional learning 20+ internal subject matter experts.

1,778

Recognitions across different verticals and levels in FY 2022-23

Focusing on Employee Experience and Wellness

- Focusing on Employee Experience and Wellness – To foster a work environment to enrich employee experience and improved stakeholder performance, we use Gallup Employee Engagement survey which along with action planning workshop acts as a catalyst to drive improved business result through motivated and engagement workforce.

- Strengthening Team Engagement – In our endeavour to strengthen the team engagement and enhance working relations, the Human Resources team and Functional Heads co-created outbound team programmes.

- Leader Connect Sessions – All across business units we have different platforms for employees to share and understand our strategy and ask questions to leaders. Sessions are facilitated from management committee members to CEO. These sessions have helped in breaking boundaries and driving engagement by addressing people concerns.

- Driving Recognition Culture - Our Rewards & Recognition programmes aim at valuing and motivating employees thereby encouraging them to achieve higher levels of performance.

- EPA – Employee Assistance Programme - We continued to share communication, articles and webinar details related to Balancing Work and Life, Managing Emotions at Workplace, Learning to Relax Laughter, Humour and Play to Reduce Stress at Work.

- 1,778 recognitions across different verticals and levels in the year 2022.

Compensation and Benefits

Nayara Energy's compensation philosophy is to extend to all its employees a fair, equitable and competitive rewards programme with a principle of "parity within and comparability outside" to drive high performance culture and attract and retain top talent.

a) As a new-age organisation, we are continuously watching the market for new trends and looking at the area of compensation in particular to ensure we remain competitive. We have taken a one significant leap to stay in line with the dynamic market landscape and thus, carried out salary correction exercises across the organisation to ensure alignment with current market conditions, with transparent and objectively-driven metrics.

b) Our performance management system supports our employees to achieve their optimal potential, as per objectively-driven performance scorecards to achieve the organisation's Annual Business Plan.

c) To further strengthen People Process effectiveness, one of our special project for 2022 was to review and overhaul the job evaluation framework. Through this project, we could refine the organisational structure to establish a clear span of control in line with the growth plan, role clarity and grade fitment.

POSH Compliance

The Company has zero tolerance for any form of harassment or discrimination. It has established a framework of policies and processes to ensure a safe, harassment-free and empowering work environment for all its employees. Following 'The Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013' ['Prevention of Sexual Harassment (POSH) Act'], the Company has set up Internal Committees at its offices to promote a safe working environment across the organisation. Regular sensitisation sessions are conducted along with mandatory online modules implemented for all employees.

During FY 2022-23, your Company has not received any complaints under POSH guidelines.

CSR Programme

The Board of Directors, on the recommendation of the CSR and Sustainability Committee, constituted under Section 135(1) of the Companies Act 2013, has adopted a CSR policy identifying the activities to be undertaken by the Company. The policy can be accessed on the Company's website: https://www.nayaraenergy.com/sustainability/csr-policy. An 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. On account of accumulated revenue losses, and as per the provisions of Section 198 of the Act, the Company was not required to mandatorily spend any amount on CSR during FY 2022-23. Nonetheless, consistent with the CSR strategy and commitments made to the Government of Gujarat at Vibrant Gujarat 2019 and communicated in the run up to Vibrant Gujarat 2022, Nayara proposed CSR expenditure of ₹ 169.6 million for FY 2022-23. Of the allocated amount, ₹ 111.17 million could be expended while ₹ 58.43 million remained unspent. Major reasons for the underspent included delays in approvals of Memorandum of Understanding (MoU) with the Government of Gujarat for Project Tushti 2.0 and MoU with implementing partner for Gram Samruddhi. Likewise, land clearance for the construction of a health and multi-utility training centre took longer than expected.

Nayara Energy's CSR has its pronounced presence in the states of Gujarat (Jamnagar and Devbhumi Dwarka districts), and Maharashtra (Wardha) with comprehensively designed CSR projects ranging across three broad thematic areas –

- Health and Sanitation
- Sustainable Livelihoods
- Education and Skilling

Health and Sanitation

Comprehensive Health Project

In our target villages, the population that is less mobile and more vulnerable, i.e. women, elderly and children, face difficulties accessing quality primary healthcare. These villages also have high incidences of malaria, and anaemia. Nayara Energy's Comprehensive Health Project is the oldest CSR initiative of the Company designed to ensure access to affordable primary healthcare services in 20 villages neighbouring the refinery and Wardha depot. It offers services through community health centre, mobile health clinic, emergency ambulance services (4nos), specialised health camps, and monitoring of anaemia and malaria.

63,700

Consultations annually under Community Health Initiative.

Highlights for the Year:

- Over 57,000 consultations conducted through Mobile Health Clinic (MHC or MHV) and Community Health Centre, across 15 villages of Jamnagar and Devbhumi Dwarka, and 6,700 consultations via MHV in four villages neighbouring Wardha Depot.
- Regular specialised health camps and awareness sessions held for 8,500 persons in 15 villages near the Refinery. Capacity building, behaviour change communication and sensitisation are key features of these camps.
- 650 people in Wardha villages attended specialised camp and awareness session on important health days such as World Health Day, World Tobacco Day, and World Cancer Day.
- Ophthalmic check-ups done for 230 tanker truck (TT) drivers; CPR and first-aid trainings provided to 168 TT drivers in Wardha depot.
- 2,225 nutrition kits provided to over 1,450 Tuberculosis patients and their families in Jamnagar and Devbhumi Dwarka districts. Sustained medication, personalised care and awareness has led to improved body mass index in patients, thereby pacing up recovery substantially.

Project Tushti

Despite great strides in major development indicators, some districts in Gujarat still fare poorly in nutrition status. Project Tushti is an exclusive public-private partnership project, with Nayara collaborating closely with the Government of Gujarat, striving to make 249 villages in the Dwarka region malnutrition-free. It offers end-to-end solutions to issues faced by families as well as systemic strengthening.

Highlights for the Year:

- The project's recently concluded Phase 1 accomplished 79% decline in moderately underweight and 69% decline in severely underweight children (over absolute baseline targets).
- More than 2,500 children screened through Poshan Rath (mobile malnutrition screening services); about 600 underweight children identified, out of which 74 were brought from high risk to safe zone through dedicated Child Malnutrition Treatment Centres (CMTC) in Bhanvad and Dwarka.
- Approximately 2,800 pregnant and lactating mothers counselled on child and maternal health; counselling sessions on reproductive health held for over 2,000 adolescent girls.
- More than 600 Poshan Vatika nutrition kits distributed and healthy meal recipe booklets disseminated.
- Over 5,000 patients provided with digitalised diagnostic services via Health Kiosks.

249

Villages in Devbhumi Dwarka striving towards being made malnutrition free through Project Tushti.

Project Swachh Halar – Integrated Waste Management

To support "Swachh Bharat (Clean India) Mission", Nayara collaborated with United Nations Development Program (UNDP) for implementation of Integrated Waste Management project in Jamnagar, Devbhumi Dwarka and 15 villages surrounding the refinery. The project aims to improve the waste value chain through investment in approaches, systemic enhancements, and behaviour change along with innovation.

Highlights for the Year:

- Over 1,300 tonnes of wet and dry plastic waste segregated in 17 wards of Jamnagar and Khambhalia Municipal Corporations
- Door-to-door waste collection practices in over 50,000 households across Jamnagar and Khambhalia (Urban and Rural). About 17,000 households are practicing source segregation.
- Awareness sessions held on the adverse impacts of single use plastic and waste segregation in 86 schools in 17 wards of Jamnagar and Khambhalia Municipal Corporations.

Sustainable Livelihoods

17.89 mcm

Additional water storage capacity created over 9 years of Project Gram Samruddhi.

Project Gram Samruddhi – Livelihood and Water Resource Development

The primary livelihood for majority of the households in our target villages is agriculture, followed by livestock and allied activities. Geographically, these villages are coastal and fall in the semi-arid zone, affecting crops with high soil salinity and low rainfall, leading to poor harvest, and insufficient fodder for livestock, thus limiting their incomes and livelihood scope.

This is a first-of-its-kind public-private partnership aims to double farmers' income through climate-smart agriculture and integrated water resource management across 11,000 hectares in 15 villages in the districts of Jamnagar and Devbhumi Dwarka by 2026.

Highlights for the Year:

- Additional water storage capacity of 2.6 mcm created in the year. Since 2013-14, the project has created additional water storage capacity of 17.89 mcm.
- Over 600 farmers trained through a demonstration farm in Jakhar; and 1,000 farmers trained in livestock management.
- Livestock of 2,600 farmers provided with artificial insemination (AI) services across 15 villages surrounding the refinery. Over 22,000 cattle de-wormed.
- Widespread vaccination and personalised vet care helped successfully contain the outbreak of Lumpy virus.
- 150 women trained in basic and advanced stitching skills. Over 1,000 women of 73 self-help groups provided financial literacy trainings.

Education and Skilling

Project EXCEL

Agriculture in both Jamnagar and Devbhumi Dwarka districts are affected by scarce rainfall and soil salinity, making it imperative to have additional sources of income. Project EXCEL, in collaboration with UNDP, focuses on promoting employable and entrepreneurial skills among women, youth, and farmers. Linking households to citizens' social entitlements is also a key element of the project.

Highlights of the Year:

- 3,500 youth trained in 21st century employability skills including IT skills, apparel manufacturing and self-employment skills like beauty and wellness. 1,000 youth attended awareness sessions and over 400 undertook entrepreneurship development programme.
- 4,000 farmers provided with marketing linkages post-training on business and marketing skills, to assure better profits and better buying-selling practices.
- Micro/Nano enterprises launched by more than 100 women, who are first-generation entrepreneurs.
- More than 5,000 households linked to social welfare and entitlement schemes.

Continuing education through NIOS

As schools in target villages offer only elementary education (i.e. up to the 8^{th} grade), a large number of students drop out and do not pursue higher education. This leads to low skill levels and the loop continues to affect their income potential in the long-run.

Nayara encourages such dropout students in restarting their formal education journey through The National Institute of Open Schooling (NIOS). More than 200 students enrolled and appeared for the exams in the year 2022-23, out of which 100 completed their secondary and senior secondary education.

Awards & Accolades

The Company received several Awards & Accolades for FY 2022-23, which include Global Sustainability Leadership Awards, FICCI National CSR Awards, UBS Forums Award and India Journal CSR Excellence Award for our flagship projects like Project Tushti and Gram Samruddhi. Hon'ble Governor of Gujarat and USAID (United States Agency for International Development), at different platforms, appreciated Nayara's nutrition support initiatives for TB patients.

Embedding Sustainability

The Company has been championing sustainability through its ongoing activities towards environmental conservation and energy excellence, community well-being and inclusive development and best-in-class governance practices. With an intent to further embed sustainability into the core functioning of the organisation, the Company undertook a meticulous materiality assessment activity covering 21 Environment, Social, and Governance (ESG) topics concerning downstream oil and gas sector as per international sustainability frameworks. The assessment was designed to be overarching and encompassed the diverse perspectives of 6 cohorts of stakeholders – local communities, regulators, lenders, investor groups, employees and management. The Company further conducted an ESG performance benchmarking exercise, rigorously measuring the as-is status against 62 KPIs and 181 sub-indicators. We are drawing on the wealth of insights collated during this exercise to evolve a convergent roadmap towards long-term sustainability.

Governance

The Corporate Governance is a vital part of our business framework. It is designed to ensure compliance, transparency, and integrity in all work areas.

Directors

Following changes took place in the Board positions in FY 2022-23:

The Board of Directors appointed Mr. Prasad K. Panicker as Chairman in place of Mr. Charles Anthony (Tony) Fountain who stepped down as Executive Chairman and Board member w.e.f. from October 2, 2022 on mutual consent with the Company. Mr. Panicker took over the responsibility of Chairman in addition to his responsibility as Head of Refinery of the Company. Further, on the expiry of his earlier term, the Board of Directors reappointed Mr. Prasad K. Panicker as Wholetime Director, designated as 'Chairman & Head of Refinery' for a period of 3 years effective from February 17, 2023 to February 16, 2026 (both days inclusive).

Mr. Sachin Gupta, nominee from Kesani Enterprises Company Limited was appointed as Director of the Company w.e.f. August 3, 2022 in place of Mr. Jonathan Kollek. Mr. Andrey Bogatenkov, nominee of Rosneft Singapore Pte Limited (Rosneft Singapore) was appointed as Director of the Company w.e.f. August 12, 2022 in place of Mr. Krzysztof Zielicki. Pursuant to the nomination received from Kesani Enterprises, Mr. Anton Kabachinskiy was appointed as Director of the Company w.e.f. October 3, 2022 in place of Mr. Tony Fountain. Further, pursuant to the letter received

from Kesani Enterprises, Mr. Chin Hwee Tan and Mr. Sachin Gupta ceased to be Directors of the Company w.e.f. February 9, 2023 and Mr. P. N. Vijay and Mr. Abhimanyu Bhandari, both nominated by Kesani Enterprises, were appointed as Directors w.e.f. February 9, 2023 in their place.

The first term of office of Independent Directors namely Ms. Naina Lal Kidwai and Mr. Deepak Kapoor ended on October 8, 2022 and December 17, 2022 respectively. The Board of Directors approved reappointment as Ms. Naina Lal Kidwai and Mr. Deepak Kapoor as Independent Directors for a second term of five years starting from October 9, 2022 and December 18, 2022 respectively. The Company received declarations of independence, as stipulated under Section 149 (6) of the Act and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from the Independent Directors.

The Board of Directors wishes to place its sincere appreciation for the valuable services rendered by Mr. Tony Fountain as Chairman of the Company. The Board of Directors also places on record appreciation of services rendered by Mr. Jonathan Kollek, Mr. Krzysztof Zielicki, Mr. Chin Hwee Tan and Mr. Sachin Gupta during their association with the Company

Directors' Responsibility Statement

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

- In the preparation of the annual accounts for FY 2022-23, applicable accounting standards were followed along with proper explanation relating to material departures
- The Directors selected accounting policies, applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the Company's state of affairs at the end of FY 2022-23 and of the profit and loss for the same period
- The Directors took proper and sufficient care for maintaining adequate accounting records in accordance with the provisions of the Act, to safeguard the Company's assets, and prevent and detect fraud and other irregularities
- The Directors prepared the accounts for the year ended March 31, 2023, on a 'going concern' basis
- The Directors devised proper systems ensuring 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, included the criteria and procedures for selection, identification and appointment of Directors, criteria for appointment of Senior Management Executives, remuneration to Executive and Non-Executive Directors, training and performance evaluation of the Board, among others, and other matters provided under Section 178(3) of the Act. The above policy is available on the Company's website at https://www.nayaraenergy.com/investors/information

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

A formal performance evaluation of the Board, its Committees, the Chairman, and Individual Directors, for FY 2022-23 was carried out. The Independent Directors evaluated the performance of the Chairman, Non-Independent Directors, and the Board. Feedback from Individual Directors was sought, based on a structured questionnaire. The evaluation was reviewed by the Nomination and Remuneration Committee and the Board of Directors.

Key Managerial Personnel

The following executives were designated as Key Managerial Personnel under the Act during FY 2022-23:

- Mr. Prasad K. Panicker – Chairman & Head of Refinery
- Mr. Charles Anthony Fountain – Executive Chairman (up to October 2, 2022)
- Dr. Alois Virag – Chief Executive Officer
- Ms. Rajani Kesari – Chief Financial Officer (w.e.f. January 2, 2023)
- Mr. Anup Vikal – Chief Financial Officer (up to August 18, 2022)
- Mr. Mayank Bhargava - Company Secretary

Audit Committee

During the year, Ms. Victoria Cunningham was appointed as member of the Audit Committee in place of Mr. Chin Hwee Tan w.e.f. February 8, 2023. As of March 31, 2023, the Audit Committee comprised of Mr. Deepak Kapoor (Independent Director) as its Chairman along with Ms. Naina Lal Kidwai (Independent Director) and Ms. Victoria Cunningham as its members. During FY 2022-23, all the recommendations of the Audit Committee were accepted by the Board.

Risk Management

To deal with an ever-changing risk landscape, Nayara Energy has a robust risk management framework in the form of a comprehensive Risk Management Policy and Risk Appetite Statement that drives a risk aware culture across the organisation and ensures all the risks are effectively identified and managed.

The Company has a Risk & HSE Committee which regularly reviews the organisation's risk profile and keeps a track of all existing and potential risks. These risks are further classified into 'intolerable', 'critical' and 'moderate' category depending upon probability of the occurrence and potential impact. Based on the appetite and corresponding tolerances as finalised under risk appetite statement, a clear and well-defined 'Risk Assessment Criteria' has been laid down to facilitate an objective impact assessment. 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.

Ongoing monitoring of risks and its severity is facilitated by robust reporting on top risks and performance metrices to management and Risk & HSE Committee on a periodic basis. In case of any major external event having any potential impact on business operations, a task force comprising of senior members of the Management is constituted to monitor the risk levels on regular basis and ensure that appropriate mitigation plans are put in place to manage the same.

Overall, in the opinion of the Board, the Company has a well-defined framework, processes and reporting structure for identifying and managing all key risks that the Company is facing.

Internal Financial Controls

Nayara Energy has in place a robust system and framework of Internal Financial Controls. This framework provides a reasonable assurance regarding the adequacy of design and operating effectiveness of controls with regard to financial reporting, operational and compliance risks.

The framework ensures that the Company has policies and procedures for ensuring orderly and efficient conduct of the business, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and timely preparation of reliable financial information.

The Company has devised appropriate systems and framework including proper delegation of authority, effective IT systems aligned to business requirements, risk based internal audits, risk management framework and whistle-blower mechanism.

The Company's Internal Financial Control framework, based on COSO "Internal Control Integrated Framework" and COSO and IIA "The Three Line of Defence Model" includes a procedure and risk and control matrices covering entity level controls, process and operating level controls and IT general controls. Such controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" issued by "The Institute of Chartered Accountants of India". The entity level policies include anti-fraud policies

In FY 2022-23, we took multiple measures to increase awareness of the Code of Conduct and the vigil mechanism through mandatory e-learning training on Ethics Code and Communication.

such as Ethics Code, Anti-Corruption Policy, Conflict of Interest, Whistle Blower Policy and other policies (viz. organisation structure, HR policies, IT security policies).

During the year, the Company strengthened the Internal Financial Control framework by implementing new controls identified during framework Implementation and periodic report on the status of the same. Further, new improvement opportunities are being identified as a part of design assessment carried out during Internal Financial Controls Testing every year. This encompasses a process of Quarterly self-certification of design of the operational and financial controls in their respective business areas by the Business Head/Finance Head.

During the year, the controls were tested and no material weakness in design and effectiveness were observed. Nonetheless, the Company recognises 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 Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder is implemented through the Company's Whistle Blower Policy to enable the Directors, employees and all stakeholders of the Company to report genuine concerns (about unethical behaviour, actual or suspected fraud, or violation of the Code), to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

Nayara Energy strictly follows a zero tolerance approach towards any unethical practice. All reported concerns related to actual or suspected improper conduct are independently investigated and strict actions are implemented to maintain highest governance standards. A quarterly report on the complaints received is placed before the Audit Committee for its review.

In FY 2022-23, we took multiple measures to increase awareness of the code of conduct and the vigil mechanism through mandatory e-learning training on Ethics Code and Communication. We also performed rigorous testing of a new hotline tool that will be launched in CY 2023. The new tool will focus on improved accuracy, reliability, productivity and will strengthen the vigil mechanism at Nayara Energy.

Auditors and Audit

Statutory Auditor

The report given by S. R. Batliboi & Co. LLP, Statutory Auditors, on the Company's standalone and consolidated financial statements for FY 2022-23, forms a part of this Annual Report. There were 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

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

The Cost Audit Report, issued by M/s Chandra Wadhwa & Co. for the financial year ended March 31, 2023, will be filed with the Ministry of Corporate Affairs within the prescribed time period.

Secretarial Auditor

The Secretarial Audit Report, issued by M/s. Parikh Parekh & Associates, Practicing Company Secretaries, for the year ended March 31, 2023, is attached as Annexure - B to this Report. The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark.

Disclosures

Compliance with Secretarial Standard

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

Number of Meetings of the Board

During the FY 2022-23, the Board of Directors met six times, i.e. on May 26, 2022, May 27, 2022; July 14, 2022; August 12, 2022; November 11, 2022 and February 9, 2023. All these meetings were well-attended by the Directors.

Particulars of Contracts or Arrangements with Related Parties

The details of contracts entered with related parties during the year in compliance with the provisions of Section 188 of the Act are specified in Form AOC-2 and enclosed as Annexure – C. There were no material related party transactions undertaken by the Company during the year that required shareholders' approval under Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 or Section 188 of the Act. All related party transactions were in compliance with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and the Act.

Related party disclosures, as required by Ind AS 24, have been made in note no. 43 to the standalone and consolidated financial statements of the Company.

Particulars of Loans given, Investments made, Guarantees given and Securities provided

Particulars of investments made are provided in the standalone financial statements (please refer note no. 7 of the standalone financial statements). Since Nayara Energy belongs to the petroleum 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 investments, loans, giving guarantees, or providing security as prescribed in Section 186 of the Act.

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

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

Annual Return

The Annual Return for the financial year ended March 31, 2022, filed with the Registrar of Companies, after the conclusion of the 32nd Annual General Meeting, held on September 30, 2022, is placed on the Company website and can be accessed at https://www.nayaraenergy.com/investors/information

Further, the Annual Return of the Company as on March 31, 2023, is available on the Company's website and can be accessed at https://www.nayaraenergy.com/investors/information

Fixed Deposits

The Company did not accept 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, were not applicable.

General Disclosures

Your Directors state that for the year ended March 31, 2023, no disclosure was required in respect of the following items and accordingly confirmed as under:

- The Executive Directors did not receive any remuneration from the subsidiary companies.
- The Company neither revised the financial statements nor the report of the Board of Directors.
- The Company did not issue equity shares with differential rights as to dividend, voting, or otherwise or sweat equity shares.
- No significant or material orders were passed by the Regulators, or Courts, or Tribunals, which impact the going concern status or operations in future.
- The Company did not buy back any shares during the year.
- No instance of fraud was reported to either the Audit Committee or the Board of Directors.

Acknowledgement

The Board also recognises the efforts put in by Company executives for their efforts in delivering the performance and maintaining resilience during these difficult times. Their talent, passion and agility have made the Company sustain its performance year-on-year.

The Board expresses its sincere appreciation and gratitude to Financial Institutions, Banks, Customers, Suppliers, and Investors of the Company, for their continual support. We also value the ongoing cooperation extended to the Company by the Government of India, Gujarat and other state governments and various government agencies/ departments.

For and on behalf of the Board of Directors

Prasad K. Panicker

Chairman & Head of Refinery
(DIN – 06476857)

Place: Mumbai
Date: May 25, 2023

Annexure A

Annual Report on CSR Activities

1. Brief outline on CSR Policy of the Company –

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 organisations 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 our stakeholders and 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 programmes. We also believe that technology and innovations can hasten the process of change and endeavour 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.

2. Composition of CSR Committee:

As on March 31, 2023, the CSR and Sustainability Committee comprised of Ms. Naina Lal Kidwai as Chairperson, Mr. Alexey Lizunov, Ms. Avril Conroy, Mr. P.N. Vijay and Mr. Anton Kabachinskiy as its members. The changes taken place in the composition of the committee during the FY 2022-23 are set out in the table below:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Naina Lal Kidwai	Independent Director and Chairperson of the Committee	2	2
2	Mr. Alexey Lizunov@	Non-Executive Director, Member of the Committee	2	2
3	Ms. Avril Conroy*	Non-Executive Director, Member of the Committee	1	1
4	Mr. Anton Kabachinskiy*	Non-Executive Director, Member of the Committee	1	1
5	Mr. P. N. Vijay#	Non-Executive Director, Member of the Committee	0	0
6	Ms. Victoria Cunningham&	Non-Executive Director, Member of the Committee	1	1
7	Mr. Krzysztof Zielicki$	Non-Executive Director, Member of the Committee	0	0

@ appointed as member of the Committee w.e.f. August 12, 2022.

* appointed as member of the Committee w.e.f. February 8, 2023.

appointed as member of the Committee w.e.f. March 23, 2023.

& ceased to be member of the Committee w.e.f. February 8, 2023.

$ ceased to be member of the Committee w.e.f. August 12, 2022.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The composition of CSR and Sustainability Committee is available at the web-link: https://www.nayaraenergy.com/board/board-committee

The CSR policy is available at the web link https://www.nayaraenergy.com/sustainability/csr-policy

The CSR projects approved by the Board are available at the web-link: https://www.nayaraenergy.com/storage/csr-annual-action-plan/CSR%20projects%20approved%20by%20the%20Board%20for%20FY%202022-23.pdf

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

Not applicable

5 (a). Average net profit of the company as per section 135(5).

On account of accumulated losses in the preceding three financial years, the Company did not have average net profits for the last three financial years as computed under Section 198 of the Companies Act, 2013. The average net loss of the Company for preceding three financial years calculated under Section 198 of the Companies Act, 2013 is ₹ 5695 million.

(b). Two percent of average net profit of the company as per section 135(5) – NA since the average net profit for last three financial years was negative.

(c). Surplus arising out of the CSR projects or programmes or activities of the previous financial years. – Nil

(d) Amount required to be set off for the financial year, if any – Nil

(e) Total CSR obligation for the financial year (b+c-d). – Nil

6 (a). Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):

₹ 109.37 million

(b). Amount spent in Administrative Overheads: Nil

(c). Amount spent on Impact Assessment, if applicable: ₹ 1.80 million

(d). Total amount spent for the Financial Year (a+b+c): ₹ 111.17 million

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹) : ₹ 5,84,25,592				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount.	Date of transfer.
₹ 11,11,74,408	₹ 5,84,25,592	28/04/2023	NA	Nil	NA

(f) Excess amount for set-off, if any:

Sl. No.	Particulars	Amount (in ₹)
i.	Two percent of average net profit of the company as per section 135(5)	Nil
ii.	Total amount spent for the Financial Year	₹ 11,11,74,408
iii.	Excess amount spent for the financial year [(ii)-(i)]	₹ 11,11,74,408
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹ 11,11,74,408

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under Section 135(6) (in ₹)*	Amount spent in the Financial Year (in ₹).	Amount transferred to a fund as specified under Schedule VII as per second proviso to Section 135(5), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Name of the Fund	Amount (in Rs).	Date of transfer.		
1	2021-22	7,66,68,796	7,66,68,796	6,66,68,514	NA	Nil	Nil	1,00,00,282	NA
2	2020-21	1,03,26,437	53,799	53,764	NA	Nil	Nil	35	NA
3	2019-20	NA		NA	NA	Nil	Nil	Nil	NA

*The balance amount in unspent CSR Account under Section 135(6) represents the opening amount lying in the respective bank accounts.

8. Whether any capital assets have been created or acquired through CSR amount spent in the Financial Year:

Yes

No ✓

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR registration No., if applicable	Name	Registered Address
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s) if the company has failed to spend two per cent of the average net profit as per section 135(5).

Based on the average net profits of preceding three financial years, the Company was not required to spend any amount of CSR activities during FY 2022-23. However, considering Company's corporate ethos and commitments to contributing to the community and society in which it operates, the Company had voluntarily approved an amount of ₹ 169.6 million to be spent on CSR activities during FY 2022-23. The Company was able to spend an amount of ₹ 111.17 million and an amount of ₹ 58.43 million remained unspent. The reasons for shortfall in spent have been explained in the Board's report.

For and on behalf of the CSR and Sustainability Committee.

Date: May 25, 2023

Dr. Alois Virag
Chief Executive Officer
Mumbai, Maharashtra

Naina Lal Kidwai
(DIN:00017806)
Chairperson, CSR & Sustainability Committee
Mumbai, Maharashtra

Annexure B

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

(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 (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 and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 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 March 31, 2023 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;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)

   (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

   (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;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

v) Other laws applicable specifically to the Company namely:

- Petroleum Act, 1934 and rules made thereunder;
- Essential Commodity Act, 1955 and relevant orders
- Explosives Act, 1884 and rules made thereunder
- Gas Cylinder Rules, 2016
- Static & Mobile Pressure Vessels (Unfired) Rules, 1981
- The Petroleum And Natural Gas Regulatory Board Act, 2006

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

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

(ii) The Listing Agreements entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR, 2015").

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

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.

We report that as regards to the compliance of Regulations 15 to 27 of SEBI LODR, 2015 applicable to the Company during the period under review on a comply or explain basis, the Company has been providing the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchange under Regulation 27(2)(a) of SEBI LODR, 2015.

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 other than those held at short notice, 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 Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

1. Pursuant to approval of the Debenture Holders of 22850, 9%, Secured, Rated, Listed, Redeemable Non-Convertible Debentures (ISIN INE011A07115) ("22850 NCDs"), the Company redeemed entire outstanding amount of principle and accrued interest on these NCDs on March 29, 2023. Subsequently, the ISIN - INE011A07115 of these NCDs was deactivated by March 30, 2023 and BSE Limited issued Notice dated March 31, 2023 informing about the delisting of the NCDs w.e.f April 3, 2023.

For **Parikh Parekh & Associates**
Company Secretaries

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

Place: Mumbai
Date: May 25, 2023

UDIN: F000327E000372754
PR No.: 723/2020

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

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. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh Parekh & Associates**
Company Secretaries

Signature:
P. N. Parikh
Partner
FCS No.: 327 CP No.: 1228
UDIN: F000327E000372754
PR No.: 723/2020

Place: Mumbai
Date: May 25, 2023

Annexure C

Form No. AOC 2

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

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

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

2. Details of material contracts or arrangement or transactions at arm's length basis

   Following were the transactions undertaken by the Company during financial year 2022–23:

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
RN-KAT Limited Liability Company ("RN-KAT") Nature of Relationship: Rosneft Singapore Pte. Limited ("Rosneft Singapore"), a wholly owned subsidiary of PJSC Rosneft Oil Company ("Rosneft"), holds 49.13% in the share capital of the Company and is a related party of the Company pursuant to provisions of section 2(76) of the Companies Act, 2013. RN-KAT Limited Liability Company is also a 100% owned subsidiary of PJSC Rosneft Oil Company and therefore a co-subsidiary of Rosneft Singapore Pte Ltd.	Procurement of DHDS Catalyst from RN-KAT for use in the Diesel Hydrodesulphurization ("DHDS") Unit of the Company's Vadinar Refinery	N.A.	Procurement of DHDS Catalyst from RN-KAT Limited Liability Company, at final total landed cost of USD 12.52 million. **Salient Terms and conditions of the contract** • Guaranteed performance of the proposed catalytic system. • Cycle Length: not less than 36 months. • Total Diesel Sulphur: Not more than 8 ppmw. • Diesel Density Reduction: Not less than 16 kg/m3. • Reactor Pressure Drop: Not more than 5 kg/cm2 • Diesel Cetane number Improvement: Not less than 5	February 10, 2022	Nil

Note: Above contract was executed in FY 2022-23.

For and on behalf of the Board of Directors

Prasad K. Panicker
Chairman & Head of Refinery
(DIN – 06476857)

Place: Mumbai
Date: May 25, 2023

Annexure D

A. CONSERVATION OF ENERGY

Energy conservation, efficient operation, focus on energy optimisation to minimise operating expenses have always been a priority to enhance profitability.

Your Company is accredited with 50001:2018 certification for Energy Management system (ENMS) which is intended to have a systematic approach in achieving continual improvement in energy performance.

Your Company also received "Excellent Energy Efficient Unit award" from CII (Confederation of Indian Industry) in the CII National Award for Excellence in Energy Management 2022.

Dedicated Energy Conservation Cell continuously monitors all energy aspects of the refinery with focus on energy reduction, identifying opportunities, developing schemes and action items for energy savings.

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

Few of the salient initiatives resulting in reduced energy cost during this period are given below:

a) CFB-1 modification for efficiency improvement (Investment of approx. ₹ 41.35 crores/potential saving of 6.7 Gcal/h)

b) Crude feed pump impeller trimming (Investment of approx. ₹ 0.22 crores /potential Saving of approx. 108 kW)

c) Power saving and Reliability improvement by removal of one impeller for two refinery sea water supply pumps (Investment of approx. ₹ 0.13 crores /power Saving of approx. 379 KW)

d) Rich amine pumps impeller replacement (Investment of approx. ₹ 0.11 crores /potential saving of approx. 29 KW)

e) Desal water pump stoppage by providing jump over from LSW (Low Salt water) product pump (Investment of approx. ₹ 0.29 crores /power saving of approx. 225 KW)

Schemes listed above were implemented during FY 2022-23 and resulted in Energy saving of approx. 8.5 Gcal/h.

(II) Steps taken for utilizing the Alternate Sources of Energy

Your Company is in the process of installation of 10MW solar power plant.

(III) The Capital investment on energy conservation equipment

During the year, your Company made an investment of approx. ₹ 50.03 crores on energy conservation equipment.

B. TECHNOLOGY ABSORPTION

(I) The efforts made towards technology absorption

NIL

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

Nayara R&D at Refinery continuously strives to support troubleshooting and identify the opportunities for improvement. Routine analysis like TBP assays of crude, prediction of fouling potential and compatibility of various crude blends prior to processing has ensured smooth operation of Refinery. The team is working on various research areas and is also planning to strengthen R&D in the future.

Major R&D activities and expected benefits from the same are as follows:

a) Three new patent applications (two Indians + one European) are filed during the year. The patent is a must to protect our intellectual rights as well as it provides opportunities to get royalty and also improve brand value of organisation.

b) The process invented to improve thermal stability and water separation characteristics of aviation turbine fuel using absorbent technique. Thermal stability and water separation characteristic are the key properties of ATF.

c) Characterisation of crude oil (TBP analysis) aids crude selection process and is very important to justify the crude oil price of particular grade and identify its processing capability. Characterisation of 73 crude oils (TBP analysis) have been carried out during the year taking total count of TBP analysis to 790.

d) Scaling restricts flow, reduces heat transfer and also causes under deposit corrosion. The R&D team has developed chemical process to clean and remove hard scales deposited in tubes of fin fan coolers.

e) Support is provided for other trouble shooting and waste disposal in refinery.

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

(a) The details of technology imported:

FCCU Revamp licensed by M/s TechnipFMC for maximizing propylene yield. FCCU was revamped to maximise propylene yield from the unit which is feed for Poly Propylene (PP) unit. Propylene will be recovered in Propylene Recovery Unit (PRU) which will be supplied as feed to PP unit. PRU and PP units are in the advance stages of completion.

(b) The year of import: FCCU Revamp – 2022-23

(c) Whether the technology been fully absorbed: FCCU Revamp technology upgradation is partially absorbed.

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

For FCCU Revamp, technology upgradation was done during FY 2022-23 and partially absorbed as the unit is operating with pre revamp conditions. Performance Guarantee Test Run (PGTR) of the unit for revamped case is planned during FY 2023-24.

(IV) Expenditure on R&D

- Recurring: ₹ 25.79 million
- Capital: Nil
- Total R & D expenditure as a percentage of total turnover – Negligible

C. Foreign Exchange Earning and Outgo

During FY 2022-23, the Company earned foreign exchange of ₹ 672,095 million while foreign exchange outgo was ₹ 1,108,828 million.

For and on behalf of the Board of Directors

Prasad K. Panicker
Chairman & Head of Refinery
(DIN – 06476857)

Place: Mumbai
Date: May 25, 2023

Independent Auditor's Report

To the Members of Nayara Energy Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Nayara Energy Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("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, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Standalone Financial Statements

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

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

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

Independent Auditor's Report (Contd.)

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

Independent Auditor's Report (Contd.)

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 36 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 22 and 26 to the standalone financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

per **Naman Agarwal**
Partner
Membership Number: 502405
UDIN: 23502405BGXEDY9327
Place of Signature: Mumbai
Date: May 25, 2023

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 ("the Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(a) (B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) The Company has a regular programme for verification of Property Plant and Equipment in phased manner over three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory (except for inventory in transit) including inventory lying with third parties at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate were not noticed for each class of inventory on such physical verification.

(b) The Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statement, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the unaudited books of accounts of the Company.

(iii) (a) During the year the Company has provided loans to companies, firms, Limited Liability Partnerships or any other parties as follows:

Particulars	Loans (in ₹ million)
Aggregate amount granted/ provided during the year	
- Subsidiary	139
- Others	359
Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiary	762
- Others	699

(b) During the year the investments made, and the terms and conditions of the grant of all loans to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

(c) In respect of an interest free loan granted to a wholly owned subsidiary, the schedule of repayment of principal has not been stipulated in the agreement. Hence, we are unable to make a specific comment on the regularity of repayment of principal in respect of such loan. In respect of loans granted to companies, firms, Limited Liability Partnerships or any other parties where the schedule of repayment of principal and payment of interest has been stipulated, the repayment or receipts are regular.

(d) There are no amounts of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(e) There were no loans granted to companies, firms, Limited Liability Partnerships or any other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) As disclosed in note 44 to the financial statements, the Company has granted loans repayable on demand to its wholly owned subsidiary, i.e. related party as defined in clause (76) of section 2 of the Companies Act, 2013.

Particulars	All Parties	Related Parties
Aggregate amount of loans - Repayable on demand	762	762
Percentage of loans to the total loans	100%	100%

(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 and 186 of the Companies Act 2013 are applicable and hence not commented upon. Further, in our opinion and according to the information and explanations given to us, since the Company is in the business of infrastructure facilities for petroleum, the provisions of section 186 of the Act, in so far as they relate to grant of loans and guarantees and purchase of securities, are not applicable to the Company and hence not commented upon.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(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 Companies Act, 2013, 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 is generally regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, sales-tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, provident fund, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs million)	Period to which the amount relates	Forum where the dispute is pending
Gujarat Value Added Tax Act, 2003	Sales tax & interest	43,378	2008-09, 2010-11 to 2015-16	Jt. Commissioner (Appeal), Rajkot
		2	2007-08, 2017-18	Gujarat VAT Tribunal
Rajasthan Value Added Tax Act, 2003		104	2006-07, 2007-08, 2009-10, 2010-11	Rajasthan Commercial Tax Board Tribunal
The West Bengal Value Added Tax Act, 2003.		8	2017-18	Commissioner (Appeal), West Bengal
The Kerala General Sales Tax Act, 1963		76	2004-05	Supreme Court
Central Sales Tax Act, 1956	Central Sales Tax & interest	12,908	2008-09 to 2016-17	Jt. Commissioner (Appeal), Rajkot
		163	2010-11 & 2011-12	Guwahati High Court
		15	2016-17	Commissioner (Appeal), West Bengal
		5	2013-14	Commissioner (Appeal), Haryana
		45	2017-18	Gujarat Tribunal

Annexure 1 (Contd.)

Name of the Statute	Nature of dues	Amount (Rs million)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs duty, interest, fine & penalty	2,008	2009-10 to 2012-13,	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
		5	2010-11	Commissioner of Customs
		988	2007-08, 2008-09	Deputy Commissioner, Custom
		3,061	2009-10, 2007-08, 2013-14	Supreme Court
		1	2014-15	Commissioner (Appeal)
Central Excise Act, 1944	Excise duty, interest, fine and penalty	2,208	2006-07 to 2011-12, 2013-14 to 2017-18	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
		1,993	2006-07 to 2010-11, 2014-15 to 2017-18	Gujarat High Court
Central Goods and Services Tax Act, 2017	Goods and Services Tax	43	2018-19	Deputy Commissioner, CGST Jamnagar
Integrated Goods and Services Tax Act, 2017	Goods and Services Tax	1,005	2019-20 to 2021-22	Gujarat High Court
Service Tax Rules, 1994	Service Tax & penalty	15	2004-05 to 2009-10	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
Madhya Pradesh Entry Tax Act, 1976	Entry Tax, penalty & interest	1	2007-08 & 2008-09	M.P. High Court (Indore)
Income Tax Act, 1961	Income-tax and interest	1,640	2010-11, 2013-14, 2014-15, 2019-20	Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income-tax and interest	344	2003-04	Bombay High Court

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

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained, except for one term loan of ₹ 4,977 million was raised towards the end of the year March 31, 2023 and hence have not been utilised by the end of the year. This matter has been disclosed in note 14 to the financial statements.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b), and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a), (b) (c) and (d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 45 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) As stated in note 34 (b) to the financial statements, the provisions of Section 135(5) to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) of the Order is not applicable to the Company.

(b) As stated in note 34 (b) to the financial statements, the provisions of Section 135(5) to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(b) of the Order is 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
UDIN: 23502405BGXEDY9327
Place of Signature: Mumbai
Date: May 25, 2023

Annexure 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NAYARA ENERGY LIMTED

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 with reference to standalone financial statements of Nayara Energy Limited ("the Company") as of March 31, 2023 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 ("ICAI"). 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 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 Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls 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 Company's internal financial controls with reference to these standalone financial statements.\

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to 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 controls with reference to 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 With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, 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 issued by the ICAI.

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

per **Naman Agarwal**
Partner
Membership Number: 502405
UDIN: 23502405BGXEDY9327
Place of Signature: Mumbai
Date: May 25, 2023

Standalone Balance Sheet

as at March 31, 2023

(₹ in million)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
1) Non-current assets			
(a) Property, plant and equipment	6	424,407	418,562
(b) Capital work-in-progress	6	40,533	22,711
(c) Goodwill	6	108,184	108,184
(d) Other Intangible assets	6	229	238
(e) Intangible assets under development	6	15	18
(f) Right-of-use assets	6	11,843	33,649
(g) Financial assets			
(i) Investments	7	27	27
(ii) Loans	8	1,134	376
(iii) Other financial assets	9	534	2,362
(h) Other non-current assets	10	4,875	5,978
(i) Non-current tax assets (net)		2,242	2,513
Total non-current assets		**594,023**	**594,618**
2) Current assets			
(a) Inventories	11	95,953	123,503
(b) Financial assets			
(i) Investments	12	17,801	-
(ii) Trade receivables	13	52,238	50,866
(iii) Cash and cash equivalents	14	64,037	11,640
(iv) Bank balances other than (iii) above	15	5,122	11,646
(v) Loans	16	327	840
(vi) Other financial assets	17	2,157	13,196
(c) Other current assets	18	5,520	4,294
Total current assets		**243,155**	**215,985**
TOTAL ASSETS		**837,178**	**810,603**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	19	15,072	15,072
(b) Other equity	20	291,263	202,410
Total Equity		**306,335**	**217,482**
LIABILITIES			
1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	66,710	75,072
(ia) Lease liabilities	38	13,041	43,385
(ii) Other financial liabilities	22	117,695	117,925
(b) Deferred tax liabilities (net)	23	74,632	54,451
Total non-current liabilities		**272,078**	**290,833**
2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	13,429	24,756
(ia) Lease liabilities	38	1,191	1,912
(ii) Trade payables	25		
- Total Outstanding dues of micro and small enterprises		434	233
- Total Outstanding dues of creditors other than micro and small enterprises		145,415	169,852
(iii) Other financial liabilities	26	78,407	68,174
(b) Other current liabilities	27	17,991	35,247
(c) Provisions	28	819	1,035
(d) Current tax liabilities (net)		1,079	1,079
Total current liabilities		**258,765**	**302,288**
TOTAL EQUITY AND LIABILITIES		**837,178**	**810,603**

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, May 25, 2023

For and on behalf of the Board of Directors of Nayara Energy Limited

Prasad K. Panicker
Chairman & Head of Refinery
DIN : 06476857
Mumbai

Alois Virag
Chief Executive Officer

Mumbai

Rajani Kesari
Chief Financial Officer

Mumbai

Mayank Bhargava
Company Secretary

Mumbai
May 25, 2023

Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in million)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	29	1,378,213	1,196,894
Other income	30	7,502	3,134
Total Income		**1,385,715**	**1,200,028**
Expenses			
Cost of raw materials consumed		796,676	704,371
Excise duty		207,257	258,014
Purchases of stock-in-trade		117,146	165,135
Changes in inventory of finished goods, stock-in-trade and work-in-progress	31	19,071	(31,569)
Employee benefits expense	32	8,318	7,607
Finance costs	33	21,619	17,832
Depreciation, amortisation and impairment expense	6	33,949	19,353
Other expenses	34	54,135	45,795
Total expenses		**1,258,171**	**1,186,538**
Profit before tax		**127,544**	**13,490**
Tax expense:	23		
(a) Current tax expenses		10,238	379
(b) Deferred tax expense		21,390	2,812
Total tax expenses		**31,628**	**3,191**
Profit for the year		**95,916**	**10,299**
Other comprehensive income			
Items that will not be reclassified to profit and loss		(16)	(1)
Remeasurement (loss) on defined benefit plans		(21)	(1)
Income tax effect		5	0
		(16)	**(1)**
Items that will be reclassified to profit and loss		(7,047)	333
Effective portion of cash flow hedges (net)		(9,469)	375
Income tax effect		2,383	(94)
		(7,086)	**281**
Foreign currency monetary item translation difference account		52	69
Income tax effect		(13)	(17)
		39	**52**
Other comprehensive (loss)/income for the year, net of tax		**(7,063)**	**332**
Total comprehensive income for the year (comprising profit for the year and other comprehensive (loss)/income for the year)		**88,853**	**10,631**
Earnings per share (Face value ₹ 10 per share)	35		
Basic and Diluted (in ₹)		64.35	6.91

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, May 25, 2023

For and on behalf of the Board of Directors of Nayara Energy Limited

Prasad K. Panicker
Chairman & Head of Refinery
DIN : 06476857
Mumbai

Alois Virag
Chief Executive Officer

Mumbai

Rajani Kesari
Chief Financial Officer

Mumbai

Mayank Bhargava
Company Secretary

Mumbai
May 25, 2023

Standalone Statement of Changes in Equity

for the year ended March 31, 2023

a. Equity Share Capital

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance	15,072	15,072
Closing balance	15,072	15,072

b. Other Equity

Statement of Changes in equity for the year April 01, 2021 to March 31, 2022

(₹ in million)

Particulars	Reserves and Surplus				Items of Other Comprehensive Income (OCI)		Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account	
Balance as at April 01, 2021	609	78,014	596	122,263	(9,579)	(124)	191,779
Profit for the year	-	-	-	10,299	-	-	10,299
Other Comprehensive Income for the year	-	-	-	(1)	281	52	332
Total Comprehensive Income for the year	-	-	-	**10,298**	**281**	**52**	**10,631**
Balance as at March 31, 2022	**609**	**78,014**	**596**	**132,561**	**(9,298)**	**(72)**	**202,410**

Statement of Changes in equity for the year April 01, 2022 to March 31, 2023

(₹ in million)

Particulars	Reserves and Surplus				Items of Other Comprehensive Income (OCI)		Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account	
Balance as at April 01, 2022	609	78,014	596	132,561	(9,298)	(72)	202,410
Profit for the year	-	-	-	95,916	-	-	95,916
Other Comprehensive (Loss) for the year	-	-	-	(16)	(7,086)	39	(7,063)
Total Comprehensive Income for the year	-	-	-	95,900	(7,086)	39	88,853
Balance as at March 31, 2023	**609**	**78,014**	**596**	**228,461**	**(16,384)**	**(33)**	**291,263**

* A net loss for the year of ₹ 10,995 million (net of tax) (Previous year ₹ 27,591 million) is recycled from cash flow hedge reserve to statement of profit and loss account.

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, May 25, 2023

For and on behalf of the Board of Directors of Nayara Energy Limited

Prasad K. Panicker
Chairman & Head of Refinery
DIN : 06476857
Mumbai

Alois Virag
Chief Executive Officer

Mumbai

Rajani Kesari
Chief Financial Officer

Mumbai

Mayank Bhargava
Company Secretary

Mumbai
May 25, 2023

Standalone Statement of Cash Flows

for the year ended March 31, 2023

(₹ in million)

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A	**Cash flow from operating activities**		
	Profit before tax	127,544	13,490
	Adjustments for:		
	Interest income	(1,868)	(1,499)
	Depreciation, amortisation and impairment expense	33,949	19,353
	Loss on disposal/discard of property, plant and equipment (net)	187	53
	Gain on investment/financial assets measured at FVTPL	(524)	(26)
	Gain on remeasurement of leases	(31)	-
	Export obligation deferred income	(286)	(11)
	Unrealised foreign exchange differences (net)	2,116	1,357
	Mark to market (gain) on derivative contracts (net)	(660)	(1,479)
	Expected credit loss (net)	1,281	633
	Provision for doubtful debts/ doubtful debt written off	1,429	129
	Trade payable written back	(115)	-
	Finance costs	21,619	17,832
	Operating profit before working capital changes	**184,641**	**49,832**
	Adjustments for working capital changes:		
	Decrease/(increase) in inventories	27,550	(30,055)
	(Increase) in trade and other receivables	(2,121)	(29,548)
	(Decrease)/increase in trade and other payables	(31,368)	55,375
	Cash generated from operating activities	**178,702**	**45,604**
	Income tax (payment)/refund (net) (including interest)	(8,414)	2,684
	Net cash generated from operating activities	**170,288**	**48,288**
B	**Cash flow from investing activities**		
	Payments for property, plant and equipment (including capital work in progress, Intangible assets, Capital advances, Capital creditors and Intangible assets under development)	(37,879)	(16,884)
	Proceed from sale of property, plant and equipment	137	-
	(Payments for purchase)/Proceeds for sale of short term investments/Mutual fund (net)	(17,277)	26
	Investment in equity share of subsidiary	-	(23)
	Encashment/(Placement) of short term bank deposits (net)	6,606	(3,123)
	Placement of inter corporate deposits	(139)	(146)
	Refund of inter corporate deposits	-	11
	Interest received	1,369	934
	Net cash (used in) investing activities	**(47,183)**	**(19,205)**
C	**Cash flow from financing activities**		
	Proceeds from long-term borrowings	19,001	29,720
	Repayment of long-term borrowings	(30,364)	(53,926)
	Proceeds from short-term borrowings	-	3,500
	Repayment of short-term borrowings	-	(17,273)
	(Repayment)/proceed from short term borrowings of less than 3 months (net)	(9,526)	6,740
	Payment of principal portion of lease liabilities	(28,033)	(2,274)
	Payment of interest on lease liabilities	(2,341)	(3,020)
	Finance cost paid	(18,854)	(14,761)
	Net cash (used in) financing activities	**(70,117)**	**(51,294)**
	Net increase/(decrease) in cash and cash equivalents	52,988	(22,211)
	Net exchange differences on foreign currency bank balances	78	-
	Cash and cash equivalents at the beginning of the year	10,989	33,200
	Cash and cash equivalents at the end of the year	**64,055**	**10,989**
	Composition of Cash and cash equivalents included in the statement of cash flows comprise of the following balance sheet amounts:		

Standalone Statement of Cash Flows

for the year ended March 31, 2023

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash and cash equivalents as per the balance sheet (refer note 14)	64,037	11,640
Add: Earmarked bank balances (refer note 15)	195	92
Less: Bank overdraft (refer note 24)	(177)	(743)
Total	**64,055**	**10,989**

Reconciliation between the opening and closing balances in the standalone balance sheet for liabilities arising from financing activities

(₹ in million)

Particulars	As at April 1, 2022	Cash changes (net)	Non cash changes (net)	As at March 31, 2023
Long term borrowings (including current maturities classified in short term borrowing)	82,445	(11,363)	658	71,740
Short term borrowings* (excluding current maturities classified in short term borrowing)	16,640	(9,526)	1,108	8,222

(₹ in million)

Particulars	As at April 1, 2021	Cash changes (net)	Non cash changes (net)	As at March 31, 2022
Long term borrowings (including current maturities classified in short term borrowing)	105,853	(24,206)	798	82,445
Short term borrowings* (excluding current maturities classified in short term borrowing)	23,326	(7,033)	347	16,640

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

Notes:

a) The above cash flow from operating activities has been prepared under the “Indirect Method” as set out in Indian Accounting Standard (Ind AS) 7- Statement of cash flows.

b) Cash flow from operations include net inflow of ₹ 5,393 million (₹ 39,188 million for the year ended March 31, 2022) arising from long term advances received from customers, net of goods supplied during the year. The goods will be supplied against these advances over next two to five years.

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, May 25, 2023

For and on behalf of the Board of Directors of Nayara Energy Limited

Prasad K. Panicker
Chairman & Head of Refinery
DIN : 06476857
Mumbai

Alois Virag
Chief Executive Officer
Mumbai

Rajani Kesari
Chief Financial Officer
Mumbai

Mayank Bhargava
Company Secretary
Mumbai
May 25, 2023

Notes to Standalone Financial Statements

for the year ended March 31, 2023

1. Corporate information

Nayara Energy Limited (the Company) is a public limited company incorporated under the provisions of the Companies Act, 1956 (since replaced by the Companies Act, 2013, as amended). The registered office of the Company is located at Devbhumi Dwarka, Gujarat, India. The Company is primarily engaged in the business of refining of crude oil, marketing of petroleum products in domestic and overseas markets. The Company owns India's second largest single site refinery at Vadinar, Gujarat with a current capacity of 20MMTPA. The Company has around 6,400 operational outlets and around 1,500 outlets at various stages of completion.

9% Non-convertible Debentures (NCDs) amounting to ₹ 22,850 million were prepaid by the Company on March 29, 2023, pursuant to which the same were de-listed from BSE with effect from March 31, 2023.

The financial statements of Nayara Energy Limited for the year ended March 31, 2023 were authorised for issue in accordance with a resolution of the directors on May 25, 2023.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind ASs), prescribed under Section 133 of the Companies Act 2013 (as amended) (herein after referred to as "the Act" read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

These financial statements are prepared under the accrual basis and historical cost measurement, except for certain financial instruments {refer note 3 (L)}, which are measured at fair values. The financial statements provide comparative information in respect of the previous year. The financial statements are presented in Indian National Rupee (₹) which is the functional currency of the Company, and all values are rounded to the nearest million, except where otherwise indicated. All amounts individually less than ₹ 0.5 million have been reported as "0".

3. Summary of significant accounting policies

A. Business combinations and goodwill

Common control business combinations

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method. The assets and liabilities of the acquired entity are recognised at their carrying amounts of the Company's financial statements. No adjustments are made to reflect fair values or recognise any new assets or liabilities. The components of equity of the acquired companies are added to the same components within the Company's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves. The Company's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented.

B. Fair value measurement

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

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.

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

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities.

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

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

- Disclosures for valuation methods, significant estimates and assumptions (refer note 41)
- Quantitative disclosures of fair value measurement hierarchy (refer note 41)
- Financial instruments (including those carried at amortised cost) (refer note 41)

C. Property, Plant and Equipment

Property, plant and equipment (PPE) is stated at cost of acquisition less accumulated depreciation and impairment loss, if any.

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

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. It includes all directly attributable costs incurred for construction or procurement of goods incurred during the construction phase of project under development.

Depreciation

Depreciation on PPE is provided, on pro-rata basis for the period of use, using the straight line method, over the estimated useful life given below, which is different than useful life as specified in the Schedule II to the Companies Act, 2013. 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

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conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Major inspection including turnaround and maintenance cost are depreciated over the next turnaround cycle. The estimated useful life of items of property, plant and equipment is mentioned below:

Particulars	Estimated useful life (in years)
Temporary Building	3
Building	15-60
Plant and machinery *	35-50
Catalysts (included within plant & machinery)	2-4
Furniture and fixtures	1-10
Office equipment	1-6
Vehicles	1-10

* Additionally, there are certain key components identified within plant and machinery having a useful life up to 35 years and are depreciated over such assessed useful life.

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

De-recognition

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

D. Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. 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 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.

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.

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more

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

F. Leases

A contract or parts of contracts that conveys the right to control the use of an identified asset for a period of time in exchange for payments to be made to the owners (lessors) are accounted for as leases. Contracts are assessed to determine whether a contract is, or contains, a lease at the inception of a contract or when the terms and conditions of a contract are significantly changed. The lease term is the non-cancellable period of a lease, together with contractual options to extend or to terminate the lease early, where it is reasonably certain that an extension option will be exercised or a termination option will not be exercised.

Company as a lessee

At the commencement of a lease contract, a right-of-use asset and a corresponding lease liability are recognised, unless the lease term is 12 months or less or value of underlying asset is of low value. The commencement date of a lease is the date the underlying asset is made available for use.

Lease liability is measured at an amount equal to the present value of the lease payments during the lease term that are not paid at that date. Lease liability includes contingent rentals and variable lease payments that depend on an index, rate, or where they are fixed payments in substance. The lease liability is remeasured when the contractual cash flows of variable lease payments change due to a change in an index or rate when the lease term changes following a reassessment.

Lease payments are discounted using the interest rate implicit in the lease. If that rate is not readily available, the incremental borrowing rate is applied. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment.

In general, a corresponding right-of-use asset is recognised at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee adjusted for accumulated depreciation, accumulated impairment losses and any remeasurement of lease liabilities. The depreciation on right-of-use assets is recognised as expense unless capitalised when the right-of-use asset is used to construct another asset. Right of use assets are depreciated on a straight line basis over the lesser of the assessed useful lives of the asset (refer 'C' above) or the lease period. Right to use of trademark assets are amortised over the usage period which is ranging between two to four years.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company applies the short-term lease recognition exemption to its short-term leases of plant and machinery and building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of plant and machinery and vehicles that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Impairment of the right-of-use asset

Right-of-use assets are subject to existing impairment requirements as set out in 'Impairment of non-financials assets'.

G. Inventories

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

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

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Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

H. Revenue from contract with customer

(i) Sale of goods

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer. Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer. The recovery of excise duty flows to Company on its own account, revenue includes excise duty. Revenue does not include other taxes like goods and service tax, value added tax and central sales tax etc.

(ii) Variable consideration

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

(iii) Contract Liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

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 related to an assets, it is recognised as income in equal amount over the expected useful life of the related assets.

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. These expenses are confined to contribution only.

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 in the statement of profit and loss:

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- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements as employee benefit expense.
- Net interest expense or income as finance cost/ finance income.

K. Foreign currencies

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss. Non-monetary items carried at fair value that are denominated in Foreign Currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences 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. 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. Financial Instruments

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

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

(i) Financial Assets

a) Initial Recognition and measurement

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

b) Classification of financial assets

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

- Equity instruments at fair value through profit or loss (FVTPL)
- 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)

Equity instruments at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognised as other income in the statement of profit and loss when the right of payment has been established.

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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, advances, 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets other than equity investment at FVTPL:

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

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

c) Equity Investments

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

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

d) Derecognition of financial assets

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

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

e) Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured

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at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

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

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

f) Effective interest method

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

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

b) Financial liabilities/debt

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

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

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

c) Supplier's credit and Buyer's credit:

The Company enters into an arrangement whereby banks make direct payment to supplier on due date. The banks are subsequently paid by the Company at later date based on the extended credit terms agreed with the banks. Where this arrangement is agreed with supplier and the Company's legal liability remains towards the supplier only, in such cases the liability is classified as Trade Payable in the balance sheet and in other instances the same is classified as a borrowing.

If the classification of the liability under the above arrangement is a Trade Payable, the Company treats the payment of the supplier by the financial institution as a non-cash transaction and the other associated cash flows are presented as cash flows from operating activities. In other instances, the associated cash flows are presented as cash flows from financing activities.

Interest expense on these are recognised in the finance cost.

d) 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.

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e) **Financial liabilities:**

The financial liabilities used to minimise accounting mismatch are classified and measured as at FVTPL in accordance with Ind AS 109. All 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 standalone financial statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

f) **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.

M. Derivative financial instruments and hedge accounting

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

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, commodity price and foreign exchange rate risks. These derivatives include foreign exchange forward contracts, foreign exchange options, commodity forward contracts, interest rate swaps and cross/full currency swaps. For risk management objectives refer note 41(B).

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

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

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

(ii) Hedge Accounting

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

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

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

(iii) Cash flow hedges

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In case of

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cash flow hedges, any cumulative gain or loss deferred in the Cash Flow Hedge Reserve Account at that time is retained and is recognised when the forecast transaction is ultimately recognised and affects the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred is recognised immediately in the statement of profit and loss.

N. Borrowing Costs

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

Borrowing cost also includes exchange differences on foreign currency borrowings.

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

O. Taxes

(i) Current Income tax

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2023

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 services 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 other assets and other liabilities in the balance sheet.

P. Provisions and Contingent liabilities

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

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

Q. Cash and Cash Equivalent

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

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

R. Exceptional items

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

S. Current and Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as Non Current.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

Deferred tax assets and liabilities are classified as Non – current assets and liabilities.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

4. Critical accounting judgments and key sources of estimation uncertainty

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

A. Critical accounting judgements

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

i) Determination of functional currency

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

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. 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 36.

ii) Impairment of non-financial assets

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

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

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 47 in Standalone financial statements.

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

A. Standards issued but not yet effective

There are no new standards that are notified, but not yet effective, up to the date of issuance of the Company's financial statements.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

B. New and amended standards

(i) The standards and amendments, which are effective for annual periods beginning on or after April 1, 2022.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37
- Reference to the Conceptual Framework – Amendments to Ind AS 103
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16
- Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

These amendments had no material impact on the standalone financial statements of the Company

(ii) On March 31, 2023, the Ministry of Corporate Affairs has notified the following amendments vide the Companies (Indian Accounting Standards) Amendment Rules, 2023 which are effective for the annual reporting period beginning on or after April 1, 2023.

- **Ind AS 1 – Presentation of Financial Statements:** This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements.
- **Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:** This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.
- **Ind AS 12 - Income Taxes:** This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.
- **Other amendments that are consequential or clarificatory in nature:** Amendments to Ind AS 101 – First-time Adoption of Indian Accounting Standards, Ind AS 102 – Share-based Payments, Ind AS 103 – Business Combinations, Ind AS 107 – Financial Instruments: Disclosures, Ind AS 109 – Financial Instruments and Ind AS 34 – Interim Financial Reporting.

These amendments to have any significant impact on its financial statements.

The Company has not early adopted any standard or amendment that has been issued but is not yet effective.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

6 Property, plant and equipment, Capital Work-In-Progress, Goodwill, Other Intangible assets, Intangible assets under development and Right-of-use assets

(₹ in million)

Description of the assets	Gross block (I)				Depreciation/amortisation (II)				Net block (III) = (I - II)
	As at April 01, 2021	Additions (refer note 1 below)	Deductions/ Remeasurement	As at March 31, 2022	As at April 01, 2021	During the year	Deductions	As at March 31, 2022	As at March 31,2022
A) Property, plant and equipment									
Land (Freehold)	52,865	-	-	52,865	-	-	-	-	52,865
Buildings	17,276	111	52	17,335	5,216	720	21	5,915	11,420
Plant and machinery	4,52,374	2,358	200	4,54,532	86,863	14,808	151	1,01,520	3,53,012
Furniture and fixtures	294	14	-	308	171	18	-	189	119
Office equipments	2,137	583	91	2,629	1,137	483	84	1,536	1,093
Vehicles	139	11	-	150	87	10	-	97	53
Total Property, plant and equipment	**5,25,085**	**3,077**	**343**	**5,27,819**	**93,474**	**16,039**	**256**	**1,09,257**	**4,18,562**
B) Capital work-in-progress									
Capital work-in-progress (refer note 3 below)	8,985	16,626	2,900	22,711	-	-	-	-	22,711
C) Goodwill									
Goodwill	1,08,184	-	-	1,08,184	-	-	-	-	1,08,184
D) Other intangible assets									
Softwares & licenses	1,374	73	-	1,447	1,094	115	-	1,209	238
E) Intangible assets under development									
Intangible assets under development	11	7	-	18	-	-	-	-	18
F) Right-of-Use assets (refer note 38)									
Tangible Assets									
Land	8,245	1,095	1	9,339	706	421	-	1,127	8,212
Building	1,663	13	8	1,668	478	210	4	684	984
Plant & machinery	2,662	646	-	3,308	821	597	-	1,418	1,890
Vehicles (including vessels)	1,595	-	528	1,067	708	521	376	853	214
Total Tangible Assets	**14,165**	**1,754**	**537**	**15,382**	**2,713**	**1,749**	**380**	**4,082**	**11,300**
Intangible Assets									
Trademark	26,726	-	-	26,726	2,927	1,450	-	4,377	22,349
Total Right-of-use assets	**40,891**	**1,754**	**537**	**42,108**	**5,640**	**3,199**	**380**	**8,459**	**33,649**
Total (A+B+C+D+E+F)	**6,84,530**	**21,537**	**3,780**	**7,02,287**	**1,00,208**	**19,353**	**636**	**1,18,925**	**5,83,362**

Notes to Standalone Financial Statements

for the year ended March 31, 2023

6 Capital Work-In-Progress and Intangible assets under development

Capital Work-In-Progress Ageing schedule as at March 31, 2022

(₹ in million)

Particulars	Amount in Capital Work-In-Progress for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Grand Total
Projects in progress	15,044	3,026	2,179	111	20,360
Projects temporarily suspended*	-	-	-	2,351	2,351
Grand Total	**15,044**	**3,026**	**2,179**	**2,462**	**22,711**

Capital Work-In-Progress schedule over run as at March 31, 2022

(₹ in million)

Particulars	To be completed in				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Grand Total
Projects in progress	4,238	90	-	-	4,328
Projects temporarily suspended*	-	-	-	2,351	2,351
Grand Total	**4,238**	**90**	**-**	**2,351**	**6,679**

Intangible assets under development as at March 31, 2022

(₹ in million)

Particulars	Amount in Intangible assets under development for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Grand Total
Projects in progress	15	1	2	-	18
Grand Total	**15**	**1**	**2**	**-**	**18**

* The expected current recoverable value of the suspended project under construction is higher than their carrying cost. Management is in the process of formulating a plan for completion of the suspended projects.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

6 Property, plant and equipment, Capital Work-In-Progress, Goodwill, Other Intangible assets, Intangible assets under development and Right-of-use assets

(₹ in million)

Description of the assets	Gross block (I)				Depreciation/amortisation /impairment (II)				Net block (III) = (I - II)
	As at April 01, 2022	Additions (refer note 1 and 2 below)	Deductions/ Remeasurement	As at March 31, 2023	As at April 01, 2022	During the year (refer note 4 below)	Deductions	As at March 31, 2023	As at March 31, 2023
A) Property, plant and equipment									
Land (Freehold)	52,865	193	-	53,058	-	-	-	-	53,058
Buildings	17,335	3,351	16	20,670	5,915	772	11	6,676	13,994
Plant and machinery	454,532	19,553	9,344	464,741	101,520	15,922	9,048	108,394	356,347
Furniture and fixtures	308	37	1	344	189	20	1	208	136
Office equipments	2,629	251	53	2,827	1,536	516	50	2,002	825
Vehicles	150	4	1	153	97	10	1	106	47
Total Property, plant and equipment	**527,819**	**23,389**	**9,415**	**541,793**	**109,257**	**17,240**	**9,111**	**117,386**	**424,407**
B) Capital work-in-progress									
Capital work-in-progress (refer note 3 below)	22,711	41,063	23,241	40,533	-	-	-	-	40,533
C) Goodwill									
Goodwill	108,184	-	-	108,184	-	-	-	-	108,184
D) Other intangible assets									
Softwares & licenses	1,447	97	-	1,544	1,209	106	-	1,315	229
E) Intangible assets under development									
Intangible assets under development	18	-	3	15	-	-	-	-	15
F) Right-of-Use assets (refer note 38)									
Tangible Assets									
Land	9,339	963	-	10,302	1,127	460	-	1,587	8,715
Building	1,668	61	72	1,657	684	217	35	866	791
Plant & machinery	3,308	424	5	3,727	1,418	680	-	2,098	1,629
Vehicles (including vessels)	1,067	151	-	1,218	853	87	-	940	278
Total Tangible Assets	15,382	1,599	77	16,904	4,082	1,444	35	5,491	11,413
Intangible Assets									
Trademark	26,726	-	8,444	18,282	4,377	15,159	1,684	17,852	430
Total Right-of-use assets	**42,108**	**1,599**	**8,521**	**35,186**	**8,459**	**16,603**	**1,719**	**23,343**	**11,843**
Total (A+B+C+D+E+F)	**702,287**	**66,148**	**41,180**	**727,255**	**118,925**	**33,949**	**10,830**	**142,044**	**585,211**

for details of assets pledge as security, refer note 21 and 24.

Notes:

1. Additions to plant and machinery include exchange loss on long-term foreign currency borrowing taken to finance property plant and equipment (refer note 3(K)) amounting to ₹ 248 million (Previous year net off exchange loss of ₹ 211 million).
2. In line with its refinery turnaround practices, the Company has completed turnaround activities of its refinery during the year ended March 31, 2023. The Company incurred total cost of ₹ 12,306 million which includes catalyst and materials consumption of ₹ 6,322 million, salary of ₹ 471 million and other expense of ₹ 5,513 million on the major maintenance activity which have been capitalised to the plant and machinery.
3. The Company incurred total cost of ₹ 900 million as Expenditure During Construction (including salary of ₹ 756 million and other expense of ₹ 144 million) (Previous year ₹ 663 million as Expenditure During Construction (including salary of ₹ 421 million and other expense of ₹ 242 million)) for petrochemical project and ₹ 1,184 million (Previous year ₹ 50 million) as borrowing cost which is included in Capital work-in-progress.
4. Trademark assets have an additional depreciation charged of ₹ 9,168 million as compared to previous year and an impairment charge of ₹ 4,542 million (refer note 38 for details).

Notes to Standalone Financial Statements

for the year ended March 31, 2023

6 Capital Work-In-Progress and Intangible assets under development

Capital Work-In-Progress Ageing schedule as at March 31, 2023

(₹ in million)

Particulars	Amount in Capital Work-In-Progress for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years*	Grand Total
Projects in progress	22,505	11,968	1,782	4,277	40,533
Grand Total	**22,505**	**11,968**	**1,782**	**4,277**	**40,533**

* includes project amounting to ₹ 2,351 million classified as temporarily suspended as at March 31, 2022 for which management has approved a plan for completion of the same in a phased manner.

Capital Work-In-Progress schedule over run as at March 31, 2023

(₹ in million)

Particulars	To be completed in				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Grand Total
Projects in progress	1,099	454	63	-	1,616
Grand Total	**1,099**	**454**	**63**	**-**	**1,616**

Intangible assets under development as at March 31, 2023

(₹ in million)

Particulars	Amount in Intangible assets under development for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Grand Total
Projects in progress	-	15	-	-	15
Grand Total	**-**	**15**	**-**	**-**	**15**

Notes to Standalone Financial Statements

for the year ended March 31, 2023

7 Investments (Non Current) (Unquoted)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
(1) Investment in equity shares of subsidiaries - At cost		
360,000 (Previous year 360,000) equity shares of USD 1 each of Nayara Energy Singapore Pte. Ltd.	27	27
50,000 (Previous year 50,000) equity shares of ₹ 10 each of Coviva Energy Terminals Limited (CETL)	0	0
(2) Other Investments - At FVTPL		
13,000,000 (Previous year 13,000,000) equity shares of ₹ 10 each of Petronet VK Limited*	-	-
1,584,000 (Previous year 1,584,000) equity shares of ₹ 10 each of Petronet CI Limited * @	-	-
10,000,000 (Previous year 10,000,000) equity shares of ₹ 0.10 each of Petronet India Limited * @	-	-
Total	**27**	**27**

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Investment at cost	27	27
Investment at fair value through profit and loss account	-	-
Total	**27**	**27**

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Aggregate amount of unquoted investments	27	27
Total	**27**	**27**

* Investments are fair valued at Zero.

@ companies are under liquidation.

8 Loans (Non Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Inter corporate deposits to a related party (refer note 43)	762	-
Loan to retail outlet franchisee	372	376
Total	**1,134**	**376**

Notes to Standalone Financial Statements

for the year ended March 31, 2023

9 Other Financial Assets (Non Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2023	As at March 31, 2022
Security deposits	(A)	341	302
Other receivables			
Export incentive receivables			
- Considered good		-	1,285
- Significant increase in credit risk		1,285	-
-Less: Expected credit loss		(1,285)	-
Others			
- Considered good		12	615
- Significant increase in credit risk		1,379	771
-Less: Expected credit loss {refer note 41(B)(v)}		(1,379)	(771)
	(B)	**12**	**1,900**
Bank Deposits with remaining maturity of more than twelve months	(C)	180	159
Interest accrued on bank deposits	(D)	1	1
Total ((A)+(B)+(C)+(D))		**534**	**2,362**

For details of assets pledged as security against borrowings, refer note 21 and 24.

10 Other non-current assets

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	410	598
Capital advances	1,468	3,179
Claims/Other Receivables		
- Considered good	2,997	2,201
- Considered doubtful	63	366
Less: Provision for doubtful debt	(63)	(366)
Total	**4,875**	**5,978**

For details of assets pledged as security against borrowings, refer note 21 and 24.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

11 Inventories

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials {including in transit ₹ 6,767 million (Previous year ₹ 21,797 million)}	33,090	43,934
Work-in-progress	24,012	41,274
Finished goods {including in transit ₹ 7,904 million (Previous year ₹ 7,675 million)}	27,961	29,585
Stock-in-trade	-	185
Stores and spare parts {including in transit ₹ 4 million (Previous year ₹ 14 million)}*	6,307	6,090
Other consumables	4,583	2,435
Total	**95,953**	**123,503**

For details of inventories pledged as security against borrowings, refer note 21 and 24.

Refer note 3(G) for basis of valuation.

* Store and spare parts net off by ₹ 243 million (Previous year : ₹ 150 million) provisions towards non moving items.

12 Investments (Current)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Investments in mutual funds - At FVTPL*	17,801	-
Total	**17,801**	-

*Aggregate amount of unquoted investments and market value thereof.

For the Company's exposure to credit risks refer note 41(B)(v)

13 Trade receivables

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables		
Secured, considered good	17,173	19,660
Unsecured, considered good	35,065	31,206
Trade receivables - credit impaired	34	23
	52,272	**50,889**
- Less: Expected credit loss {refer note 41(B)(v)}	(34)	(23)
Total	**52,238**	**50,866**

For the Company's exposure to credit and currency risks, and loss allowances related to trade receivables, refer note 41(B).

For amounts due from related parties, refer note 43.

For details of assets pledged as security against borrowings, refer note 21 and 24

The Company has discounted bill receivables amounting to Nil (As at March 31, 2022 : ₹ 7,720 million), on non-recourse basis. The management has assessed that the Company does not have any continuing involvement with the said bills discounted, except in an unlikely scenario of dispute arising with regard to the existence of the receivable discounted. Accordingly, the discounting meets derecognition criteria and the money received has been netted off from the trade receivables discounted.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

13A Ageing of Trade Receivables

As at March 31, 2023 :

(₹ in million)

Particulars	Not due Amount	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	01- 02 years	02- 03 years	More than 3 years	
(i) Undisputed trade receivables – considered good	46,632	5,068	-	538	-	-	52,238
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	4	9	12	4	5	34
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
Total	**46,632**	**5,072**	**9**	**550**	**4**	**5**	**52,272**

As at March 31, 2022 :

(₹ in million)

Particulars	Not due Amount	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	01- 02 years	02- 03 years	More than 3 years	
(i) Undisputed trade receivables – considered good	49,909	957	-	-	-	-	50,866
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	0	9	4	5	5	0	23
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
Total	**49,909**	**966**	**4**	**5**	**5**	**0**	**50,889**

Note: There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

14 Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks in:		
- Current accounts #	8,956	3,888
- Exchange earners' foreign currency (EEFC) accounts	42,803	-
- Deposits with original maturities less than 3 months*	12,278	7,752
Cash on hand	0	0
Total	**64,037**	**11,640**

includes unutilised amount of term loans of ₹ 4,977 million (Previous year ₹ 2,739 million) raised for ongoing capital projects.

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

Notes to Standalone Financial Statements

for the year ended March 31, 2023

15 Bank balances other than Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Earmarked bank balances #	195	92
Margin deposits*	4,927	11,553
Other deposits	0	1
Total	**5,122**	**11,646**

Earmarked bank balances mainly includes :

(a) ₹ 32 million (Previous year ₹ 32 million) payable as purchase consideration to NRI shareholders of Vadinar Oil Terminal Limited (VOTL) (formerly a subsidiary of the company) pursuant to its merger.

(b) ₹ 98 million (Previous year ₹ 50 million) payable as interest on NCD issued to domestic shareholders on VOTL merger.

(c) ₹ 58 million (Previous year : ₹ 1 million) represents unspent CSR amount.

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

16 Loans (Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Inter corporate deposits to a related party (refer note 43)	-	623
Loan to retail outlet franchisee	327	217
Total	**327**	**840**

17 Other Financial Assets (Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2023	As at March 31, 2022
Security deposits	(A)	26	38
Other receivables			
Export incentive receivables		528	2,373
Others			
- Considered good		967	539
- Significant increase in credit risk		299	921
- Less: Expected credit loss {refer note 41(B)(v)}		(299)	(921)
	(B)	**1,495**	**2,912**
Interest accrued on bank deposits	(C)	117	61
Derivative assets	(D)	519	10,185
Total ((A)+(B)+(C)+(D))		**2,157**	**13,196**

For details of assets pledged as security against borrowings, refer note 21 and 24.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

18 Other Current assets

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2023	As at March 31, 2022
Advances recoverable in cash or in kind or for value to be received		665	691
Prepaid expenses		4,277	2,956
Balances with government authorities		549	486
	(A)	**5,491**	**4,133**
Claims/other receivables			
- Considered good		29	161
	(B)	**29**	**161**
Total ((A)+(B))		**5,520**	**4,294**

For details of assets pledged as security against borrowings, refer note 21 and 24.

19 Equity Share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	₹ in million	Number of shares	₹ in million
Authorised				
Equity shares of ₹ 10 each	17,000,680,000	170,007	17,000,680,000	170,007
Preference Shares of ₹ 10 each	1,000,000,000	10,000	1,000,000,000	10,000
Issued and subscribed				
Equity shares of ₹ 10 each	1,552,487,155	15,525	1,552,487,155	15,525
Paid up				
Equity shares of ₹ 10 each fully paid up	1,490,561,155	14,906	1,490,561,155	14,906
Add : Forfeited shares - Equity shares of ₹ 10 each	61,926,000	166	61,926,000	166
		15,072		**15,072**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	₹ in million	Number of shares	₹ in million
Equity Shares outstanding at the beginning of the year	1,490,561,155	14,906	1,490,561,155	14,906
Add : Equity shares issued	-	-	-	-
Equity Shares outstanding at the end of the year	**1,490,561,155**	**14,906**	**1,490,561,155**	**14,906**

The above includes 475,731,927 (Previous year 475,731,927) underlying equity shares represented by 3,109,359 (Previous year 3,109,359) outstanding global depository shares (GDS). Each GDS represents 153 underlying equity shares.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

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

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

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

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

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

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	% of shares	Number of shares	% of shares
3,109,359 (3,109,359 as at March 31, 2022) GDS held by Kesani Enterprise Company Limited *	475,731,927	31.92%	475,731,927	31.92%
Equity shares held by Kesani Enterprise Company Limited *	256,594,520	17.21%	256,594,520	17.21%
Equity shares held by Rosneft Singapore Pte. Limited (Formerly known as Petrol Complex Pte. Limited)	732,326,446	49.13%	732,326,446	49.13%

* Holding has been pledged.

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

20 Other equity

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
General reserve	596	596
Retained earnings	228,461	1,32,561
Other Comprehensive Income:		
Cash flow hedge reserve	(16,384)	(9,298)
Foreign currency monetary item translation difference account	(33)	(72)
Other Reserves:		
Capital reserve	609	609
Securities premium	78,014	78,014
Total	**291,263**	**202,410**

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

Notes to Standalone Financial Statements

for the year ended March 31, 2023

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

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

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

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

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

21 Borrowings

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured Borrowings - At amortised cost		
Debentures		
Non convertible debentures	2,568	25,418
Term loans*		
From banks	69,172	57,027
Current maturities of long term debt included under short term borrowings (refer note 24)	(5,030)	(7,373)
Total	**66,710**	**75,072**

* refer note 41(B)(ii)for borrowings outstanding in foreign currencies.

(A) Security for term loans and funded interest facilities from banks and debentures

(₹ in million)

Sr No	Particulars	As at March 31, 2023	As at March 31, 2022
i)	ECB loan is secured by first charge, ranking pari passu with other term lenders on all present and future immovable assets (except certain leased out assets and fixed assets of power plant, port & Polypropylene project), all present and future movable assets, security interest on the rights, title and interest under project documents, insurance policies and second charge pari-passu with other term lenders on the current assets.	-	2,819
ii)	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 and fixed assets (movable and immovable) earmarked for port, power plant & Polypropylene Project. Second charge, pari- passu with other term lenders on the current assets of the Company, first charge by way of assignment or security interest over 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.	31,747	32,688

Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Sr No	Particulars	As at March 31, 2023	As at March 31, 2022
iii)	9% Non convertible debentures are secured by first charge, ranking pari- passu with other lenders on the fixed assets (movable and immovable except certain fixed assets i.e those related to the Polypropylene Project), both present and future of the Company in relation to the Refinery Project, Second charge, pari- passu with other Refinery Project Lenders on the current assets of the Company, first charge by way of assignment or security interest over insurance policy.	-	22,850
iv)	8% Non convertible debentures are secured by second ranking pari passu charge on movable fixed assets pertaining to the Port Facilities of the Company.	2,568	2,568
v)	Rupee loan from banks/ financial institutions are secured by first charge ranking pari passu over all movable and immovable assets of the Company relating to Port, both present and future, Intangible assets of the Company both present and future, insurance contracts, title and interests under project documents and second ranking pari passu charge on movable fixed assets relating to power plant.	8,814	10,749
vi)	Rupee 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 Refinery, except land parcels and fixed assets (movable and immovable) earmarked for port, power, township & Polypropylene Project. Second charge, pari- passu with other term lenders on the current assets of the Company.	5,481	6,439
vii)	First charge, ranking pari passu on all present and future immovable & movable assets related to Polypropylene Project, DSRA & security interest on the rights, title and interest under Project Documents & Insurance Policies	23,130	4,332
	Total	**71,740**	**82,445**

(B) Repayment and other terms:

(₹ in million)

Sr No	Particulars	As at March 31, 2023	As at March 31, 2022
i)	ECB Loan carry interest rate of 6 months LIBOR + margin 3.60% p.a., repaid in full during financial year 2022-23.	-	2,819
ii)	Rupee loan and USD Loan from various lenders carry interest of respective lenders rate of 3/6 month MCLR; ON/ 6M SOFR + spread ranging from 25 bps to 390 bps and is repayable in unequal instalments starting from March 2018 and ending to September 2038.	31,747	32,688
iii)	Non-convertible debentures carry fixed interest of 9.00% p.a., prepaid in full during financial year 2022-23.	-	22,850
iv)	Non-convertible debentures carry fixed interest of 8% p.a. is repayable in a single bullet in December 2025.	2,568	2,568
v)	Term loan carries an interest rate of 6M T. Bills + spread of 248 bps and repayable in unequal quarterly instalments ending on September 2027 .	8,814	10,749
vi)	The rupee term loan facility from banks carry interest rate at bank's 3M/1Y MCLR/6M T. Bills + spread ranging from 0.05% to 2.83% is repayable in structured quarterly instalments ending to March 2028.	5,481	6,439
vii)	The rupee term loan facility from banks carry fixed interest rate till completion of the Polypropylene Project and repayable in structured quarterly instalments ending to March 2036.	23,130	4,332
	Total	**71,740**	**82,445**

Notes to Standalone Financial Statements

for the year ended March 31, 2023

22 Other financial liabilities (Non-Current)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	422	209
Derivative Liabilities	208	2,174
Advances received from customers (refer note 43)	117,065	115,542
Total	**117,695**	**117,925**

23 Taxation

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities (Net)	74,632	54,451
Total	**74,632**	**54,451**

(A) Income tax (benefit)/expense

(₹ in million)

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	(A)	10,238	379
Deferred tax expense	(B)	21,390	2,812
Total tax charged in statement of profit and loss	**(A) +(B)**	**31,628**	**3,191**
Current tax	(A)	(1,166)	-
Deferred tax	(B)	(1,209)	111
Total tax (reversed)/charged in other comprehensive income	**(A)+(B)**	**(2,375)**	**111**

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

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	1,27,544	13,490
Statutory tax rate	25.17%	25.17%
Expected income tax expense at statutory rate	32,103	3,395
Items giving rise to difference in tax		
Deferred tax (asset) not recognised (net)	1	178
Effect of change in indexed cost of land	(420)	(481)
Disallowances on tax assessment	-	379
Utilisation of previously unrecognised tax (asset)/liabilities	(64)	(290)
Others	8	10
Total Income tax expense	**31,628**	**3,191**
Effective tax rate	**24.80%**	**23.65%**

Notes to Standalone Financial Statements

for the year ended March 31, 2023

(C) Composition of deferred tax liabilities (net) :

(₹ in million)

Deferred tax balance in relation to	As at April 01, 2022	Recognised through profit and loss	Recognised in other comprehensive income	As at March 31, 2023
Difference in Property, plant and equipment and intangibles	82,524	(2,317)	-	80,207
Carried forward unabsorbed depreciation	(15,467)	15,467	-	-
Effect of mark to market accounting	(532)	643	(1,222)	(1,111)
Lease Accounting	(11,401)	7,819	-	(3,582)
Others	(673)	(222)	13	(882)
Total	**54,451**	**21,390**	**(1,209)**	**74,632**

(₹ in million)

Deferred tax balance in relation to	As at April 01, 2021	Recognised through profit and loss	Recognised in other comprehensive income	As at March 31, 2022
Difference in Property, plant and equipment and intangibles	81,861	663	-	82,524
Carried forward unabsorbed depreciation	(15,842)	375	-	(15,467)
Carried forward Business Loss	(581)	581	-	-
Effect of mark to market accounting	(1,936)	1,310	94	(532)
Lease Accounting	(11,276)	(125)	-	(11,401)
Others	(698)	8	17	(673)
Total	**51,528**	**2,812**	**111**	**54,451**

(D) The Company has not recognized below mentioned deferred tax assets in the absence of reasonable certainty towards their utilisation:

(₹ in million)

Nature of loss	As at March 31, 2023	As at March 31, 2022	Last day till which loss can be set off
Long term capital loss	840	840	March 31, 2029
Short term capital loss	5,619	5,707	March 31, 2026

(E) The Income tax department had not considered allowing consequential relief to the Company arising out of certain timing differences, which were voluntarily disallowed under VSV scheme in earlier years. The Company had filed rectification applications/ appeals with the Income tax department to allow the same on the grounds that no consequential relief may lead to double taxation and violate the principles of natural justice. The income-tax department has accepted the said principle and accordingly, granted relief to the Company with respect to certain timing differences. Management is confident that remaining timing differences will be accepted by the Income tax department and the consequential relief will be allowed in rectification/ appeal proceedings. The Company does not expect any material cash outflows. If the tax department position is upheld, it would lead to increase in the deferred tax liabilities by ₹ 703 million (Previous year : ₹ 2,391 million).

Notes to Standalone Financial Statements

for the year ended March 31, 2023

24 Short term borrowings

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured Borrowings		
Bank overdraft	177	743
Buyers' credits and bills discounting @*	1,727	16,640
Current maturities of long term debt (refer note 21)	5,030	7,373
Unsecured Borrowings		
Buyer's credit	6,495	-
Total	**13,429**	**24,756**

Security for short term borrowing:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
a) Bank overdraft/cash credit from bank is secured by fixed deposits maintained with a bank and carries interest rate of 1% over fixed deposits rate and is repayable on demand.	177	743
b) Buyers' credits is secured by first charge on entire current assets of the company (existing and future) on a pari passu basis among lenders, second charge on fixed assets both present and future (except land parcel and fixed assets of power, port and township divisions) 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 at 5.56% p.a and are repayable within 30 to 90 days of being drawn.	1,727	7,247
c) Current maturities of long term debt (refer note 21)	5,030	7,373
d) Unsecured buyer's credit carrying interest rate 7.63% p.a. and are repayable within 90 days of being drawn.	6,495	-
*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 13	-	9,393
Grand Total	**13,429**	**24,756**

@ refer note 41(B)(ii) for borrowings outstanding in foreign currencies

25 Trade Payables

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of Micro and small enterprises (MSME) (refer note 39)	434	233
Total outstanding dues of creditors other than Micro and small enterprises (refer note 43)	145,415	169,852
Total	**145,849**	**170,085**

(a) Trade payables includes suppliers' credit of Nil (Previous year ₹ 15,269 million).

(b) Generally, trade payables are non-interest bearing and are normally settled within 0-90 days.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

25A Trade Payable Ageing

As at March 31, 2023 :

(₹ in million)

Particulars	Unbilled amount	Not due Amount	Outstanding for following periods from due date of payment*				Total
			<1 year	01- 02 years	02- 03 years	More than 3 years	
(i) Undisputed dues - MSME	-	380	54	0	0	-	434
(ii) Undisputed dues - Others	6,378	97,161	14,232	16	23,614	3,950	145,351
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	10	28	26	64
Total	**6,378**	**97,541**	**14,286**	**26**	**23,642**	**3,976**	**145,849**

As at March 31, 2022 :

(₹ in million)

Particulars	Unbilled amount	Not due Amount	Outstanding for following periods from due date of payment*				Total
			<1 year	01- 02 years	02- 03 years	More than 3 years	
(i) Undisputed dues - MSME	-	222	11	0	0	-	233
(ii) Undisputed dues - Others	4,075	134,702	3,403	23,660	3,907	41	169,788
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	10	28	26	0	64
Total	**4,075**	**134,924**	**3,424**	**23,688**	**3,933**	**41**	**170,085**

* Undisputed payments outstanding for more than 1 year are mainly with respect to purchases made from parties supplying crude oil for which payment channels are not available.

26 Other financial liabilities (Current)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	1,926	1,488
Capital creditors	5,150	3,915
Security deposits	449	433
Unclaimed debenture interest and principal (secured)#	98	59
Advances received from customers (refer note 43)	65,799	47,454
Derivative Liabilities	2,783	2,492
Other liabilities	2,202	12,333
Total	**78,407**	**68,174**

Amount due and outstanding to be credited to Investor Education and Protection Fund as at balance sheet date is ₹ 0.4 million (Previous year ₹ 0.4 million).

27 Other Current liabilities

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	15,408	11,386
Advances received from customers	2,364	23,856
Export Obligation*	219	5
Total	**17,991**	**35,247**

* In respect of unfulfilled export obligation of ₹ 306,813 million (Previous year ₹ 7,677 million).

Notes to Standalone Financial Statements

for the year ended March 31, 2023

28 Provisions (Current)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Compensated absences	642	577
Gratuity (refer note 42)	177	458
Total	**819**	**1,035**

29 Revenue from operations

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from sale of products #		
Sale of manufactured products	1,259,909	1,025,164
Sale of traded goods	115,504	169,965
Other operating revenues *	2,800	1,765
Total	**1,378,213**	**1,196,894**

Comprises of revenue from contracts with customers of ₹ 1,548,911 million (Previous year : ₹ 1,343,338 million) recognised at a point in time and ₹ 173,498 million pertaining to hedging loss (Previous year : ₹ 148,209 million pertaining to hedging loss) related to sales which are recycled from the cash flow hedge reserve when the underlying sales contract is executed and concluded.

* Includes duty drawback income of ₹ 683 million (Previous year ₹ 852 million) and export obligation fulfilment income of ₹ 528 million (Previous year ₹ 34 million).

Disaggregated revenue information

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

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Export sales	509,531	416,764
Domestic Oil marketing companies	531,660	329,752
Retail outlets	421,301	511,692
Others	86,419	85,130
Total revenue from contracts with customers	**1,548,911**	**1,343,338**

(₹ in million)

Contract balances	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Trade receivables *	52,238	50,866	19,679
Contract liabilities	185,228	186,852	187,456

* Trade receivables are non-interest bearing and are generally on terms of 0 to 45 days. As on March 31, 2023, ₹ 34 million (Previous year ₹ 23 million) has been recognised towards provision for expected credit losses on trade receivables.

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

Contract liabilities include long-term/short-term advances received to deliver petroleum products.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue recognised out of contract liabilities outstanding at the beginning of the year	68,449	1,09,503

Changes in contract liabilities are mainly due to revenue being recognised against the same, receipt of new advances and foreign exchange fluctuations.

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

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue as per contracted price	1,555,397	1,349,058
Adjustments		
Discount and incentives	(6,486)	(5,720)
Revenue from contract with customers	1,548,911	1,343,338

Performance obligation

The performance obligation is satisfied upon delivery of the goods and services made as per the terms agreed with customers and payment is generally due within 0 to 45 days from delivery except in case of adjustment against export advances. Pricing of sales made under these export advances is based on market index at the time of supply. Hence it reflects fair value.

30 Other income

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income		
- Bank deposits (carried at amortised cost)	1,017	828
- Other financial assets (carried at amortised cost)	493	166
- Interest on income tax refund	358	505
	1,868	**1,499**
Other gains (net)		
- Net gain on derivative instruments- carried at FVTPL	3,227	575
- Net gain on investments carried at FVTPL	524	26
Trade payable written back	115	-
Other non-operating income	1,768	1,034
Total	**7,502**	**3,134**

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

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening inventories:		
- Finished goods	29,585	19,052
- Work-in-progress	41,274	20,423
- Stock-in-trade	185	-
(A)	**71,044**	**39,475**

Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
Closing inventories:			
- Finished goods		27,961	29,585
- Work-in-progress		24,012	41,274
- Stock-in-trade		-	185
	(B)	**51,973**	**71,044**
Net decrease/(increase) in inventories	**Total ((A)-(B))**	**19,071**	**(31,569)**

32 Employee benefits expense*

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	7,266	6,729
Contribution to provident and other funds (refer note 42)	613	475
Staff welfare expenses	439	403
Total	**8,318**	**7,607**

* net of ₹ 756 million (Previous year ₹ 421 million) petrochemical project related expense capitalised (refer note 6).

* net of ₹ 471 million (Previous year : Nil) capitalised during turnaround (refer note 6).

33 Finance costs*

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest (at amortised cost)		
a) On debentures	2,245	2,241
b) On term loans	4,176	5,122
c) On lease liabilities (refer note 38)	2,343	3,279
d) On others	7,270	3,780
Exchange differences on foreign currency borrowings	711	58
Other finance charges	4,874	3,352
Total	**21,619**	**17,832**

* Net of ₹ 1,184 million (Previous year ₹ 50 million) petrochemical project related expense capitalised (refer note 6).

34 Other expenses*

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumption of chemical, catalyst, stores and spare parts	4,215	2,718
Product handling charges	1,269	1,094
Consumption of power, fuel and electricity [excludes fuel consumed out of own production ₹ 23,707 million (Previous year ₹ 26,951 million)]	17,736	14,966
Freight and Forwarding Charges	11,260	11,751
Rent, rates and taxes	4,794	3,096
Insurance	1,404	1,496
Legal and professional fees {refer note (a) below}	1,792	3,138

Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Repairs and maintenance	2,472	1,981
Debit balance/doubtful debts written off (net of provision)	1,429	129
Director's Remuneration	187	42
Loss on disposal/discard of property, plant and equipment (net)	187	53
Exchange differences (net)	3,348	2,546
Expected credit loss [refer note 41(B)(v)]	1,281	633
Sundry expenses {refer note (b) below}	2,761	2,152
Total	**54,135**	**45,795**

Notes:

* Net of ₹ 144 million (Previous year ₹ 242 million) petrochemical project related expense capitalised (refer note 6).

* Net of ₹ 11,835 million (Previous year : Nil) capitalised during refinery turnaround (refer note 6).

Notes:

(a) Details of payments to Auditors included in Legal and professional fees

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Statutory audit fee	25	23
Fee for review of interim financial information	16	14
Fee for tax audit and transfer pricing and other certifications	2	2
Fee for the audit of special purpose financial statements	-	5
Fee for other services	2	1
Out of pocket expenses	3	1
Total	**48**	**46**

(b) Details of expenditure on Corporate Social Responsibility included in Sundry expenses & Other current assets

i) The Company has incurred an amount of ₹ 178 million (Previous year ₹ 125 million) towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013, as approved by Board of Directors.

(₹ in million)

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	In - cash	Yet to be paid in - cash (including provision)	In - cash	Yet to be paid in - cash (including provision)
(A) Gross amount required to be spent by the Company during the year	Nil	-	Nil	-
(B) Amount spent on:				
(i) Construction/acquisition of assets	-	-	-	-
(ii) On purposes other than (i) above (for CSR projects)	107	71	103	22
Total	**107**	**71**	**103**	**22**

The provision of section 135(5) of the Companies Act, 2013 are not applicable to the Company.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

ii) Movement in CSR provision

(₹ in million)

Particulars	Financial Year	Opening provision	Invoice booked during the year	New Provision (net) made	Closing provision
Movement in provision (with respect to a liability incurred by entering into a contractual obligation)	FY 2022-23	13	13	70	70
	FY 2021-22	34	34	13	13

iii) Excess/(Short) CSR spent amount during the year

(₹ in million)

Particulars	Financial Year	Excess/(Short) spent opening balance	Amount required to be spent during the year	Amount spent during the year	Excess/(Short) spent closing balance
Excess/(Short) CSR spent amount on	FY 2022-23				
(i) Construction/acquisition of assets		-	-	-	-
(ii) On purposes other than (i) above (for CSR projects)		327	-	178	505
Excess/(Short) CSR spent amount on	FY 2021-22				
(i) Construction/acquisition of assets		-	-	-	-
(ii) On purposes other than (i) above (for CSR projects)		192	-	125	317
(iii) On purposes other than (i) above (expenditure out of unspent amount of the previous year)		-	-	10	10

35 Earnings per share

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

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to ordinary equity share holders for basic and diluted earnings (₹ in million)	(A)	95,916	10,299
Weighted average number of ordinary shares for basic and diluted EPS	(B)	1,490,561,155	1,490,561,155
Nominal value of ordinary shares (₹)		10/-	10/-
Basic and Diluted earnings per share (₹)	**(A/B)**	**64.35**	**6.91**

36 Contingent liabilities

(₹ in million)

	Particulars	As at March 31, 2023	As at March 31, 2022
(A)	**Claims against the Company not acknowledged as debts**		
(i)	Claims filed by creditors of an erstwhile subsidiary (Essar Oil & Gas Exploration & Production Limited). The Company reserves its right to claim the entire amount back from the said entity.	547	472
(ii)	Other claims against the Company	2,470	2,671
(B)	**Other money for which the company is contingently liable**		
(i)	In respect of income tax demands on various issues	733	950
(ii)	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 from Oil Marketing Companies of ₹ 43,410 million (as at March 31, 2022 ₹ 40,731 million)}	56,948	53,499

Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

	Particulars	As at March 31, 2023	As at March 31, 2022
(iii)	Other demands of Sales tax /VAT	891	846
(iv)	In respect of custom duty/excise duty/service tax mainly relating to classification of products sold, allowability of cenvat credit	12,472	8,533
(v)	The Reserve Bank of India (RBI) levied a penalty on the Company for delay in the allotment of equity against advances for Global Depositary Shares (GDS). The Company contested the penalty and appealed to the RBI Governor which was rejected. The Company has challenged the same before the Bombay High Court through a writ petition. In the meanwhile, the Enforcement Directorate initiated and closed an investigation in the matter and the order is awaited. The management is of the opinion that it should get relief and at most be liable for a sum of ₹ 49 million only (Previous year ₹49 million) for which necessary provision has been made in these financial statements.	2,412	2,412

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.

37 Capital and other commitments

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Capital commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	15,697	29,189
(B) Other commitments		

The Company has an obligation arising out of the regulatory guidelines to operate retail fuel outlets in India to setup retail fuel outlets in remote service areas. The extent of the remote service areas is directly related to the outlets the Company has in the network. Out of the total obligation of retail outlets to be setup as on March 31, 2023, 6 retail outlets remain to be setup by the Company as at reporting date in a phased manner as per the commissioning schedule. The Management is in discussion with the Ministry of Petroleum & Natural Gas is in progress on the Company's plan for fulfilling the obligation and seeking support in terms of time period of implementation and supply security of products in the remote service areas. In line with directions of the Ministry of Petroleum & Natural Gas, the Company has issued Bank Guarantee amounting to ₹ 1,590 million (₹ 4,380 million as on March 31, 2022) as on the reporting date. The Company assesses its obligation to setup retail fuel outlets in remote service areas on an annual basis.

38 Leases

Company as a lessee

The Company has lease contracts for various items of land, plant & machinery, building, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between 5 and 10 years, leases of land generally have lease terms between 20 and 30 years, while building and vehicles generally have lease terms between 3 and 20 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios and some lease contracts include extension, termination options and variable lease payments.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the details of right-of-use assets, lease liabilities and amounts recognised in the statement of profit and loss.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Particulars	As at March 31, 2023			
	Right of use assets	Lease liabilities	Charged to Profit & loss Account	Impact on statement of Cash flows
Long Term Leases				
As at April 01,2022	33,649	45,297	-	-
Additions	1,599	1,599	-	-
Deletion/discarded/Retirement	(42)	(72)	(30)	-
Remeasurement on account of change in term of agreement #	(6,760)	(6,760)	-	-
Depreciation and impairment expense #	(16,603)	-	16,603	-
Interest accruals		2,343	2,343	-
Unrealised/realised foreign exchange loss	-	2,199	-	-
Payments	-	(30,374)	-	-
As at March 31, 2023	**11,843**	**14,232**	**18,916**	**-**
Current lease liabilities	-	1,191	-	-
Non-current lease liabilities	-	13,041	-	-
Cash flow - Lease payments				
- Towards Principal	-	-	-	(28,033)
- Towards Interest	-	-	-	(2,341)
Total	**-**	**-**	**-**	**(30,374)**
Other Leases (included in other expenses)				
Short term leases	-	-	5,949	-
Low value leases	-	-	191	-
Variable leases	-	-	851	-
Total	-	-	6,991	-
As at March 31, 2023	**11,843**	**14,232**	**25,907**	**(30,374)**

During the year ended March 31, 2023, due to change in the payment terms of trademark fees, the lease liability and corresponding ROU assets were reduced by ₹ 6,760 million. Simultaneously, the Company has reassessed its retail marketing strategy whereby the useful life of ROU asset of the trademark license has been revised to two to four years leading to an additional amortisation expense of ₹ 9,168 million for the financial year ended March 31, 2023. Further, the management has tested the ROU asset of the trademark license for impairment and an impairment charge of ₹ 4,542 million has been recorded in the financial year ended March 31, 2023. The management engaged third party experts to determine the recoverable value of the trademark asset. As per the report obtained from the expert, the recoverable value of ₹ 430 million has been determined under the fair value less cost of disposal method using a discounted value of royalty (a level 3 valuation technique). Since the recoverable value is not material to the financial statements any reasonable change will not result in any material impact on the financial statements.

(₹ in million)

Particulars	As at March 31, 2022			
	Right of use assets	Lease liabilities	Charged to Profit & loss Account	Impact on statement of Cash flows
Long Term Leases				
As at April 01,2021	35,251	44,800	-	-
Additions	1,754	1,754	-	-
Deletion/discarded/Retirement	(153)	(153)	-	-
Remeasurement on account of change in term of agreement	(4)	(4)	-	-
Depreciation expense	(3,199)	-	3,199	-
Interest accruals	-	3,279	3,279	-
Unrealised foreign exchange loss	-	915	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Particulars	As at March 31, 2022			
	Right of use assets	Lease liabilities	Charged to Profit & loss Account	Impact on statement of Cash flows
Payments	-	(5,294)	-	-
As at March 31, 2022	**33,649**	**45,297**	**6,478**	**-**
Current lease liabilities	-	1,912	-	-
Non-current lease liabilities	-	43,385	-	-
Cash flow - Lease payments				
- Towards Principal	-	-	-	(2,274)
- Towards Interest	-	-	-	(3,020)
Total	**-**	**-**	**-**	**(5,294)**
Other Leases (included in other expenses)				
Short term leases	-	-	5,820	-
Low value leases	-	-	207	-
Variable leases	-	-	586	-
Total	**-**	**-**	**6,613**	**-**
As at March 31, 2022	**33,649**	**45,297**	**13,091**	**(5,294)**

39 Details of dues to micro and small enterprises

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

(₹ in million)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	434	233
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	1	0
3	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	0
4	Payments made beyond the appointed day during the year	151	102
5	Interest due and payable for the period of delay	1	0
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	1	0
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	1	0
8	Principal amount remaining unpaid to any supplier as at the end of the accounting year included in capital creditors	92	111

40 Capital Management

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

For the purpose of the Company's capital management, capital includes issued capital, securities premium and all other equity reserves attributable to the equity holders. The Net debt comprises all long term and short term borrowings less cash and bank balances. Bank loans availed by the Company are subject to certain financial covenants and the Company is compliant with these financial covenants on the reporting date as per the terms of the loan agreements. There is no outstanding default on the repayment of loans (including interest thereon) as at March 31, 2023.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

The Company monitors its capital using gearing ratio, which is net debt divided to equity and underlying net debt.

The amounts managed as capital by the Company for the reporting periods under review and gearing ratio are summarized as follows:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Long term borrowings (refer note 21)	66,710	75,072
Short term borrowings (refer note 24)	13,429	24,756
Upfront fees	572	474
Total debt	**80,711**	**100,302**
Less : Cash and cash equivalents (refer note 14)	(64,037)	(11,640)
Less : Bank balances (refer note 15)	(5,122)	(11,646)
Total cash and bank balances	**(69,159)**	**(23,286)**
Net debt (a)	**11,552**	**77,016**
Equity share capital (refer note 19)	15,072	15,072
Other equity (refer note 20)	291,263	202,410
Total equity	306,335	217,482
Equity and underlying net debt (b)	317,887	294,498
Gearing ratio (a/b)	**3.63%**	**26.15%**

41 Financial Instruments

(A) Categories of financial instruments and level-wise disclosure of fair value for financial instruments requiring fair value measurement

Given below is the category wise carrying amount of Company's financial instruments (except for investments in subsidiaries which is carried at historical cost):

As at March 31, 2023 :

(₹ in million)

Particulars	Note	Fair value measurement Hierarchy level	Fair value through profit or loss	Fair value through OCI - designated as cash flow hedge	Amortised Cost	Total Carrying value	Total fair value
Financial Assets							
Current investment	1	Level II	17,801	-	-	17,801	17,801
Loan*			-	-	1,461	1,461	1,461
Trade receivables*			-	-	52,238	52,238	52,238
Cash and cash equivalent*			-	-	64,037	64,037	64,037
Bank balances other than cash and cash equivalent*			-	-	5,122	5,122	5,122
Derivatives contracts - assets		Level II					
-Foreign currency forward exchange	2		67	-	-	67	67
-Commodity derivative	2		354	12	-	366	366
-Currency swap	2		-	49	-	49	49
-Interest rate swap	2		-	37	-	37	37
Other financial assets*	3		-	-	2,172	2,172	2,172
Total			**18,222**	**98**	**125,030**	**143,350**	**143,350**

Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Particulars	Note	Fair value measurement Hierarchy level	Fair value through profit or loss	Fair value through OCI - designated as cash flow hedge	Amortised Cost	Total Carrying value	Total fair value
Financial Liabilities							
Long-term borrowings#	4	Level II	-	5,196	66,544	71,740	70,906
Short-term borrowings*		Level II	-	8,222	177	8,399	8,399
Trade payables*	5	Level II	-	83,989	61,860	145,849	145,849
Derivatives contracts - liabilities		Level II					
-Foreign currency forward exchange	2		12	-		12	12
-Commodity derivative	2		192	2		194	194
-Currency swap	2		-	2,785		2,785	2,785
Other financial liabilities*@	6	Level II	-	182,864	10,247	193,111	193,111
Total			**204**	**283,058**	**138,828**	**422,090**	**421,256**

As at March 31, 2022 :

(₹ in million)

Particulars	Note	Fair value measurement Hierarchy level	Fair value through profit or loss	Fair value through OCI - designated as cash flow hedge	Amortised Cost	Total Carrying value	Total fair value
Financial Assets							
Loan*			-	-	1,216	1,216	1,216
Trade receivables*			-	-	50,866	50,866	50,866
Cash and cash equivalent*			-	-	11,640	11,640	11,640
Bank balances other than cash and cash equivalent*			-	-	11,646	11,646	11,646
Derivatives Contracts - Assets		Level II					
-Foreign currency forward exchange	2		25	-	-	25	25
-Commodity Derivative	2		328	8,761	-	9,089	9,089
-Currency swap	2		-	1,071	-	1,071	1,071
Other financial assets*	3		-	-	5,373	5,373	5,373
Total			**353**	**9,832**	**80,741**	**90,926**	**90,926**
Financial Liabilities							
Long-term borrowings#	4	Level II	-	5,125	77,320	82,445	81,116
Short-term borrowings*		Level II	-	7,247	10,136	17,383	17,383
Trade payables*	5	Level II	-	122,750	47,335	170,085	170,085
Derivatives Contracts - Liabilities		Level II					
-Foreign currency forward exchange	2		227	-	-	227	227
-Commodity Derivative	2		137	1,682	-	1,819	1,819
-Currency swap	2		-	2,620	-	2,620	2,620
Other financial liabilities*@	6	Level II	-	162,996	18,437	181,433	181,433
Total			**364**	**302,420**	**153,228**	**456,012**	**454,683**

including current maturities of long-term borrowings

* For assets and liabilities valued at amortised cost, the management has assessed that the fair value of these financial assets and liabilities approximate their carrying amounts determined as per amortised cost due to the short term maturities of these instruments.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

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

Notes:

1. Net asset value declared by mutual fund.
2. 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.
3. Other financial assets include net receivables from raw material suppliers after provisional payments are made by the Company on account of provisionally priced invoices. The related cost is initially based on forward market prices for the quotation periods stipulated in the contracts with changes between the provisional price and the final price recorded thereafter.
4. 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.
5. Trade payables include provisionally priced invoices. The related cost is initially based on forward market prices for the quotation periods stipulated in the contracts with changes between the provisional price and the final price recorded thereafter. The purchase price can be measured reliably for the Company's raw materials, as it operates in active and freely traded commodity markets.
6. Other financial liabilities include advance received from export customers. These Long-term advances are evaluated based on parameters such as interest rates, specific country risk factors, credit risk and other relevant risk characteristics of the advance. The fair value is determined using the discounted cash flow method. The future cash flows are based on terms of the advance. These cash flows are discounted at a rate that reflects current market rate and the current market risk. Also, being foreign currency, amounts are restated at the closing rate.

(B) Financial risk management objectives

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

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2023

i) Commodity price risk

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

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

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 liabilities (₹ in million)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Designated as cash flow hedges				
Crude oil				
Buy Positions				
Less than 1 year	600	5,912	10	(637)
Sell Positions				
Less than 1 year	-	(38)	-	(97)
Petroleum products				
Buy Positions				
Less than 1 year	-	61,115	-	7,695
Sell Positions				
Less than 1 year	-	(1,741)	-	117
Total (A)	**600**	**65,248**	**10**	**7,078**
Not designated as cash flow hedges				
Petroleum products				
Buy Positions				
Less than 1 year	1,729	(409)	(9)	252
Sell Positions				
Less than 1 year	(729)	389	170	(60)
Total (B)	**1,000**	**(20)**	**161**	**192**
Total (A + B)	**1,600**	**65,228**	**171**	**7,270**

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 ₹ 10 million as at March 31, 2023 (credit balance of ₹ 7,078 million as at March 31, 2022) on commodity derivative (gross of tax) contracts have been recognised in other comprehensive income.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

During the reporting period, ₹ 113 million has been classified to other income due to hedge ineffectiveness on commodity derivative contracts.

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

(₹ in million)

Particulars	Impact on Equity (net of taxes)		Impact on Profit (net of taxes)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Crude oil				
Buy Positions				
Less than 1 year	1	25	-	-
Sell Positions				
Less than 1 year	-	(11)	-	-
Petroleum products				
Buy Positions				
Less than 1 year	-	339	297	(109)
Sell Positions				
Less than 1 year	-	(65)	(177)	73
Total	**1**	**288**	**120**	**(36)**

ii) Foreign currency risk management:

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

a) Given below are the details of the carrying amounts of the Company's monetary assets/liabilities denominated in different foreign currencies (FC), details of hedge, unhedged currency risk position and sensitivity to a 5% increase in foreign currency rates.

As at March 31, 2023

Currency	Gross exposure	Forward contracts @	Cash flow hedge #	Unhedged exposure	Unhedged exposure	Sensitivity to 5% change **	
						Impact on Profit (net of taxes)	Impact on Equity (net of taxes)
	FC in million	FC in million	FC in million	FC in million	₹ in million	₹ in million	₹ in million
Assets							
USD	785	(311)	-	474	38,945	1,457	-
EURO	0	-	-	0	26	1	-
Other Currencies	0	-	-	0	2	0	-
Total					**38,973**	**1,458**	**-**
Liabilities*							
USD	4,011	(174)	(3,410)	427	35,080	(1,313)	(10,489)
EURO	59	-	-	59	5,275	(197)	-
Other Currencies	0	-	-	0	11	(0)	-
Total					**40,366**	**(1,510)**	**(10,489)**

Notes to Standalone Financial Statements

for the year ended March 31, 2023

As at March 31, 2022

Currency	Gross exposure	Forward contracts @	Cash flow hedge #	Unhedged exposure	Unhedged exposure	Sensitivity to 5% change **	
						Impact on Profit (net of taxes)	Impact on Equity (net of taxes)
	FC in million	FC in million	FC in million	FC in million	₹ in million	₹ in million	₹ in million
Assets							
USD	648	-	-	648	49,140	1,839	-
EURO	0	-	-	0	26	1	-
Other Currencies	0	-	-	0	2	0	-
Total					**49,168**	**1,840**	**-**
Liabilities*							
USD	5,235	-	(4,348)	887	67,260	(2,517)	(12,332)
EURO	58	-	-	58	4,911	(184)	-
Other Currencies	1	-	-	1	3	(0)	-
Total					**72,174**	**(2,700)**	**(12,332)**

Notes:

* includes borrowings in foreign currency USD 234 million (₹ 19,279 million) {(Previous year USD 201 million (₹ 15,234 million)}.

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

The management has designated certain financial liabilities in foreign currency as cash flow hedges against highly probable future forecast sales. Such designation help the Company to reduce/ mitigate foreign exchange risk of related liabilities and highly probable sales as gain/ loss on restatement of liabilities is recognised in other comprehensive income. There are no significant hedge ineffectiveness on the these designated liabilities during the reporting periods.

** A positive number above indicates an increase in profit or equity and negative number would be an inverse impact on profit or equity.

b) Outstanding foreign currency forward exchange and option contracts

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

Not designated in hedging relationship

Particulars	Notional amounts (in Foreign Currency million)		Fair value of assets/(liabilities) (₹ in million)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Forward Contracts:				
Buy US$				
Less than 3 months	174	597	(12)	(219)
Sell US$				
Less than 3 months	311	-	61	-
Buy US$ Sell EUR				
Less than 3 months	26	-	6	-
Buy EUR Sell US$				
Less than 3 months	-	39	-	17

Notes to Standalone Financial Statements

for the year ended March 31, 2023

c) Currency swap contracts

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

Designated as cash flow hedges

Sell US$	Notional amounts (in USD million)		Fair value of assets/(liabilities) (net) (₹ in million)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Less than 1 year	215	216	(2,529)	600
1 year to 2 years	16	215	(207)	(1,393)
2 years to 5 years	-	141	-	(756)
Total	**231**	**572**	**(2,736)**	**(1,549)**

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 ₹ 2,848 million as at March 31, 2023 (debit balance of ₹ 2,564 million as at March 31, 2022) (Gross of tax) on currency swap contracts have been recognised in other comprehensive income.

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

Sensitivity to a 5% increase in foreign currency rate is ₹ 709 million (Previous year ₹ 1,621 million) (net of tax). A positive number indicates a decrease in equity and negative number would be an inverse impact on equity.

iii) Interest rate risk

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

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

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

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed rate borrowings *	27,538	31,628
Floating rate borrowings	53,173	68,674
Lease liabilities (refer note 38)	14,232	45,297
Export advances having original maturities for more than 1 year (current and non-current portion) (refer note 22 and 26)	182,864	177,485
Total	**277,807**	**323,084**
Less: Upfront fee	(572)	(474)
Total	**277,235**	**322,610**

* Includes borrowings of ₹ 23,370 million raised for Petrochemical project, for which floating rate shall apply after commercial date of operation i.e. August 01, 2023.

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, 2023 would decrease/increase by ₹ 883 million (Previous year ₹ 921 million) (net of tax). This is mainly attributable to the Company's exposure to interest rates on its variable rate liabilities.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

Interest rate swap contracts

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

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

Designated as cash flow hedges

Outstanding Contracts (Floating to Fixed)

Particulars	Notional amounts (in USD million)		Fair value of liabilities (₹ in million)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Less than 1 year	111	-	37	-
Total	**111**	-	**37**	-

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

Balance in cash flow hedge reserve of ₹ 37 million as at March 31, 2023 (Nil as at March 31, 2022) on interest rate swap derivative contracts (gross of tax) has been recognised in other comprehensive income.

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

A 50 basis points increase (decrease) in interest rate and all other variables held constant would result in ₹ 6 million (Previous year : Nil) (net of tax) increase (decrease) in equity.

iv) Liquidity Risk

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

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments.

(₹ in million)

As at March 31, 2023 :	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings #	11,440	45,480	58,271	115,191
Short term Borrowings #	8,422	-	-	8,422
Trade payables	145,849	-	-	145,849
Lease liabilities #	2,430	7,287	19,439	29,156
Other financial liabilities including export advance #	84,176	123,350	-	207,526
Derivatives	2,783	208	-	2,991
Total	**255,100**	**176,325**	**77,710**	**509,135**

Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

As at March 31, 2022 :	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings #	13,950	61,811	41,374	117,135
Short term Borrowings #	17,405	-	-	17,405
Trade payables	170,085	-	-	170,085
Lease liabilities #	5,126	19,737	53,955	78,818
Other financial liabilities including export advance #	68,635	120,260	-	188,895
Derivatives	2,492	2,174	-	4,666
Total	**277,693**	**203,982**	**95,329**	**577,004**

including future interest

The Company has undrawn committed facilities as at March 31, 2023 of ₹ 103,790 million (₹ 62,551 million as at March 31, 2022) with maturities ranging from one to two years.

v) Credit risk

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

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

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 45 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. Refer note 13A for ageing of trade receivable.

Trade receivables have been given as collateral towards borrowings (refer note 21 and 24). Expected credit losses are provided based on the credit risk of the counterparties (refer note 13).

Investments, cash and bank balances and derivatives

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2023

Movement in the expected credit loss allowance

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	1,716	1,083
Expected credit loss recognised (net)	1,281	633
Balance at the end of the year	2,997	1,716

The Company's maximum exposure to the credit risk for the components of the balance sheet as at March 31, 2023 and March 31, 2022 is the carrying amounts mentioned in note 9, note 13, and note 17.

42 Defined benefit plans

1 Defined benefit plans :

(i) Gratuity Plan

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

(₹ in million)

Sr. No.	Particulars	Gratuity (Funded)	
		As at March 31, 2023	As at March 31, 2022
A	**Net assets/liability recognised in the balance sheet**		
i	Present value of defined benefit obligation	1,109	1,033
ii	Fair value of plan assets	932	575
iii	Funded status - deficit (iii = ii-i)	(177)	(458)
iv	Net assets/(liability) recognised in the balance sheet	(177)	(458)
B	**Expenses recognised in profit and loss for the year**		
i	Service Cost	85	85
ii	Net Interest cost	18	26
	Components of defined benefit costs recognised in Profit and loss	103	111
i	Actuarial losses - experience	46	23
ii	Actuarial losses/(gains) - assumptions	(37)	(24)
iii	Return on plan assets greater than discount rate	13	2
	Components of defined benefit costs recognised in Other Comprehensive Income	21	1
	Total expenses	**124**	**112**
C	**Change in obligation and assets**		
i	**Change in defined benefit obligation**		
a	Defined benefit obligation at beginning of the year	1,033	926
b	Current Service cost	85	85
c	Interest cost	68	59
d	Past service cost - plan amendments	(25)	-
e	Actuarial losses - experience	46	23
f	Actuarial losses/(gains) - financial assumptions	(37)	(24)
g	Benefit payments	(61)	(36)

Notes to Standalone Financial Statements

for the year ended March 31, 2023

(₹ in million)

Sr. No.	Particulars	Gratuity (Funded) As at March 31, 2023	Gratuity (Funded) As at March 31, 2022
h	Defined Benefit obligation at the end of the year	1,109	1,033
ii	**Change in fair value of assets**		
a	Fair value of plan assets at the beginning of the year	575	477
b	Interest income on plan assets	50	33
c	Contributions made	381	103
d	Return on plan assets lesser than discount rate	(13)	(2)
e	Benefits payments	(61)	(36)
f	Fair value of plan assets at the end of the year	932	575
D	**Actuarial assumptions**		
1	Discount rate (per annum)	7.20%	6.80%
2	Rate of salary increase	9.00%	9.00%
3	Rate of Withdrawal Rate	6.00%	6.00%
4	Mortality	Indian Assured Lives Mortality (2006-08)	
E	**Percentage of each category of plan assets to total fair value of plan assets**		
	Administered by Life Insurance Corporation of India/State Bank 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**	91	93

- Figures in bracket indicates negative value.

Notes:

Weighted average duration of the defined benefit obligation is 8 years as at March 31, 2023 (8 years as at March 31, 2022).

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, 2023 as follows:

(₹ in million)

Particulars	March 31, 2023
As at March 31	
2024	91
2025	93
2026	111
2027	137
2028	120
March 31, 2029 to March 31, 2033	741

Notes to Standalone Financial Statements
for the year ended March 31, 2023

(₹ in million)

Particulars	March 31, 2022
As at March 31	
2023	93
2024	106
2025	112
2026	107
2027	125
March 31, 2028 to March 31, 2032	660

Sensitivity Analysis:

Method used for sensitivity analysis:

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

Sr. No.	Particulars	Gratuity	
		As at March 31, 2023	As at March 31, 2022
		Increase/(decrease) in DBO	
A)	**Discount Rate**		
	Defined benefit obligation	1,109	1,033
	Discount rate	7.20%	6.80%
	1. Effect on DBO due to 0.5% increase in Discount Rate	(43)	(38)
	2. Effect on DBO due to 0.5% decrease in Discount Rate	46	41
B)	**Salary Escalation Rate :**		
	Salary Escalation rate	9.00%	9.00%
	1. Effect on DBO due to 0.5% increase in Salary Escalation Rate	26	26
	2. Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(26)	(26)
C)	**Withdrawal Rate :**		
	Attrition rate	6.00%	6.00%
	1. Effect on DBO due to 5.00% increase in Withdrawal Rate	6	(18)
	2. Effect on DBO due to 5.00% decrease in Withdrawal Rate	(19)	27

(ii) Provident Fund :

Based on actuarial valuation in accordance with Ind AS 19 for interest rate guarantee of exempted provident fund liability of employees, there is no material shortfall in the funds managed by the trust and hence there is no further liability accrued as at March 31, 2023 and March 31, 2022.

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

The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has provided a valuation for provident fund liabilities using the deterministic approach guidance issued by Actuarial Society of India. The present value of benefit obligation as at March 31, 2023 is

Notes to Standalone Financial Statements

for the year ended March 31, 2023

₹ 6,002 million (as at March 31, 2022: ₹ 5,205 million) and the fair value of plan assets is ₹ 5,924 million (as at March 31, 2022: ₹ 5,219 million) as per the actuarial report.

Key assumptions used in determining the present value obligation of the interest rate guarantee are the Government of India (GOI) bond yield 7.20% (March 31, 2022 6.80%) and Expected guaranteed interest rate 8.15% (March 31, 2022 8.10%) . The Company contributed ₹ 311 million and ₹ 238 million during the years ended March 31, 2023 and March 31, 2022, respectively. The same has been recognized in the Standalone Statement of Profit and Loss under the head employee benefit expense and capital work in progress.

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

2 Defined Contribution plans :

Company's contribution to superannuation fund and pension fund aggregating to ₹ 56 million and ₹ 134 million (Previous year ₹ 40 million and ₹ 117 million) respectively are recognised in the statement of profit and loss as and when the contributions are due. There is no obligation other than the contribution payable to the respective trusts.

43 Related party disclosures

I. Names of related parties and description of relationship:

Enterprises having significant influence

Rosneft Group comprises Rosneft Oil Company and its controlled entities

Trafigura Group comprises Trafigura Group Pte. Limited and its controlled entities (till January 09, 2023)

UCP Group comprises UCP PE Investments Limited and entities under common control

Mareterra Group comprises Mareterra Group Holding S.A.R.L. and its controlled entities (from January 10, 2023)

Subsidiaries

Coviva Energy Terminals Limited (CETL)

Nayara Energy Global Limited (Liquidated on August 24, 2021)

Nayara Energy Singapore Pte Limited

Other related party

Nayara Energy Limited Employees Provident Fund

Notes to Standalone Financial Statements

for the year ended March 31, 2023

A. Transaction with related parties

(₹ in million)

Nature of transactions	Enterprises having significant influence		Subsidiaries		Total	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Advance received from customers						
Trafigura Group	-	-	-	-	-	-
Nayara Energy Singapore Pte Limited	-	-	-	27,595	-	27,595
Total	**-**	**-**	**-**	**27,595**	**-**	**27,595**
Sale of products (refer note (i) below)						
Trafigura Group #	73,644	58,396	-	-	73,644	58,396
Rosneft Group	-	9,482	-	-	-	9,482
Nayara Energy Singapore Pte Limited	-	-	1,13,711	8,750	1,13,711	8,750
Total	**73,644**	**67,878**	**1,13,711**	**8,750**	**1,87,355**	**76,628**
Purchase of capital items						
Rosneft Group	805	-	-	-	805	-
Purchase of raw material (refer note (i) below)/Other consumable						
Trafigura Group	6,586	52,085	-	-	6,586	52,085
Rosneft Group	588	12,842	-	-	588	12,842
Nayara Energy Singapore Pte Limited	-	-	7,603	7,125	7,603	7,125
Total	**7,174**	**64,927**	**7,603**	**7,125**	**14,777**	**72,052**
Other consultancy services						
Trafigura Group	183	228	-	-	183	228
UCP Group**	78	97	-	-	78	97
Total	**261**	**325**	**-**	**-**	**261**	**325**
Product and raw material consultancy service (refer note (ii) below)						
Trafigura Group	563	793	-	-	563	793
Rosneft Group	-	791	-	-	-	791
Total	**563**	**1,584**	**-**	**-**	**563**	**1,584**
Interest income						
Nayara Energy Singapore Pte Limited	-	-	1	-	1	-
Interest expenses						
Trafigura Group	731	623	-	-	731	623
Nayara Energy Singapore Pte Limited	-	-	827	134	827	134
Total	**731**	**623**	**827**	**134**	**1,558**	**757**
Reimbursement of expenses						
Trafigura Group	-	2	-	-	-	2
Inter corporate deposits given @						
Coviva Energy Terminals Limited	-	-	139	146	139	146
Inter corporate deposits refund received						
Coviva Energy Terminals Limited	-	-	-	11	-	11

Including taxes wherever applicable

** Including Nil capitalised during year ended March 31, 2023 (for the year ended March 31, 2022 : ₹ 91 million).

Includes sales of finished goods of ₹ 29,808 million (Previous year ₹ 25,642 million) pursuant to long term arrangements entered between the Company and a third party and the said third party and Trafigura Pte. Ltd.

@ The Company has given inter-corporate deposits to its subsidiary as interest free and repayable on demand.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

B. Transactions with other classes of related parties

(₹ in million)

Nature of transactions	FY 2022-23	FY 2021-22
i) Key management personnel (Short term employee benefits)@	514	282
@including employer contribution to provident fund and exclusive of provisions for liability in respect of leave earned and gratuity, since this is based on actuarial valuation done on an overall basis for all employees.		
ii) Key management personnel (Director Sitting Fees)	13	13
iii) Key management personnel (Commission and Remuneration to Directors)	187	42
iv) Contribution during the period (includes Employees' share and contribution) to the controlled trust	715	575

C. Balances with related parties

(₹ in million)

Nature of balances	Enterprises having significant influence		Subsidiaries		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Assets						
Financial assets						
Trade receivables (refer note (iii) A below)						
Trafigura Group # #	-	8,923	-	-	-	8,923
Nayara Energy Singapore Pte Limited	-	-	8,087	-	8,087	-
Rosneft Group	-	2,619	-	-	-	2,619
Total	**-**	**11,542**	**8,087**	**-**	**8,087**	**11,542**
Loans						
Inter corporate deposit						
Coviva Energy Terminals Limited	-	-	762	623	762	623
Other financial assets						
Prepaid expenses (interest and consultancy charges)						
Trafigura Group	-	435	-	-	-	435
Liabilities						
Financial liabilities						
Trade payables (refer note (iii) B below)						
Rosneft Group	802	3,799	-	-	802	3,799
Trafigura Group	-	8,190	-	-	-	8,190
Nayara Energy Singapore Pte Limited	-	-	38	7,174	38	7,174
Total	**802**	**11,989**	**38**	**7,174**	**840**	**19,163**
Other financial liabilities						
Advance received from customers (refer note (iii) C below)						
Trafigura Group	-	21,685	-	-	-	21,685
Nayara Energy Singapore Pte Limited	-	-	30,420	28,049	30,420	28,049
Total	**-**	**21,685**	**30,420**	**28,049**	**30,420**	**49,734**
Interest accrued but not due						
Nayara Energy Singapore Pte Limited	-	-	65	134	65	134

Includes receivable of Nil (as at March 31, 2022: ₹ 5,240 million) for sales of finished goods of pursuant to long term arrangements entered between the Company and a third party and the said third party and Trafigura Group.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

D. Balances with other classes of related parties

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Commission and Remuneration payables to Key management personnel	187	42

Notes:

(i) Rosneft Group and Trafigura Group under their respective contracts with the Company have the right to make the first offer for both sale of raw material and purchase of finished products. Where the transaction with the above parties is executed without calling for comparative quotations, the same are done based on the Company's internal assessment. Where quotations are called for and the Company is able to get a better offer, these two parties reserve the right to match the offer, in which case the Company is obliged to transact with them. For supplies of finished products made against advance payments, premium/discounts to the market price index are pre-negotiated based on similar process. Where the Company participates in the tenders floated by these parties for purchasing raw material, price to be quoted are determined on a case to case basis based on Company's internal assessment and are approved by the management of the Company.

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

(iii) Terms of receivables/payables:

A. Trade receivables are unsecured, non-interest bearing collected within 30 days from the date of sale.

B. Generally, trade payables are non-interest bearing and are settled within 30 days of purchase. In case any credit is offered beyond 30 days, it carries interest as per prevailing market practice as mutually agreed between the parties.

C. Advance from customers also include interest bearing advances, which are settled through supply of goods over a period of 1 to 5 years at pre-determined mechanism of the consideration.

44 Loans and advances in the nature of loan

The Company has given inter corporate deposit to related party on repayable on demand terms

(₹ in million)

Type of borrower	As at March 31, 2023		As at March 31, 2022	
	Amount outstanding	% of Total loan	Amount outstanding	% of Total loan
Related party	762	100%	623	100%

45 Ratios*

Ratios	March 31, 2023	March 31, 2022
a) Current Ratio (number of times)	0.96	0.73
b) Debt Equity Ratio (number of times)	0.24	0.38
c) Debt Service Coverage Ratio (number of times)	3.67	1.98
d) Return On Equity (%)	36.62%	4.85%
e) Inventory turnover (number of days)	32	33
f) Trade Receivable Turnover Ratio (number of days)	14	11
g) Trade Payable Turnover Ratio (number of days)	63	74
h) Net Capital Turnover Ratio (number of times)	NA	NA
i) Net Profit margin (in %)	6.96%	0.86%
j) Return On Capital Employed (%)	43.25%	12.71%
k) Return On Investment (%)	5.69%	4.23%

* Revenue growth along with higher profitability has resulted into improvement in the ratios.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

Formulae for computation of ratios as follows:

a) Current Ratio = Current Assets/Current Liabilities (excluding current maturities of long term borrowing)

b) Debt Equity Ratio = Long term borrowing (including current maturities)/Total Equity

c) Debt Service Coverage Ratio = (Earnings before interest, taxes, depreciation, and amortisation (EBITDA))/(Net finance cost + Net principal repayment of long term borrowing for the year - Interest income)

d) Return On Equity = Net profit after tax/Average Shareholder's Equity

e) Inventory turnover = Cost of Goods Sold (Cost of raw materials consumed + Excise duty + purchase of stock in trade + changes in inventory)/Average of opening and closing inventory (excluding stores and consumables inventory)

f) Trade Receivable Turnover Ratio = Revenue from Operation/Average Trade Receivable

g) Trade Payable Turnover Ratio = Total Purchase/ Average Accounts Payable

h) Net Capital Turnover Ratio = Revenue from Operation/Working capital

i) Net Profit margin = Profit after Tax/Revenue from Operation

j) Return On Capital Employed = (Earnings before interest and taxes(EBIT))/Capital employed (Tangible networth (Shareholder's fund - Other Intangible assets - Intangible assets under development - Goodwill) + Long term borrowing + Deferred tax liability)

k) Return On Investment = (Gain on investment)/(Weighted average cost of investment)

46 The Company's current liabilities as at March 31, 2023, exceed its current assets by ₹ 15,610 million. The management has evaluated its cash flows for the next 24 months for which, the Company has considered the nature of its business, cyclical trends, gross refinery margins, retail margins, etc., ability to refinance its debt and credit lines. The Company is confident that the net cash inflows from operating and financing activities will provide sufficient liquidity to meet its financial obligation as and when they fall for payment in the following twenty-four months. The Company has also analysed the effect of the recent geopolitical developments and allied sanctions environment and, supported by external legal opinions, it believes that the same are unlikely to be extended onto the Company. Further, the current sanctions environment have not resulted in a material impact onto the Company's operations or its ability to raise fresh capital. The Company ensures that it continues to abide by all the laws and regulations on trade compliance and sanctions. Accordingly, the Company continues the preparation and presentation of these financial statements as a going concern.

47 Impairment testing of Goodwill

The Company recognised goodwill of ₹ 108,184 million arising on the merger of Vadinar Power Company Limited (VPCL), Nayara Energy Properties Limited (NEPL), and Vadinar Oil Terminal Limited (VOTL) with the Company. The Company has determined that its entire operations fall into single CGU and single operating segment, viz., refining of crude oil and marketing of petroleum products in domestic and overseas market (refining business). Hence, the entire goodwill is allocable to the refining business CGU, and the carrying value of the CGU as at the balance sheet date is ₹ 538,842 million (excluding ₹ 34,526 million relating to Petrochemical Project) [March 31, 2022: ₹ 534,570 million (excluding ₹ 15,125 million relating to Petrochemical Project)].

The Company performed its annual impairment test for the financial year ended March 31, 2023, as on February 28, 2023.

The recoverable amount of the CGU has been determined at ₹ 962,248 (US$ 11,638) million [March 31, 2022: ₹ 785,077 (US$ 10,400) million] based on the value in use calculation using discounted cash flow model {refer note 4(B)(ii)} based on business assumptions approved by management covering a five-year period and is in line with the business plan presented to the Board. The Company has considered forecast consensus, industry reports, economic indicators, general business conditions etc. when reviewing the indicators of impairment. The Company has performed sensitivity analysis on the assumptions used basis the internal and external information/indicators of future economic conditions. Since the value in use is higher than the carrying amount of the refining business CGU, the Company has not determined the fair value less costs of disposal separately.

Notes to Standalone Financial Statements

for the year ended March 31, 2023

Key assumptions used for value in use calculations:

The calculation of value in use for the unit is most sensitive to the following assumptions:

Gross Refining Margin (GRM)

The GRM projections, which is a difference between total product revenue and total feedstock cost for the year, are broadly in line with the 5-year business plan of the CGU. The GRMs are estimated to be in the range from US$ 8.6 per bbl to US$ 10.1 per bbl during FY 2023-24 to FY 2027-28 and thereafter they increase at a nominal rate of 2% per annum post the 5-year period. A US$ 0.5 per bbl decline in the projected GRM over the forecast period would lead to a decline in the recoverable value by ₹ 47,707 million (US$ 577 million).

Discount rates

Discount rates - Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. Accordingly, the Company has estimated a discount rate of 10.1%. An increase in the discount rate by 50 basis points leads to decline in the recoverable value by ₹ 58,042 million (US$ 702 million).

Considering the above, the management has assessed that any reasonable possible change in assumptions will not trigger recognition of impairment.

48 Segment information

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

As per our report of even date

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

per **Naman Agarwal**
Partner
Membership No. 502405
Mumbai, May 25, 2023

For and on behalf of the Board of Directors of Nayara Energy Limited

Prasad K. Panicker
Chairman & Head of Refinery
DIN : 06476857
Mumbai

Alois Virag
Chief Executive Officer
Mumbai

Rajani Kesari
Chief Financial Officer
Mumbai

Mayank Bhargava
Company Secretary
Mumbai
May 25, 2023

Independent Auditor's Report

To the Members of Nayara Energy Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Nayara Energy 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 2023, the consolidated Statement of Profit and Loss, including the statement of Other Comprehensive Income and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("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, 2023, their consolidated profit including other comprehensive income and their consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position including other comprehensive income, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2021 specified under section 133 of the Act. 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 their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

Independent Auditor's Report (Contd.)

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which has been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Independent Auditor's Report (Contd.)

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of ₹ 49,171 million as at March 31, 2023, and total revenues of ₹ 1,23,674 million and net cash inflows of ₹ 6,072 million for the year ended on that date. These financial statement and other financial information have been audited by other auditor, whose 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 the subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

The above subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) which have been audited by other auditors in accordance International Standards on Auditing (ISAs). The Holding Company's management has converted the financial statements of such subsidiary located outside India from IFRSs to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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 auditor.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit , we give in the "Annexure 1" a statement on the matters specified in paragraphs 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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 auditor;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income and the Consolidated Cash Flow Statement 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 Companies (Accounting Standards) Rules, 2021 specified under section 133 of the Act;

(e) On the basis of the written representations received from the directors of the Holding Company and directors of subsidiary company as on March 31, 2023 and taken on record by the respective Board of Directors of the Holding Company and the subsidiary company, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2023 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 with reference to consolidated financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid/ provided by the Holding Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

Independent Auditor's Report (Contd.)

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated financial statements – Refer Note 36 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 22 and 26 to the consolidated financial statements in respect of such items as it relates to the Group,

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India, during the year ended March 31, 2023.

iv. a) The respective managements of the Holding Company and its subsidiary, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary, to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiary, ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiary, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiary, from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary, shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us , nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. No dividend has been declared or paid during the year by the Holding Company, its subsidiary company, incorporated in India.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiary incorporated in India, hence reporting under this clause is not applicable.

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

per **Naman Agarwal**
Partner
Membership Number: 502405
UDIN: 23502405BGXEDX3262
Place of Signature: Mumbai
Date: May 25, 2023

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 ("the Company")

Qualifications or adverse remarks in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S. No	Name	CIN	Holding company/ subsidiary	Clause number of the CARO report which is qualified or is adverse
1	Coviva Energy Terminals Limited	U74140GJ2015PLC082393	Subsidiary	(ix)(d); (xvii)

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

per **Naman Agarwal**
Partner
Membership Number: 502405
UDIN: 23502405BGXEDX3262
Place of Signature: Mumbai
Date: May 25, 2023

Annexure 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NAYARA ENERGY LIMTED

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 (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") , which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, 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 (ICAI). 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to 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, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. 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 with reference to 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to 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 with reference to 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 With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to 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 Group , has, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,2023, 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 issued by the ICAI.

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

per **Naman Agarwal**
Partner
Membership Number: 502405
UDIN: 23502405BGXEDX3262
Place of Signature: Mumbai
Date: May 25, 2023

Consolidated Balance Sheet

as at March 31, 2023

(₹ in million)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
1) Non-current assets			
(a) Property, plant and equipment	6	424,411	418,562
(b) Capital work-in-progress	6	40,533	22,711
(c) Goodwill	6	108,184	108,184
(d) Other Intangible assets	6	229	238
(e) Intangible assets under development	6	15	18
(f) Right-of-use assets	6	12,997	34,849
(g) Financial assets			
(i) Investments	7	-	-
(ii) Loans	8	372	376
(iii) Other Financial assets	9	765	2,592
(h) Deferred tax assets (net)	23	36	69
(i) Other non-current assets	10	4,960	6,040
(j) Non-current tax assets (net)		2,242	2,513
Total non-current assets		**594,744**	**596,152**
2) Current assets			
(a) Inventories	11	95,952	123,441
(b) Financial assets			
(i) Investments	12	17,801	-
(ii) Trade receivables	13	52,648	50,866
(iii) Cash and cash equivalents	14	72,118	12,126
(iv) Bank balances other than (iii) above	15	7,124	13,162
(v) Loans	16	327	217
(vi) Other financial assets	17	2,179	13,196
(c) Other current assets	18	5,521	4,294
Total current assets		**253,670**	**217,302**
TOTAL ASSETS		**848,414**	**813,454**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	19	15,072	15,072
(b) Other equity	20	290,259	201,345
Total equity		**305,331**	**216,417**
LIABILITIES			
1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	106,996	112,217
(ia) Lease liabilities	38	14,345	44,686
(ii) Other financial liabilities	22	87,275	89,876
(b) Deferred tax liabilities (net)	23	74,631	54,453
Total non-current liabilities		**283,247**	**301,232**
2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	13,429	24,756
(ia) Lease liabilities	38	1,201	1,916
(ii) Trade payables	25	145,873	162,921
(iii) Other financial liabilities	26	79,444	68,851
(b) Other current liabilities	27	17,991	35,247
(c) Provisions	28	819	1,035
(d) Current tax liabilities (net)		1,079	1,079
Total current liabilities		**259,836**	**295,805**
TOTAL EQUITY AND LIABILITIES		**848,414**	**813,454**

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, May 25, 2023

For and on behalf of the Board of Directors of Nayara Energy Limited

Prasad K. Panicker
Chairman & Head of Refinery
DIN : 06476857
Mumbai

Alois Virag
Chief Executive Officer

Mumbai

Rajani Kesari
Chief Financial Officer

Mumbai

Mayank Bhargava
Company Secretary

Mumbai
May 25, 2023

Consolidated Statement of Profit and Loss

For the year ended March 31, 2023

(₹ in million)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	29	1,381,125	1,196,902
Other income	30	7,538	3,146
Total Income		**1,388,663**	**1,200,048**
Expenses			
Cost of raw materials consumed		796,728	704,235
Excise duty		207,257	258,014
Purchases of stock-in-trade		117,146	165,135
Changes in inventory of finished goods, stock-in-trade and work- in-progress	31	19,010	(31,507)
Employee benefits expense	32	8,349	7,610
Finance costs	33	23,767	18,396
Depreciation, amortisation and impairment expense	6	34,012	19,411
Other expenses	34	57,048	46,544
Total expenses		**1,263,317**	**1,187,838**
Profit before tax		**125,346**	**12,210**
Tax expense:	23		
(a) Current tax expenses		9,660	382
(b) Deferred tax expense		21,424	2,618
Total tax expenses		**31,084**	**3,000**
Profit for the year		**94,262**	**9,210**
Other comprehensive income			
Items that will not be reclassified to profit and loss		(16)	(1)
Remeasurement (loss) on defined benefit plans		(21)	(1)
Income tax effect		5	0
		(16)	**(1)**
Items that will be reclassified to profit and loss		(5,332)	631
Effective portion of cash flow hedges (net)		**(7,147)**	**878**
Income tax effect		1,799	(221)
		(5,348)	**657**
Foreign currency monetary item translation difference account		52	69
Income tax effect		(13)	(17)
		39	**52**
Exchange difference arising on translation of foreign operation		(23)	(78)
		(23)	(78)
Other comprehensive (loss)/income for the year, net of tax		**(5,348)**	**630**
Total comprehensive income for the year		**88,914**	**9,840**
(comprising profit for the year and other comprehensive (loss)/income for the year)			
Earnings per share (Face value ₹ 10 per share)	35		
Basic and Diluted (in ₹)		63.24	6.18

See accompanying notes to the consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors of Nayara Energy Limited

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

Prasad K. Panicker
Chairman & Head of Refinery
DIN : 06476857
Mumbai

Alois Virag
Chief Executive Officer
Mumbai

per **Naman Agarwal**
Partner
Membership No. 502405
Mumbai, May 25, 2023

Rajani Kesari
Chief Financial Officer
Mumbai

Mayank Bhargava
Company Secretary
Mumbai
May 25, 2023

Consolidated Statement of Changes in Equity

For the year ended March 31, 2023

a. Equity Share Capital

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance	15,072	15,072
Closing balance	15,072	15,072

b. Other Equity

Statement of Changes in equity for the year April 01, 2021 to March 31, 2022

(₹ in million)

Particulars	Reserves and Surplus				Items of Other Comprehensive Income (OCI)			Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Foreign currency Translation Reserve	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account	
Balance as at April 01, 2021	609	78,014	596	121,990	(1)	(9,579)	(124)	191,505
Profit for the year	-	-	-	9,210	-	-	-	9,210
Other Comprehensive Income for the year	-	-	-	(1)	(78)	657	52	630
Total Comprehensive Income for the year	-	-	-	**9,209**	**(78)**	**657**	**52**	**9,840**
Balance as at March 31, 2022	**609**	**78,014**	**596**	**131,199**	**(79)**	**(8,922)**	**(72)**	**201,345**

Statement of Changes in equity for the year April 01, 2022 to March 31, 2023

(₹ in million)

Particulars	Reserves and Surplus				Items of Other Comprehensive Income (OCI)			Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Foreign currency Translation Reserve	Effective portion of Cash Flow Hedges*	Foreign currency monetary item translation difference account	
Balance as at April 01, 2022	609	78,014	596	131,199	(79)	(8,922)	(72)	201,345
Profit for the year	-	-	-	94,262	-	-	-	94,262
Other Comprehensive (Loss) for the year	-	-	-	(16)	(23)	(5,348)	39	(5,348)
Total Comprehensive Income for the year	-	-	-	94,246	(23)	(5,348)	39	88,914
Balance as at March 31, 2023	**609**	**78,014**	**596**	**225,445**	**(102)**	**(14,270)**	**(33)**	**290,259**

* A net loss for the year of ₹ 10,462 million (net of tax) (Previous year ₹ 27,476 million) is recycled from cash flow hedge reserve to statement of profit and loss account.

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, May 25, 2023

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Mayank Bhargava
Company Secretary

Mumbai
May 25, 2023

Consolidated Statement of Cash Flows

For the year ended March 31, 2023

(₹ in million)

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A	**Cash flow from operating activities**		
	Profit before tax	125,346	12,210
	Adjustments for:		
	Interest income	(1,902)	(1,511)
	Depreciation, amortisation and impairment expense	34,012	19,411
	Loss on disposal/discard of property, plant and equipment (net)	187	53
	Gain on investment/financial assets measured at FVTPL	(524)	(26)
	Gain on remeasurement of leases	(31)	-
	Export obligation deferred income	(286)	(11)
	Unrealised foreign exchange differences (net)	4,488	1,781
	Mark to market (gain) on derivative contracts (net)	(660)	(1,479)
	Expected credit loss (net)	1,281	633
	Provision for doubtful debts/ doubtful debt written off	1,429	353
	Trade payable written back	(115)	-
	Finance costs	23,767	18,396
	Operating profit before working capital changes	**186,992**	**49,810**
	Adjustments for working capital changes:		
	Decrease/(increase) in inventories	27,489	(29,993)
	(Increase) in trade and other receivables	(2,554)	(29,570)
	(Decrease)/increase in trade and other payables	(23,323)	20,598
	Cash generated from operating activities	**188,604**	**10,845**
	Income tax (payment)/refund (net) (including interest)	(8,417)	2,681
	Net cash generated from operating activities	**180,187**	**13,526**
B	**Cash flow from investing activities**		
	Payments for property, plant and equipment (including capital work in progress, Intangible assets, Capital advances, Capital creditors and Intangible assets under development)	(37,885)	(16,884)
	Proceed from sale of property, plant and equipment	137	-
	(Payments for purchase)/Proceeds for sale of short term investments/Mutual fund (net)	(17,277)	26
	Encashment/(Placement) of short term bank deposits (net)	4,604	(3,123)
	Interest received	1,382	947
	Net cash (used in) investing activities	**(49,039)**	**(19,034)**
C	**Cash flow from financing activities**		
	Proceeds from long-term borrowings	19,001	66,422
	Repayment of long-term borrowings	(30,364)	(53,926)
	Proceeds from short-term borrowings	-	3,500
	Repayment of short-term borrowings	-	(17,273)
	(Repayment)/proceed from short term borrowings of less than 3 months (net)	(9,526)	6,740
	Payment of principal portion of lease liabilities	(28,039)	(2,324)
	Payment of interest on lease liabilities	(2,458)	(3,089)
	Finance cost paid	(20,695)	(14,756)
	Net cash (used in) financing activities	**(72,081)**	**(14,706)**
	Net increase/(decrease) in cash and cash equivalents	59,067	(20,214)
	Net exchange differences on foreign currency bank balances	78	-
	Cash and cash equivalents at the beginning of the year	12,991	33,205
	Cash and cash equivalents at the end of the year	**72,136**	**12,991**

Consolidated Statement of Cash Flows

For the year ended March 31, 2023

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Composition of Cash and cash equivalents included in the consolidated statement of cash flows comprise of the following consolidated balance sheet amounts:		
Cash and cash equivalents as per the consolidated balance sheet (refer note 14)	72,118	12,126
Add: Earmarked bank balances (refer note 15)	195	1,608
Less: Bank overdraft (refer note 24)	(177)	(743)
Total	**72,136**	**12,991**

Reconciliation between the opening and closing balances in the consolidated balance sheet for liabilities arising from financing activities

(₹ in million)

Particulars	As at April 1, 2022	Cash changes (net)	Non cash changes (net)	As at March 31, 2023
Long term borrowings (including current maturities classified in short term borrowing)	119,590	(11,363)	3,799	112,026
Short term borrowings* (excluding current maturities classified in short term borrowing)	16,640	(9,526)	1,108	8,222

(₹ in million)

Particulars	As at April 1, 2021	Cash changes (net)	Non cash changes (net)	As at March 31, 2022
Long term borrowings (including current maturities classified in short term borrowing)	105,853	12,497	1,240	119,590
Short term borrowings* (excluding current maturities classified in short term borrowing)	23,326	(7,033)	347	16,640

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

Notes:

a) The above cash flow from operating activities has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7- Statement of cash flows.

b) Cash flow from operations include net inflow of ₹ 3,021 million (₹ 11,139 million for the year ended March 31, 2022) arising from long term advances received from customers, net of goods supplied during the year. The goods will be supplied against these advances over next two to four years.

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, May 25, 2023

For and on behalf of the Board of Directors of Nayara Energy Limited

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Mumbai

Mayank Bhargava
Company Secretary
Mumbai
May 25, 2023

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

1. Corporate information

Nayara Energy Limited (the Company) is a public limited company incorporated under the provisions of the Companies Act, 1956 (since replaced by the Companies Act, 2013, as amended). The registered office of the Company is located at Devbhumi Dwarka, Gujarat, India. The Company and its subsidiaries (collectively referred to as the Group) are primarily engaged in the business of refining of crude oil, marketing of petroleum products in domestic and overseas markets, providing port and terminal services for the Company's refinery. The Company owns India's second largest single site refinery at Vadinar, Gujarat with a current capacity of 20MMTPA. The Company has around 6,400 operational outlets and around 1,500 outlets at various stages of completion.

9% Non-convertible Debentures (NCDs) amounting to ₹ 22,850 million were prepaid by the Company on March 29, 2023, pursuant to which the same were de-listed from BSE with effect from March 31, 2023.

The consolidated financial statements of Nayara Energy Limited and its subsidiaries (collectively, the Group) for the year ended March 31, 2023 were authorised for issue in accordance with a resolution of the directors on May 25, 2023. Information about the Group's structure is provided as below. Information on other related party relationships of the Group is provided in note 43.

Sr. No.	Name of Subsidiaries	Principal activities	Relation	Country of Incorporation	Proportion of ownership Interest (%)	
					As at March 31, 2023	As at March 31, 2022
1	Nayara Energy Singapore Pte. Limited (refer note a)	Engaged in trading and allied activities in the oil and commodities sector	Subsidiary	Singapore	100%	100%
2	Coviva Energy Terminals Limited (CETL) (refer note a)	Engaged in development of marine liquid terminal facilities	Subsidiary	India	100%	100%
3	Nayara Energy Global Limited (NEGL) (refer note b)	Engaged in investment holding activities and trading in commodities. There have been no operations in this company till date.	Subsidiary	Mauritius	NA	NA

Notes:

a) Audited financial statements have been considered for consolidation.

b) Nayara Energy Global Limited (NEGL) has been liquidated with effect from August 24, 2021.

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 (as amended) (herein after referred to as "the Act" read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

These consolidated financial statements are prepared under the accrual basis and historical cost measurement, except for certain financial instruments {refer note 3 (L)}, which are measured at fair values. The consolidated financial statements provide comparative information in respect of the previous year. The consolidated financial statements are presented in Indian National Rupee (₹) which is the functional currency of the Company, and all values are rounded to the nearest million, except where otherwise indicated. All amounts individually less than ₹ 0.5 million have been reported as "0".

A. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively, the "Group") as at reporting date.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. 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 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.

3. Summary of significant accounting policies

A. Business combinations and goodwill

Non-common control business combinations

Non-common control business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses {refer note 4 (B) (ii)}.

B. Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each consolidated balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities.

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

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

- Disclosures for valuation methods, significant estimates and assumptions (refer note 41)
- Quantitative disclosures of fair value measurement hierarchy (refer note 41)
- Financial instruments (including those carried at amortised cost) (refer note 41)

C. Property, Plant and Equipment

Property, plant and equipment (PPE) is stated at cost of acquisition less accumulated depreciation and impairment loss, if any.

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

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. It includes all directly attributable costs incurred for construction or procurement of goods incurred during the construction phase of project under development.

Depreciation

Depreciation on PPE is provided, on pro-rata basis for the period of use, using the straight line method, over the estimated useful life given below, which is different than useful life as specified in the Schedule II to the Companies Act, 2013. 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. Major inspection including turnaround

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

and maintenance cost are depreciated over the next turnaround cycle. The estimated useful life of items of property, plant and equipment is mentioned below:

Particulars	Estimated useful life (in years)
Temporary Building	3
Building	15-60
Plant and machinery *	35-50
Catalysts (included within plant & machinery)	2-4
Furniture and fixtures	1-10
Office equipment	1-6
Vehicles	1-10

* Additionally, there are certain key components identified within plant and machinery having a useful life up to 35 years and are depreciated over such assessed useful life.

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

De-recognition

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

D. Intangible assets

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period, and treated as change in estimate, if any change is required.

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

De-recognition

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

E. Impairment of non-financial assets

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

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

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

F. Leases

A contract or parts of contracts that conveys the right to control the use of an identified asset for a period of time in exchange for payments to be made to the owners (lessors) are accounted for as leases. Contracts are assessed to determine whether a contract is, or contains, a lease at the inception of a contract or when the terms and conditions of a contract are significantly changed. The lease term is the non-cancellable period of a lease, together with contractual options to extend or to terminate the lease early, where it is reasonably certain that an extension option will be exercised or a termination option will not be exercised.

Group as a lessee

At the commencement of a lease contract, a right-of-use asset and a corresponding lease liability are recognised, unless the lease term is 12 months or less or value of underlying asset is of low value. The commencement date of a lease is the date the underlying asset is made available for use.

Lease liability is measured at an amount equal to the present value of the lease payments during the lease term that are not paid at that date. Lease liability includes contingent rentals and variable lease payments that depend on an index, rate, or where they are fixed payments in substance. The lease liability is remeasured when the contractual cash flows of variable lease payments change due to a change in an index or rate when the lease term changes following a reassessment.

Lease payments are discounted using the interest rate implicit in the lease. If that rate is not readily available, the incremental borrowing rate is applied. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment.

In general, a corresponding right-of-use asset is recognised at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee adjusted for accumulated depreciation, accumulated impairment losses and any remeasurement of lease liabilities. The depreciation on right-of-use assets is recognised as expense unless capitalised when the right-of-use asset is used to construct another asset. Right of use assets are depreciated on a straight line basis over the lesser of the assessed useful lives of the asset (refer 'C' above) or the lease period. Right to use of trademark assets are amortised over the usage period which is ranging between two to four years.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases of plant and machinery and building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of plant and machinery and vehicles that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Impairment of the right-of-use asset

Right-of-use assets are subject to existing impairment requirements as set out in 'Impairment of non-financials assets'

G. Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of

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completion and the estimated costs necessary to make the sale.

H. Revenue from contract with customer

(i) Sale of goods

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer. Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer. The recovery of excise duty flows to the Group on its own account, revenue includes excise duty. Revenue does not include other taxes like goods and service tax, value added tax and central sales tax etc.

(ii) Variable consideration

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

(iii) Contract Liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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 related to an assets, it is recognised as income in equal amount over the expected useful life of the related assets.

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. These expenses are confined to contribution only.

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 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 as employee benefit expense.
- Net interest expense or income as finance cost/ finance income.

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K. Foreign currencies

The Group's consolidated financial statements are presented in Indian Rupees, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to the consolidated statement of profit and loss reflects the amount that arises from using this method.

(i) Transaction and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit and loss. Non-monetary items carried at fair value that are denominated in Foreign Currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences 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. The un-amortised exchange difference is carried under other equity as "Foreign currency monetary item translation difference account" net of tax effect thereon, where applicable. Exchange difference arising on settlement/restatement of other items are charged to statement of profit and loss.

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date. The restated gain/loss is recognised in OCI.

L. Financial Instruments

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

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

(i) Financial Assets

a) Initial Recognition and measurement

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

b) Classification of financial assets

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

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- Equity instruments at fair value through profit or loss (FVTPL)
- 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)

Equity instruments at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognised as other income in the consolidated statement of profit and loss when the right of payment has been established.

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, advances, 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets other than equity investment at FVTPL:

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and

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the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

d) Impairment of financial assets

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

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

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

e) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

(ii) Financial liabilities/debt and equity instruments

a) Classification as financial liability/debt or equity

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

b) Financial liabilities/debt

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

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

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

c) Supplier's credit and Buyer's credit:

The Group enters into an arrangement whereby banks make direct payment to supplier on due date. The banks are subsequently paid by the Group at later date based on the extended credit terms agreed with the banks. Where this arrangement is agreed with supplier and the Group's legal liability remains towards the supplier only, in such cases the liability is classified as Trade Payable in the balance sheet and in other instances the same is classified as a borrowing.

If the classification of the liability under the above arrangement is a Trade Payable, the Group treats the payment of the supplier by the financial institution as a non-cash transaction and the other associated cash flows are presented as cash flows from operating activities. In other instances, the associated cash flows are presented as cash flows from financing activities.

Interest expense on these are recognised in the finance cost.

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d) **Financial liabilities:**

The financial liabilities used to minimise accounting mismatch are classified and measured as at FVTPL in accordance with Ind AS 109. All 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.

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.

M. Derivative financial instruments and hedge accounting

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

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, commodity price and foreign exchange rate risks. These derivatives include foreign exchange forward contracts, foreign exchange options, commodity forward contracts, interest rate swaps and cross/full currency swaps. For risk management objectives refer note 41(B).

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

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

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

(ii) Hedge Accounting

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

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

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

(iii) Cash flow hedges

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

Hedge accounting is discontinued when - the hedging instrument expires or is sold, terminated, or exercised,

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

N. Borrowing Costs

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

Borrowing cost also includes exchange differences on foreign currency borrowings.

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

O. Taxes

(i) Current Income tax

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

Current income tax relating to items recognised outside 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, 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, 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.

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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 services 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 other assets and other liabilities in the consolidated balance sheet.

P. Provisions and Contingent liabilities

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

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

Q. Cash and Cash Equivalent

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.

R. Exceptional items

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

S. Current and Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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The Group classify all other liabilities as Non Current.

Deferred tax assets and liabilities are classified as Non – current assets and liabilities

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

4. Critical accounting judgments and key sources of estimation uncertainty

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

A. Critical accounting judgements

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

i) Determination of functional currency

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

B. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i) Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystalizing or cannot be quantified reliably are treated as contingent liabilities. Among other matters, such determination require involvement of legal and other subject matter experts. Depending on materiality, the Group may involve internal and/ or external experts to make such assessment. Contingent liabilities are disclosed in the notes but are not recognized, refer note no 36.

ii) Impairment of non-financial assets

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

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

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 45.

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

A. Standards issued but not yet effective

There are no new standards that are notified, but not yet effective, up to the date of issuance of the Group's financial statements.

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B. New and amended standards

(i) The standards and amendments, which are effective for annual periods beginning on or after April 1, 2022. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37
- Reference to the Conceptual Framework – Amendments to Ind AS 103
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16
- Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

These amendments had no material impact on the consolidated financial statements of the Group.

(ii) On March 31, 2023, the Ministry of Corporate Affairs has notified the following amendments vide the Companies (Indian Accounting Standards) Amendment Rules, 2023 which are effective for the annual reporting period beginning on or after April 1, 2023.

- **Ind AS 1 – Presentation of Financial Statements:** This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements.
- **Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:** This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.
- **Ind AS 12 - Income Taxes:** This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.
- **Other amendments that are consequential or clarificatory in nature:** Amendments to Ind AS 101 – First-time Adoption of Indian Accounting Standards, Ind AS 102 – Share-based Payments, Ind AS 103 – Business Combinations, Ind AS 107 – Financial Instruments: Disclosures, Ind AS 109 – Financial Instruments and Ind AS 34 – Interim Financial Reporting.

The Group does not expect these amendments to have any significant impact on its financial statements.

The Group has not early adopted any standard or amendment that has been issued but is not yet effective.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

6 Property, plant and equipment, Capital Work-In-Progress, Goodwill, Other Intangible assets, Intangible assets under development and Right-of-use assets

(₹ in million)

Description of the assets	Gross block (I)				Depreciation/amortisation (II)				Net block (III) = (I - II)
	As at April 01, 2021	Additions (refer note 1 below	Deductions/ Remeasurement	As at March 31, 2022	As at April 01, 2021	During the year	Deductions	As at March 31, 2022	As at March 31,2022
A) Property, plant and equipment									
Land (Freehold)	52,865	-	-	52,865	-	-	-	-	52,865
Buildings	17,276	111	52	17,335	5,216	720	21	5,915	11,420
Plant and machinery	452,374	2,358	200	454,532	86,863	14,808	151	101,520	353,012
Furniture and fixtures	294	14	-	308	171	18	-	189	119
Office equipments	2,137	583	91	2,629	1,137	483	84	1,536	1,093
Vehicles	139	11	-	150	87	10	-	97	53
Total Property, plant and equipment	**525,085**	**3,077**	**343**	**527,819**	**93,474**	**16,039**	**256**	**109,257**	**418,562**
B) Capital work-in-progress									
Capital work-in-progress (refer note 3 below)	8,985	16,626	2,900	22,711	-	-	-	-	22,711
C) Goodwill									
Goodwill	108,184	-	-	108,184	-	-	-	-	108,184
D) Other intangible assets									
Softwares & licenses	1,374	73	-	1,447	1,094	115	-	1,209	238
E) Intangible assets under development									
Intangible assets under development	11	7	-	18	-	-	-	-	18
F) Right-of-Use assets (refer note 38)									
Tangible Assets									
Land	9,604	1,096	1	10,699	820	475	1	1,294	9,405
Building	1,674	14	8	1,680	478	214	3	689	991
Plant & machinery	2,662	646	-	3,308	821	597	-	1,418	1,890
Vehicles (including vessels)	1,595	-	528	1,067	708	521	376	853	214
Total Tangible Assets	**15,535**	**1,756**	**537**	**16,754**	**2,827**	**1,807**	**380**	**4,254**	**12,500**
Intangible Assets									
Trademark	26,726	-	-	26,726	2,927	1,450	-	4,377	22,349
Total Right-of-use assets	**42,261**	**1,756**	**537**	**43,480**	**5,754**	**3,257**	**380**	**8,631**	**34,849**
Total (A+B+C+D+E+F)	**685,900**	**21,539**	**3,780**	**703,659**	**100,322**	**19,411**	**636**	**119,097**	**584,562**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

6 Capital Work-In-Progress and Intangible assets under development

Capital Work-In-Progress Ageing schedule as at March 31, 2022

(₹ in million)

Particulars	Amount in Capital Work-In-Progress for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Grand Total
Projects in progress	15,044	3,026	2,179	111	20,360
Projects temporarily suspended*	-	-	-	2,351	2,351
Grand Total	**15,044**	**3,026**	**2,179**	**2,462**	**22,711**

Capital Work-In-Progress schedule over run as at March 31, 2022

(₹ in million)

Particulars	To be completed in				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Grand Total
Projects in progress	4,238	90	-	-	4,328
Projects temporarily suspended*	-	-	-	2,351	2,351
Grand Total	**4,238**	**90**	**-**	**2,351**	**6,679**

Intangible assets under development as at March 31, 2022

(₹ in million)

Particulars	Amount in Intangible assets under development for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Grand Total
Projects in progress	15	1	2	-	18
Grand Total	**15**	**1**	**2**	**-**	**18**

* The expected current recoverable value of the suspended project under construction is higher than their carrying cost. Management is in the process of formulating a plan for completion of the suspended projects.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

6 Property, plant and equipment, Capital Work-In-Progress, Goodwill, Other Intangible assets, Intangible assets under development and Right-of-use assets

(₹ in million)

Description of the assets	Gross block (I)				Depreciation/amortisation/impairment (II)				Net block (III) = (I - II)
	As at April 01, 2022	Additions (refer note 1 and 2 below)	Deductions/ Remeasurement	As at March 31, 2023	As at April 01, 2022	During the year (refer note 4 below)	Deductions	As at March 31, 2023	As at March 31, 2023
A) Property, plant and equipment									
Land (Freehold)	52,865	192	-	53,057	-	-	-	-	53,057
Buildings	17,335	3,358	16	20,677	5,915	774	11	6,678	13,999
Plant and machinery	454,532	19,553	9,344	464,741	101,520	15,922	9,048	108,394	356,347
Furniture and fixtures	308	37	1	344	189	20	1	208	136
Office equipments	2,629	251	53	2,827	1,536	516	50	2,002	825
Vehicles	150	4	1	153	97	10	1	106	47
Total Property, plant and equipment	**527,819**	**23,395**	**9,415**	**541,799**	**109,257**	**17,242**	**9,111**	**117,388**	**424,411**
B) Capital work-in-progress									
Capital work-in-progress (refer note 3 below)	22,711	41,063	23,241	40,533	-	-	-	-	40,533
C) Goodwill									
Goodwill	108,184	-	-	108,184	-	-	-	-	108,184
D) Other intangible assets									
Softwares & licenses	1,447	97	-	1,544	1,209	106	-	1,315	229
E) Intangible assets under development									
Intangible assets under development	18	-	3	15	-	-	-	-	15
F) Right-of-Use assets (refer note 38)									
Tangible Assets									
Land	10,699	971	-	11,670	1,294	515	-	1,809	9,861
Building	1,680	68	72	1,676	689	223	35	877	799
Plant & machinery	3,308	424	5	3,727	1,418	680	-	2,098	1,629
Vehicles (including vessels)	1,067	151	-	1,218	853	87	-	940	278
Total Tangible Assets	16,754	1,614	77	18,291	4,254	1,505	35	5,724	12,567
Intangible Assets									
Trademark	26,726	-	8,444	18,282	4,377	15,159	1,684	17,852	430
Total Right-of-use assets	**43,480**	**1,614**	**8,521**	**36,573**	**8,631**	**16,664**	**1,719**	**23,576**	**12,997**
Total (A+B+C+D+E+F)	**703,659**	**66,169**	**41,180**	**728,648**	**119,097**	**34,012**	**10,830**	**142,279**	**586,369**

for details of assets pledge as security, refer note 21 and 24.

Notes:

1 Additions to plant and machinery include exchange loss on long-term foreign currency borrowing taken to finance property plant and equipment (refer note 3(K)) amounting to ₹ 248 million (Previous year net off exchange loss of ₹ 211 million).

2 In line with its refinery turnaround practices, the Group has completed turnaround activities of its refinery during the year ended March 31, 2023. The Group incurred total cost of ₹ 12,306 million which includes catalyst and materials consumption of ₹ 6,322 million, salary of ₹ 471 million and other expense of ₹ 5,513 million on the major maintenance activity which have been capitalised to the plant and machinery.

3 The Group incurred total cost of ₹ 900 million as Expenditure During Construction (including salary of ₹ 756 million and other expense of ₹ 144 million) (Previous year ₹ 663 million as Expenditure During Construction (including salary of ₹ 421 million and other expense of ₹ 242 million)) for petrochemical project and ₹ 1,184 million (Previous year ₹ 50 million) as borrowing cost which is included in Capital work-in-progress.

4 Trademark assets have an additional depreciation charged of ₹ 9,168 million as compared to previous year and an impairment charge of ₹ 4,542 million (refer note 38 for details).

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

6 Capital Work-In-Progress and Intangible assets under development

Capital Work-In-Progress Ageing schedule as at March 31, 2023

(₹ in million)

Particulars	Amount in Capital Work-In-Progress for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years*	Grand Total
Projects in progress	22,505	11,968	1,782	4,277	40,533
Grand Total	**22,505**	**11,968**	**1,782**	**4,277**	**40,533**

* includes project amounting to ₹ 2,351 million classified as temporarily suspended as at March 31, 2022 for which management has approved a plan for completion of the same in a phased manner.

Capital Work-In-Progress schedule over run as at March 31, 2023

(₹ in million)

Particulars	To be completed in				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Grand Total
Projects in progress	1,099	454	63	-	1,616
Grand Total	**1,099**	**454**	**63**	**-**	**1,616**

Intangible assets under development as at March 31, 2023

(₹ in million)

Particulars	Amount in Intangible assets under development for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Grand Total
Projects in progress	-	15	-	-	15
Grand Total	**-**	**15**	**-**	**-**	**15**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

7 Investments (Non Current) (Unquoted)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Other Investments - At FVTPL		
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 * @	-	-
10,000,000 (Previous year 10,000,000) equity shares of ₹ 0.10 each of Petronet India Limited * @	-	-
Total	**-**	**-**

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Aggregate amount of unquoted investments	-	-
Total	**-**	**-**

* Investments are fair valued at Zero.

@ companies are under liquidation.

8 Loans (Non Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Loan to retail outlet franchisee	372	376
Total	**372**	**376**

9 Other Financial Assets (Non Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2023	As at March 31, 2022
Security deposits	(A)	342	303
Other receivables			
Export incentive receivables			
- Considered good		-	1,285
- Significant increase in credit risk		1,285	-
-Less: Expected credit loss		(1,285)	-
Others			
- Considered good		12	615
- Significant increase in credit risk		1,379	772
-Less: Expected credit loss {refer note 41(B)(v)}		(1,379)	(772)
	(B)	**12**	**1,900**
Bank Deposits with remaining maturity of more than twelve months#	(C)	404	383
Interest accrued on bank deposits	(D)	7	6
Total ((A)+(B)+(C)+(D))		**765**	**2,592**

mainly placed as margin for guarantees obtained from banks and to earn interest at the respective short-term deposit rates.

For details of assets pledged as security against borrowings, refer note 21 and 24.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

10 Other non-current assets

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	410	598
Balances with government authorities	85	63
Capital advances	1,468	3,179
Claims/Other Receivables		
- Considered good	2,997	2,200
- Considered doubtful	63	366
Less: Provision for doubtful debt	(63)	(366)
	2,997	**2,200**
Total	**4,960**	**6,040**

For details of assets pledged as security against borrowings, refer note 21 and 24.

11 Inventories

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials {including in transit ₹ 6,767 million (Previous year ₹ 21,797 million)}	33,090	43,934
Work-in-progress	24,012	41,233
Finished goods {including in transit ₹ 7,904 million (Previous year ₹ 7,671 million)}	27,960	29,564
Stock-in-trade	-	185
Stores and spare parts {including in transit ₹ 4 million (Previous year ₹ 14 million)}*	6,307	6,090
Other consumables	4,583	2,435
Total	**95,952**	**1,23,441**

For details of inventories pledged as security against borrowings, refer note 21 and 24.

Refer note 3(G) for basis of valuation.

* Store and spare parts net off by ₹ 243 million (Previous year : ₹ 150 million) provisions towards non moving items.

12 Investments (Current)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Investments in mutual funds - At FVTPL*	17,801	-
Total	**17,801**	-

*Aggregate amount of unquoted investments and market value thereof.

For the Group's exposure to credit risks refer note 41(B)(v)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

13 Trade receivables

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables		
Secured, considered good	9,086	19,660
Unsecured, considered good	43,562	31,206
Trade receivables - credit impaired	34	23
	52,682	**50,889**
- Less: Expected credit loss {refer note 41(B)(v)}	(34)	(23)
Total	**52,648**	**50,866**

For the Group's exposure to credit and currency risks, and loss allowances related to trade receivables, refer note 41(B).

For amounts due from related parties, refer note 43.

For details of assets pledged as security against borrowings, refer note 21 and 24.

The Group has discounted bill receivables amounting to Nil (As at March 31, 2022 : ₹ 7,720 million), on non-recourse basis. The management has assessed that the Group does not have any continuing involvement with the said bills discounted, except in an unlikely scenario of dispute arising with regard to the existence of the receivable discounted. Accordingly, the discounting meets derecognition criteria and the money received has been netted off from the trade receivables discounted.

13A Ageing of Trade Receivables

As at March 31, 2023 :

(₹ in million)

Particulars	Not due Amount	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	01- 02 years	02- 03 years	More than 3 years	
(i) Undisputed trade receivables – considered good	47,042	5,068	-	538	-	-	52,648
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	4	9	12	4	5	34
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
Total	**47,042**	**5,072**	**9**	**550**	**4**	**5**	**52,682**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

As at March 31, 2022 :

(₹ in million)

Particulars	Not due Amount	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	01- 02 years	02- 03 years	More than 3 years	
(i) Undisputed trade receivables – considered good	49,909	957	-	-	-	-	50,866
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	0	9	4	5	5	0	23
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
Total	**49,909**	**966**	**4**	**5**	**5**	**0**	**50,889**

Note: There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

14 Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks in:		
- Current accounts #	17,037	4,374
- Exchange earners' foreign currency (EEFC) accounts	42,803	-
- Deposits with original maturities less than 3 months*	12,278	7,752
Cash on hand	0	0
Total	**72,118**	**12,126**

includes unutilised amount of term loans of ₹ 4,977 million (Previous year ₹ 2,739 million) raised for ongoing capital projects.

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

15 Bank balances other than Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Earmarked bank balances #	195	1,608
Margin deposits*	4,927	11,553
Other deposits	2,002	1
Total	**7,124**	**13,162**

Earmarked bank balances mainly includes :

(a) ₹ 32 million (Previous year ₹ 32 million) payable as purchase consideration to NRI shareholders of Vadinar Oil Terminal Limited (VOTL) (formerly a subsidiary of the company) pursuant to its merger.

(b) ₹ 98 million (Previous year ₹ 50 million) payable as interest on NCD issued to domestic shareholders on VOTL merger.

(c) ₹ 58 million (Previous year : ₹ 1 million) represents unspent CSR amount.

(d) Nil (Previous year: ₹ 1,516 million) represents minimum cash balance to be maintained as per a loan agreement entered into by the Group (refer note 21)

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

16 Loans (Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Loan to retail outlet franchisee	327	217
Total	**327**	**217**

17 Other Financial Assets (Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2023	As at March 31, 2022
Security deposits	(A)	28	38
Other receivables			
Export incentive receivables		528	2,373
Others			
- Considered good		967	539
- Significant increase in credit risk		299	921
- Less: Expected credit loss {refer note 41(B)(v)}		(299)	(921)
	(B)	**1,495**	**2,912**
Interest accrued on bank deposits	(C)	137	61
Derivative assets	(D)	519	10,185
Total ((A)+(B)+(C)+(D))		**2,179**	**13,196**

For details of assets pledged as security against borrowings, refer note 21 and 24.

18 Other Current assets

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2023	As at March 31, 2022
Advances recoverable in cash or in kind or for value to be received		665	691
Prepaid expenses		4,278	2,956
Balances with government authorities		549	486
	(A)	**5,492**	**4,133**
Claims/other receivables			
- Considered good		29	161
	(B)	**29**	**161**
Total ((A)+(B))		**5,521**	**4,294**

For details of assets pledged as security against borrowings, refer note 21 and 24.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

19 Equity Share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	₹ in million	Number of shares	₹ in million
Authorised				
Equity shares of ₹ 10 each	17,000,680,000	170,007	17,000,680,000	170,007
Preference Shares of ₹ 10 each	1,000,000,000	10,000	1,000,000,000	10,000
Issued and subscribed				
Equity shares of ₹ 10 each	1,552,487,155	15,525	1,552,487,155	15,525
Paid up				
Equity shares of ₹ 10 each fully paid up	1,490,561,155	14,906	1,490,561,155	14,906
Add : Forfeited shares - Equity shares of ₹ 10 each	61,926,000	166	61,926,000	166
Total		**15,072**		**15,072**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	₹ in million	Number of shares	₹ in million
Equity Shares outstanding at the beginning of the year	1,490,561,155	14,906	1,490,561,155	14,906
Add : Equity shares issued	-	-	-	-
Equity Shares outstanding at the end of the year	**1,490,561,155**	**14,906**	**1,490,561,155**	**14,906**

The above includes 475,731,927 (Previous year 475,731,927) underlying equity shares represented by 3,109,359 (Previous year 3,109,359) outstanding global depository shares (GDS). Each GDS represents 153 underlying equity shares.

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

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

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

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

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	% of shares	Number of shares	% of shares
3,109,359 (3,109,359 as at March 31, 2022) GDS held by Kesani Enterprise Company Limited *	475,731,927	31.92%	475,731,927	31.92%
Equity shares held by Kesani Enterprise Company Limited *	256,594,520	17.21%	256,594,520	17.21%
Equity shares held by Rosneft Singapore Pte. Limited (Formerly known as Petrol Complex Pte. Limited)	732,326,446	49.13%	732,326,446	49.13%

* Holding has been pledged.

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

20 Other equity

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
General reserve	596	596
Retained earnings	225,445	131,199
Other Comprehensive Income:		
Cash flow hedge reserve	(14,270)	(8,922)
Foreign currency monetary item translation difference account	(33)	(72)
Foreign currency translation Reserve	(102)	(79)
Other Reserves:		
Capital reserve	609	609
Securities premium	78,014	78,014
Total	**290,259**	**201,345**

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

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

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

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

Foreign currency translation reserve: Represents exchange differences arising on translation of the foreign operations. The cumulative amount is reclassified to profit or loss when the foreign operation is disposed-off.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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

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

21 Borrowings

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured Borrowings - At amortised cost		
Debentures		
Non convertible debentures	2,568	25,418
Term loans*		
From banks	69,172	57,027
Current maturities of long term debt included under short term borrowings (refer note 24)	(5,030)	(7,373)
(A)	**66,710**	**75,072**
Unsecured Borrowings* - At amortised cost		
Long term borrowings (refer note 43)	40,286	37,145
(B)	**40,286**	**37,145**
Total	**106,996**	**112,217**

* refer note 41(B)(ii)for borrowings outstanding in foreign currencies.

(A) Security for term loans and funded interest facilities from banks and debentures

(₹ in million)

Sr No	Particulars	As at March 31, 2023	As at March 31, 2022
i)	ECB loan is secured by first charge, ranking pari passu with other term lenders on all present and future immovable assets (except certain leased out assets and fixed assets of power plant, port & Polypropylene project), all present and future movable assets, security interest on the rights, title and interest under project documents, insurance policies and second charge pari-passu with other term lenders on the current assets.	-	2,819
ii)	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 and fixed assets (movable and immovable) earmarked for port, power plant & Polypropylene Project. Second charge, pari- passu with other term lenders on the current assets of the Company, first charge by way of assignment or security interest over 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.	31,747	32,688
iii)	9% Non convertible debentures are secured by first charge, ranking pari- passu with other lenders on the fixed assets (movable and immovable except certain fixed assets i.e those related to the Polypropylene Project), both present and future of the Company in relation to the Refinery Project, Second charge, pari- passu with other Refinery Project Lenders on the current assets of the Company, first charge by way of assignment or security interest over insurance policy.	-	22,850
iv)	8% Non convertible debentures are secured by second ranking pari passu charge on movable fixed assets pertaining to the Port Facilities of the Company.	2,568	2,568

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in million)

Sr No	Particulars	As at March 31, 2023	As at March 31, 2022
v)	Rupee loan from banks/ financial institutions are secured by first charge ranking pari passu over all movable and immovable assets of the Company relating to Port, both present and future, Intangible assets of the Company both present and future, insurance contracts, title and interests under project documents and second ranking pari passu charge on movable fixed assets relating to power plant.	8,814	10,749
vi)	Rupee 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 Refinery, except land parcels and fixed assets (movable and immovable) earmarked for port, power, township & Polypropylene Project. Second charge, pari-passu with other term lenders on the current assets of the Company.	5,481	6,439
vii)	First charge, ranking pari passu on all present and future immovable & movable assets related to Polypropylene Project, DSRA & security interest on the rights, title and interest under Project Documents & Insurance Policies	23,130	4,332
	Total	**71,740**	**82,445**

(B) Repayment and other terms:

(₹ in million)

Sr No	Particulars	As at March 31, 2023	As at March 31, 2022
i)	ECB Loan carry interest rate of 6 months LIBOR + margin 3.60% p.a., repaid in full during financial year 2022-23.	-	2,819
ii)	Rupee loan and USD Loan from various lenders carry interest of respective lenders rate of 3/6 month MCLR; ON/ 6M SOFR + spread ranging from 25 bps to 390 bps and is repayable in unequal instalments starting from March 2018 and ending to September 2038.	31,747	32,688
iii)	Non-convertible debentures carry fixed interest of 9.00% p.a., prepaid in full during financial year 2022-23.	-	22,850
iv)	Non-convertible debentures carry fixed interest of 8% p.a. is repayable in a single bullet in December 2025.	2,568	2,568
v)	Term loan carries an interest rate of 6M T. Bills + spread of 248 bps and repayable in unequal quarterly instalments ending on September 2027 .	8,814	10,749
vi)	The rupee term loan facility from banks carry interest rate at bank's 3M/1Y MCLR/6M T. Bills + spread ranging from 0.05% to 2.83% is repayable in structured quarterly instalments ending to March 2028.	5,481	6,439
vii)	The rupee term loan facility from banks carry fixed interest rate till completion of the Polypropylene Project and repayable in structuredquarterly instalments ending to March 2036.	23,130	4,332
viii)	Unsecured long term borrowing carrying interest rate 6.80% p.a. is repayable in single bullet payment in December 2026.	40,286	37,145
	Total	**112,026**	**119,590**

22 Other financial liabilities (Non-Current)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	422	209
Derivative Liabilities	208	2,174
Advances received from customers (refer note 43)	86,645	87,493
Total	**87,275**	**89,876**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

23 Taxation

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	36	69
Total	**36**	**69**
Deferred tax liabilities (Net)	74,631	54,453
Total	**74,631**	**54,453**

(A) Income tax (benefit)/expense

(₹ in million)

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	(A)	9,660	382
Deferred tax expense	(B)	21,424	2,618
Total tax charged in statement of profit and loss	**(A)+(B)**	**31,084**	**3,000**
Current tax	(A)	(582)	-
Deferred tax	(B)	(1,209)	238
Total tax (reversed)/charged in other comprehensive income	**(A)+(B)**	**(1,791)**	**238**

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

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	125,346	12,210
Statutory tax rate	25.17%	25.17%
Expected income tax expense at statutory rate	31,550	3,073
Items giving rise to difference in tax		
Deferred tax (asset)/ liabilities not recognised (net)	45	277
Effect of change in indexed cost of land	(420)	(481)
Disallowances on tax assessment	-	379
Different tax rates in different jurisdiction	(19)	32
Utilisation of previously unrecognised tax (asset)/liabilities	(80)	(290)
Others	9	10
Total Income tax expense	**31,084**	**3,000**
Effective tax rate	**24.80%**	**24.57%**

(C) Composition of deferred tax liabilities (net) :

(₹ in million)

Deferred tax balance in relation to	As at April 01, 2022	Recognised through profit and loss	Recognised in other comprehensive income	As at March 31, 2023
Difference in Property, plant and equipment and intangibles	82,524	(2,317)	-	80,207
Carried forward unabsorbed depreciation	(15,467)	15,467	-	-
Effect of mark to market accounting	(532)	643	(1,222)	(1,111)
Lease Accounting	(11,401)	7,819	-	(3,582)
Foreign currency conversion impact	-	4	-	-
Others	(671)	(225)	13	(883)
Total	**54,453**	**21,391**	**(1,209)**	**74,631**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Composition of deferred tax (asset):

(₹ in million)

Deferred tax balance in relation to	As at April 01, 2022	Recognised through profit and loss	Recognised in other comprehensive income	As at March 31, 2023
Carried forward Business Loss	(69)	33	-	(36)

(₹ in million)

Deferred tax balance in relation to	As at April 01, 2021	Recognised through profit and loss	Recognised in other comprehensive income	As at March 31, 2022
Difference in Property, plant and equipment and intangibles	81,861	663	-	82,524
Carried forward unabsorbed depreciation	(15,842)	375	-	(15,467)
Carried forward Business Loss	(581)	581	-	-
Effect of mark to market accounting	(1,936)	1,183	221	(532)
Lease Accounting	(11,276)	(125)	-	(11,401)
Others	(698)	10	17	(671)
Total	**51,528**	**2,687**	**238**	**54,453**

Composition of deferred tax (asset):

(₹ in million)

Deferred tax balance in relation to	As at April 01, 2021	Recognised through profit and loss	Recognised in other comprehensive income	As at March 31, 2022
Carried forward Business Loss	-	(69)	-	(69)

(D) The Group has not recognized below mentioned deferred tax assets in the absence of reasonable certainty towards their utilisation:

(₹ in million)

Nature of loss	As at March 31, 2023	As at March 31, 2022	Last day till which loss can be set off
Long term capital loss	840	840	March 31, 2029
Short term capital loss	5,619	5,707	March 31, 2026

(E) The Income tax department had not considered allowing consequential relief to the Group arising out of certain timing differences, which were voluntarily disallowed under VSV scheme in earlier years. The Group had filed rectification applications/ appeals with the Income tax department to allow the same on the grounds that no consequential relief may lead to double taxation and violate the principles of natural justice. The income-tax department has accepted the said principle and accordingly, granted relief to the Group with respect to certain timing differences. Management is confident that remaining timing differences will be accepted by the Income tax department and the consequential relief will be allowed in rectification/ appeal proceedings. The Group does not expect any material cash outflows. If the tax department position is upheld, it would lead to increase in the deferred tax liabilities by ₹ 703 million (Previous year : ₹ 2,391 million).

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

24 Short term borrowings

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured Borrowings		
Bank overdraft	177	743
Buyers' credits and bills discounting @*	1,727	16,640
Current maturities of long term debt (refer note 21)	5,030	7,373
Unsecured Borrowings		
Buyer's credit	6,495	-
Total	**13,429**	**24,756**

Security for short term borrowing:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
a) Bank overdraft/cash credit from bank is secured by fixed deposits maintained with a bank and carries interest rate of 1% over fixed deposits rate and is repayable on demand.	177	743
b) Buyers' credits is secured by first charge on entire current assets of the company (existing and future) on a pari passu basis among lenders, second charge on fixed assets both present and future (except land parcel and fixed assets of power, port and township divisions) 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 at 5.56% p.a and are repayable within 30 to 90 days of being drawn.	1,727	7,247
c) Current maturities of long term debt (refer note 21)	5,030	7,373
d) Unsecured buyer's credit carrying interest rate 7.63% p.a. and are repayable within 90 days of being drawn.	6,495	-
* The Group 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 13	-	9,393
Grand Total	**13,429**	**24,756**

@ refer note 41(B)(ii) for borrowings outstanding in foreign currencies

25 Trade Payables

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Payables (refer note 43)	145,873	162,921
Total	**145,873**	**162,921**

(a) Trade payables includes suppliers' credit of Nil (Previous year ₹ 15,269 million).

(b) Generally, trade payables are non-interest bearing and are normally settled within 0-90 days.

25A Trade Payable Ageing

As at March 31, 2023 :

(₹ in million)

Particulars	Unbilled amount	Not due Amount	Outstanding for following periods from due date of payment *				Total
			<1 year	01- 02 years	02- 03 years	More than 3 years	
(i) Undisputed dues - Others	6,397	97,541	14,286	16	23,614	3,950	1,45,804
(ii) Disputed dues - Others	-	-	-	10	33	26	69
Total	**6,397**	**97,541**	**14,286**	**26**	**23,647**	**3,976**	**1,45,873**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

As at March 31, 2022 :

(₹ in million)

Particulars	Unbilled amount	Not due Amount	Outstanding for following periods from due date of payment *				Total
			<1 year	01- 02 years	02- 03 years	More than 3 years	
(i) Undisputed dues - Others	4,086	127,749	3,414	23,660	3,907	41	162,857
(ii) Disputed dues - Others	-	-	10	28	26	0	64
Total	**4,086**	**127,749**	**3,424**	**23,688**	**3,933**	**41**	**162,921**

* Undisputed payments outstanding for more than 1 year are mainly with respect to purchases made from parties supplying crude oil for which payment channels are not available.

26 Other financial liabilities (Current)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	2,568	1,941
Capital creditors	5,150	3,915
Security deposits	449	433
Unclaimed debenture interest and principal (secured) #	98	59
Advances received from customers (refer note 43)	65,799	47,454
Derivative Liabilities	2,783	2,492
Other liabilities	2,597	12,557
Total	**79,444**	**68,851**

Amount due and outstanding to be credited to Investor Education and Protection Fund as at balance sheet date is ₹ 0.4 million (Previous year ₹ 0.4 million).

27 Other Current liabilities

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	15,408	11,386
Advances received from customers	2,364	23,856
Export Obligation*	219	5
Total	**17,991**	**35,247**

* In respect of unfulfilled export obligation of ₹ 306,813 million (Previous year ₹ 7,677 million).

28 Provisions (Current)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Compensated absences	642	577
Gratuity (refer note 42)	177	458
Total	**819**	**1,035**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

29 Revenue from operations

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from sale of products #		
Sale of manufactured products	1,262,821	1,025,164
Sale of traded goods	115,504	169,973
Other operating revenues *	2,800	1,765
Total	**1,381,125**	**1,196,902**

Comprises of revenue from contracts with customers of ₹ 1,551,107 million (Previous year : ₹ 1,343,346 million) recognised at a point in time and ₹ 172,782 million pertaining to hedging loss (Previous year : ₹ 148,209 million pertaining to hedging loss) related to sales which are recycled from the cash flow hedge reserve when the underlying sales contract is executed and concluded.

* Includes duty drawback income of ₹ 683 million (Previous year ₹ 852 million) and export obligation fulfilment income of ₹ 528 million (Previous year ₹ 34 million).

Disaggregated revenue information

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

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Export sales	511,727	416,764
Domestic Oil marketing companies	531,660	329,752
Retail outlets	421,301	511,692
Others	86,419	85,138
Total revenue from contracts with customers	**1,551,107**	**1,343,346**

(₹ in million)

Contract balances	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Trade receivables *	52,648	50,866	19,679
Contract liabilities	154,808	158,803	187,456

* Trade receivables are non-interest bearing and are generally on terms of 0 to 45 days. As on March 31, 2023, ₹ 34 million (Previous year ₹ 23 million) has been recognised towards provision for expected credit losses on trade receivables.

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

Contract liabilities include long-term/short-term advances received to deliver petroleum products.

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue recognised out of contract liabilities outstanding at the beginning of the year	68,449	1,09,503

Changes in contract liabilities are mainly due to revenue being recognised against the same, receipt of new advances and foreign exchange fluctuations.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue as per contracted price	1,557,593	1,349,066
Adjustments		
Discount and incentives	(6,486)	(5,720)
Revenue from contract with customers	1,551,107	1,343,346

Performance obligation

The performance obligation is satisfied upon delivery of the goods and services made as per the terms agreed with customers and payment is generally due within 0 to 45 days from delivery except in case of adjustment against export advances. Pricing of sales made under these export advances is based on market index at the time of supply. Hence it reflects fair value.

30 Other income

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income		
- Bank deposits (carried at amortised cost)	1,052	840
- Other financial assets (carried at amortised cost)	492	166
- Interest on income tax refund	358	505
	1,902	**1,511**
Other gains (net)		
- Net gain on derivative instruments- carried at FVTPL	3,227	575
- Net gain on investments carried at FVTPL	524	26
Trade payable written back	115	-
Other non-operating income	1,770	1,034
Total	**7,538**	**3,146**

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

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening inventories:		
- Finished goods	29,564	19,052
- Work-in-progress	41,233	20,423
- Stock-in-trade	185	-
(A)	**70,982**	**39,475**
Closing inventories:		
- Finished goods	27,960	29,564
- Work-in-progress	24,012	41,233
- Stock-in-trade	-	185
(B)	**51,972**	**70,982**
Net decrease/(increase) in inventories Total ((A)-(B))	**19,010**	**(31,507)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

32 Employee benefits expense*

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	7,296	6,732
Contribution to provident and other funds (refer note 42)	614	475
Staff welfare expenses	439	403
Total	**8,349**	**7,610**

* net of ₹ 756 million (Previous year ₹ 421 million) petrochemical project related expense capitalised (refer note 6).

* net of ₹ 471 million (Previous year : Nil) capitalised during turnaround (refer note 6).

33 Finance costs*

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest (at amortised cost)		
a) On debentures	2,245	2,241
b) On term loans	4,176	5,122
c) On lease liabilities (refer note 38)	2,460	3,395
d) On others	6,711	3,650
Exchange differences on foreign currency borrowings	711	58
Other finance charges	7,464	3,930
Total	**23,767**	**18,396**

* Net of ₹ 1,184 million (Previous year ₹ 50 million) petrochemical project related expense capitalised (refer note 6).

34 Other expenses*

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumption of chemical, catalyst, stores and spare parts	4,215	2,718
Product handling charges	1,269	1,094
Consumption of power, fuel and electricity [excludes fuel consumed out of own production ₹ 23,707 million (Previous year ₹ 26,951 million)]	17,736	14,966
Freight and Forwarding Charges	11,260	11,751
Rent, rates and taxes	4,795	3,097
Insurance	1,404	1,496
Legal and professional fees	1,802	3,156
Repairs and maintenance	2,472	1,981
Debit balance/doubtful debts written off (net of provision)	1,429	350
Director's Remuneration	187	42
Loss on disposal/discard of property, plant and equipment (net)	187	53
Exchange differences (net)	6,247	3,049
Expected credit loss (net) [refer note 41(B)(v)]	1,281	636
Sundry expenses	2,764	2,155
Total	**57,048**	**46,544**

Notes:

* Net of ₹ 144 million (Previous year ₹ 242 million) petrochemical project related expense capitalised (refer note 6).

* Net of ₹ 11,835 million (Previous year : Nil) capitalised during refinery turnaround (refer note 6).

Notes to Consolidated Financial Statements

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35 Earnings per share

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

(₹ in million)

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to ordinary equity holders of the parent for basic and diluted earnings (₹ in million)	(A)	94,262	9,210
Weighted average number of ordinary shares for basic and diluted EPS	(B)	1,490,561,155	1,490,561,155
Nominal value of ordinary shares (₹)		10/-	10/-
Basic and Diluted earnings per share (₹)	**(A/B)**	**63.24**	**6.18**

36 Contingent liabilities

(₹ in million)

	Particulars	As at March 31, 2023	As at March 31, 2022
(A)	**Claims against the Group not acknowledged as debts**		
(i)	Claims filed by creditors of an erstwhile subsidiary (Essar Oil & Gas Exploration & Production Limited). The Group reserves its right to claim the entire amount back from the said entity.	547	472
(ii)	Other claims against the Group	3,509	3,628
(B)	**Other money for which the Group is contingently liable**		
(i)	In respect of income tax demands on various issues	733	950
(ii)	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 from Oil Marketing Companies of ₹ 43,410 million (as at March 31, 2022 ₹ 40,731 million)}	56,948	53,499
(ii)	Other demands of Sales tax /VAT	891	846
(iv)	In respect of custom duty/excise duty/service tax mainly relating to classification of products sold, allowability of cenvat credit	12,472	8,533
(v)	The Reserve Bank of India (RBI) levied a penalty on the Company for delay in the allotment of equity against advances for Global Depositary Shares (GDS). The Company contested the penalty and appealed to the RBI Governor which was rejected. The Company has challenged the same before the Bombay High Court through a writ petition. In the meanwhile, the Enforcement Directorate initiated and closed an investigation in the matter and the order is awaited. The management is of the opinion that it should get relief and at most be liable for a sum of ₹ 49 million only (Previous year ₹49 million) for which necessary provision has been made in these financial statements.	2,412	2,412
	Third party claims where the possibility of outflow of resources embodying economic benefits is remote, and includes show cause notices which have not yet converted to regulatory demands, have not been disclosed as contingent liabilities.		

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

37 Capital and other commitments

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Capital commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	15,697	29,192
(B) Other commitments		

The Group has an obligation arising out of the regulatory guidelines to operate retail fuel outlets in India to setup retail fuel outlets in remote service areas. The extent of the remote service areas is directly related to the outlets the Group has in the network. Out of the total obligation of retail outlets to be setup as on March 31, 2023, 6 retail outlets remain to be setup by the Group as at reporting date in a phased manner as per the commissioning schedule. The Management is in discussion with the Ministry of Petroleum & Natural Gas is in progress on the Group's plan for fulfilling the obligation and seeking support in terms of time period of implementation and supply security of products in the remote service areas. In line with directions of the Ministry of Petroleum & Natural Gas, the Group has issued Bank Guarantee amounting to ₹1,590 million (₹4,380 million as on March 31, 2022) as on the reporting date. The Group assesses its obligation to setup retail fuel outlets in remote service areas on an annual basis.

38 Leases

Group as a lessee

The Group has lease contracts for various items of land, plant & machinery, building, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between 5 and 10 years, leases of land generally have lease terms between 20 and 30 years, while building and vehicles generally have lease terms between 3 and 20 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios and some lease contracts include extension , termination options and variable lease payments.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the details of right-of-use assets, lease liabilities and amounts recognised in the statement of profit and loss.

(₹ in million)

Particulars	As at March 31, 2023			
	Right of use assets	Lease liabilities	Charged to Profit & loss Account	Impact on statement of Cash flows
Long Term Leases				
As at April 01,2022	34,849	46,602	-	-
Additions	1,607	1,607	-	-
Deletion/discarded/Retirement	(42)	(72)	(30)	-
Remeasurement on account of change in term of agreement #	(6,753)	(6,753)	-	
Depreciation and impairment expense #	(16,664)	-	16,664	-
Interest accruals	-	2,460	2,460	-
Unrealised/realised foreign exchange loss	-	2,199	-	-
Payments	-	(30,497)	-	-
As at March 31, 2023	**12,997**	**15,546**	**19,094**	-
Current lease liabilities	-	1,201	-	-
Non-current lease liabilities	-	14,345	-	-

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(₹ in million)

Particulars	As at March 31, 2023			
	Right of use assets	Lease liabilities	Charged to Profit & loss Account	Impact on statement of Cash flows
Cash flow - Lease payments				
- Towards Principal	-	-	-	(28,039)
- Towards Interest	-	-	-	(2,458)
Total	**-**	**-**	**-**	**(30,497)**
Other Leases (included in other expenses)				
Short term leases	-	-	5,949	-
Low value leases	-	-	191	-
Variable leases	-	-	851	-
Total	**-**	**-**	**6,991**	**-**
As at March 31, 2023	**12,997**	**15,546**	**26,085**	**(30,497)**

[#] During the year ended March 31, 2023, due to change in the payment terms of trademark fees, the lease liability and corresponding ROU assets were reduced by ₹ 6,760 million. Simultaneously, the Group has reassessed its retail marketing strategy whereby the useful life of ROU asset of the trademark license has been revised to two to four years leading to an additional amortisation expense of ₹ 9,168 million for the financial year ended March 31, 2023. Further, the management has tested the ROU asset of the trademark license for impairment and an impairment charge of ₹ 4,542 million has been recorded in the financial year ended March 31, 2023. The management engaged third party experts to determine the recoverable value of the trademark asset. As per the report obtained from the expert, the recoverable value of ₹ 430 million has been determined under the fair value less cost of disposal method using a discounted value of royalty (a level 3 valuation technique). Since the recoverable value is not material to the financial statements any reasonable change will not result in any material impact on the financial statements.

(₹ in million)

Particulars	As at March 31, 2022			
	Right of use assets	Lease liabilities	Charged to Profit & loss Account	Impact on statement of Cash flows
Long Term Leases				
As at April 01,2021	36,507	46,106	-	-
Additions	1,756	1,756	-	-
Deletion/discarded/Retirement	(153)	(153)	-	-
Remeasurement on account of change in term of agreement	(4)	(4)	-	
Depreciation expense	(3,257)	-	3,257	-
Interest accruals	-	3,395	3,395	-
Unrealised foreign exchange loss	-	915	-	-
Payments	-	(5,413)	-	-
As at March 31, 2022	**34,849**	**46,602**	**6,652**	**-**
Current lease liabilities	-	1,916	-	-
Non-current lease liabilities	-	44,686	-	-
Cash flow - Lease payments				
- Towards Principal	-	-	-	(2,324)
- Towards Interest	-	-	-	(3,089)
Total	**-**	**-**	**-**	**(5,413)**
Other Leases (included in other expenses)				
Short term leases	-	-	5,820	-
Low value leases	-	-	207	-
Variable leases	-	-	586	-
Total	**-**	**-**	**6,613**	**-**
As at March 31, 2022	**34,849**	**46,602**	**13,265**	**(5,413)**

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for the year ended March 31, 2023

39 Segment information

Identification of Segments:

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Management Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 Operating Segments), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

According to the management, the Group with all its subsidiaries are engaged in the single business of refining of crude oil and marketing of petroleum products in domestic and overseas market (refining business). The management believes that activities such as operation of crude oil terminal, power plant etc., are supporting the refining business. Hence, the management views operations of the entire Group as one activity for measuring performance. Basis this, the management has decided that the entire Group is a single segment entity.

Information about major customers:

One customer in the Refining and Marketing segment contributed revenues (including excise duty) aggregating to ₹ 291,252 million, (for the year ended March 31, 2022 : One customer in the Refining and Marketing segment contributed revenues aggregating to ₹ 201,932 million).

No other customer contributed 10% or more, to the total revenue for both the year ended March 31, 2023 and March 31, 2022.

Information about product and services

The Group sells only petroleum products hence product wise disclosure is not applicable.

Geographical Information:

(₹ in million)

Revenue from operations	For the year ended March 31, 2023	For the year ended March 31, 2022
Within India (i)	869,398	780,138
Outside India:		
UAE	82,436	97,279
Mozambique	60,440	43,834
South Africa	59,789	26,876
Saudi Arabia	59,253	9,421
Australia	13,992	42,224
Singapore	9,621	50,799
Other Countries	226,196	146,331
Total (ii)	**511,727**	**416,764**
Grand Total (i) + (ii)	**1,381,125**	**1,196,902**

The revenue information above is based on the delivery locations of the customers.

Non current assets (excluding financial assets, deferred tax assets and non current tax assets)	As at March 31, 2023	As at March 31, 2022
Within India	591,317	590,595
Outside India	12	7

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40 Capital Management

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

For the purpose of the Group's capital management, capital includes issued capital, securities premium and all other equity reserves attributable to the equity holders of the parent and non-controlling interests. The Net Debt comprises all long term and short term borrowings less cash and bank balances. Bank loans availed by the Group are subject to certain financial covenants based on information presented in standalone financial statements of the Company and the Company is compliant with these financial covenants on the reporting date as per the terms of the loan agreements. There is no outstanding default on the repayment of loans (including interest thereon) as at March 31, 2023.

The Group monitors its capital using gearing ratio, which is net debt divided to equity and underlying net debt.

The amounts managed as capital by the Group for the reporting periods under review and gearing ratio are summarized as follows:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Long term borrowings (refer note 21)	106,996	112,217
Short term borrowings (refer note 24)	13,429	24,756
Upfront fees	572	474
Total debt	**120,997**	**137,447**
Less : Cash and cash equivalents (refer note 14)	(72,118)	(12,126)
Less : Bank balances (refer note 15)	(7,124)	(13,162)
Total cash and bank balances	**(79,242)**	**(25,288)**
Net debt (a)	**41,755**	**112,159**
Equity share capital (refer note 19)	15,072	15,072
Other equity (refer note 20)	290,259	201,345
Total equity	305,331	216,417
Equity and underlying net debt (b)	347,086	328,576
Gearing ratio (a/b)	**12.03%**	**34.13%**

41 Financial Instruments

(A) Categories of financial instruments and level-wise disclosure of fair value for financial instruments requiring fair value measurement

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

As at March 31, 2023 :

(₹ in million)

Particulars	Note	Fair value measurement Hierarchy level	Fair value through profit or loss	Fair value through OCI - designated as cash flow hedge	Amortised Cost	Total Carrying value	Total fair value
Financial Assets							
Current investment	1	Level II	17,801	-	-	17,801	17,801
Loan*			-	-	699	699	699
Trade receivables*			-	-	52,648	52,648	52,648
Cash and cash equivalent*			-	-	72,118	72,118	72,118

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for the year ended March 31, 2023

(₹ in million)

Particulars	Note	Fair value measurement Hierarchy level	Fair value through profit or loss	Fair value through OCI - designated as cash flow hedge	Amortised Cost	Total Carrying value	Total fair value
Bank balances other than cash and cash equivalent*			-	-	7,124	7,124	7,124
Derivatives contracts - assets		Level II					
-Foreign currency forward exchange	2		67	-	-	67	67
-Commodity derivative	2		354	12	-	366	366
-Currency swap	2		-	49	-	49	49
-Interest rate swap	2		-	37	-	37	37
Other financial assets*	3		-	-	2,425	2,425	2,425
Total			**18,222**	**98**	**135,014**	**153,334**	**153,334**
Financial Liabilities							
Long-term borrowings#	4	Level II	-	5,196	106,830	112,026	111,192
Short-term borrowings*		Level II	-	8,222	177	8,399	8,399
Trade payables*	5	Level II	-	83,989	61,884	145,873	145,873
Derivatives contracts - liabilities		Level II					
-Foreign currency forward exchange	2		12	-	-	12	12
-Commodity derivative	2		192	2	-	194	194
-Currency swap	2		-	2,785	-	2,785	2,785
Other financial liabilities*@	6	Level II	-	152,444	11,284	163,728	163,728
Total			**204**	**252,638**	**180,175**	**433,017**	**432,183**

As at March 31, 2022 :

(₹ in million)

Particulars	Note	Fair value measurement Hierarchy level	Fair value through profit or loss	Fair value through OCI - designated as cash flow hedge	Amortised Cost	Total Carrying value	Total fair value
Financial Assets							
Loan*			-	-	593	593	593
Trade receivables*			-	-	50,866	50,866	50,866
Cash and cash equivalent*			-	-	12,126	12,126	12,126
Bank balances other than cash and cash equivalent*			-	-	13,162	13,162	13,162
Derivatives Contracts - Assets		Level II					
-Foreign currency forward exchange	2		25	-	-	25	25
-Commodity Derivative	2		328	8,761	-	9,089	9,089
-Currency swap	2		-	1,071	-	1,071	1,071
Other financial assets*	3		-	-	5,603	5,603	5,603
Total			**353**	**9,832**	**82,350**	**92,535**	**92,535**
Financial Liabilities							
Long-term borrowings#	4	Level II	-	5,125	114,465	119,590	118,261
Short-term borrowings*		Level II	-	7,247	10,136	17,383	17,383
Trade payables*	5	Level II	-	115,576	47,345	162,921	162,921

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(₹ in million)

Particulars	Note	Fair value measurement Hierarchy level	Fair value through profit or loss	Fair value through OCI - designated as cash flow hedge	Amortised Cost	Total Carrying value	Total fair value
Derivatives Contracts - Liabilities		Level II					
-Foreign currency forward exchange	2		227	-	-	227	227
-Commodity Derivative	2		137	1,682	-	1,819	1,819
-Currency swap	2		-	2,620	-	2,620	2,620
Other financial liabilities*@	6	Level II	-	134,947	19,114	154,061	154,061
Total			**364**	**267,197**	**191,060**	**458,621**	**457,292**

including current maturities of long-term borrowings

* For assets and liabilities valued at amortised cost, the management has assessed that the fair value of these financial assets and liabilities approximate their carrying amounts determined as per amortised cost due to the short term maturities of these instruments.

@Physical commodity contracts, readily convertible into cash and designated as at FVTPL for mitigating accounting mismatch, are treated as financial instrument. Unless designated as hedging instruments, such contracts are measured at fair value and associated gains and losses are recognised in the consolidated statement of profit and loss.

Notes:

1. Net asset value declared by mutual fund.
2. 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.
3. Other financial assets include net receivables from raw material suppliers after provisional payments are made by the Group on account of provisionally priced invoices. The related cost is initially based on forward market prices for the quotation periods stipulated in the contracts with changes between the provisional price and the final price recorded thereafter.
4. 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.
5. Trade payables include provisionally priced invoices. The related cost is initially based on forward market prices for the quotation periods stipulated in the contracts with changes between the provisional price and the final price recorded thereafter. The purchase price can be measured reliably for the Company's raw materials, as it operates in active and freely traded commodity markets.
6. Other financial liabilities include advance received from export customers. These Long-term advances are evaluated based on parameters such as interest rates, specific country risk factors, credit risk and other relevant risk characteristics of the advance. The fair value is determined using the discounted cash flow method. The future cash flows are based on terms of the advance. These cash flows are discounted at a rate that reflects current market rate and the current market risk. Also, being foreign currency, amounts are restated at the closing rate.

(B) Financial risk management objectives

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

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

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

i) Commodity price risk

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

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

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

Particulars	Qty. in Barrels ('000)		Fair value of assets/(liabilities) (₹ in million)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Designated as cash flow hedges				
Crude oil				
Buy Positions				
Less than 1 year	600	5,912	10	(637)
Sell Positions				
Less than 1 year	-	(38)	-	(97)
Petroleum products				
Buy Positions				
Less than 1 year	-	61,115	-	7,695
Sell Positions				

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Particulars	Qty. in Barrels ('000)		Fair value of assets/(liabilities) (₹ in million)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Less than 1 year	-	(1,741)	-	117
Total (A)	**600**	**65,248**	**10**	**7,078**
Not designated as cash flow hedges				
Petroleum products				
Buy Positions				
Less than 1 year	1,729	(409)	(9)	252
Sell Positions				
Less than 1 year	(729)	389	170	(60)
Total (B)	**1,000**	**(20)**	**161**	**192**
Total (A + B)	**1,600**	**65,228**	**171**	**7,270**

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 ₹ 10 million as at March 31, 2023 (credit balance of ₹ 7,078 million as at March 31, 2022) on commodity derivative (gross of tax) contracts have been recognised in other comprehensive income.

During the reporting period, ₹ 113 million has been classified to other income due to hedge ineffectiveness on commodity derivative contracts.

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

(₹ in million)

Particulars	Impact on Equity (net of taxes)		Impact on Profit (net of taxes)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Crude oil				
Buy Positions				
Less than 1 year	1	25	-	-
Sell Positions				
Less than 1 year	-	(11)	-	-
Petroleum products				
Buy Positions				
Less than 1 year	-	339	297	(109)
Sell Positions				
Less than 1 year	-	(65)	(177)	73
Total	**1**	**288**	**120**	**(36)**

ii) Foreign currency risk management:

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

a) Given below are the details of the carrying amounts of the Group's monetary assets/liabilities denominated in different foreign currencies (FC), details of hedge, unhedged currency risk position and sensitivity to a 5% increase in foreign currency rates.

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for the year ended March 31, 2023

As at March 31, 2023

Currency	Carrying value	Forward contracts @	Cash flow hedge #	Unhedged exposure	Unhedged exposure	Sensitivity to 5% change **	
						Impact on Profit (net of taxes)	Impact on Equity (net of taxes)
	FC in million	FC in million	FC in million	FC in million	₹ in million	₹ in million	₹ in million
Assets							
USD	913	(311)	-	602	49,493	1,852	-
EURO	0	-	-	0	26	1	-
Other Currencies	0	-	-	0	2	0	-
Total					**49,521**	**1,853**	**-**
Liabilities*							
USD	4,141	(174)	(3,039)	928	76,272	(2,854)	(9,348)
EURO	59	-	-	59	5,275	(197)	-
Other Currencies	0	-	-	0	11	(0)	-
Total					**81,558**	**(3,051)**	**(9,348)**

As at March 31, 2022

Currency	Carrying value	Forward contracts @	Cash flow hedge #	Unhedged exposure	Unhedged exposure	Sensitivity to 5% change **	
						Impact on Profit (net of taxes)	Impact on Equity (net of taxes)
	FC in million	FC in million	FC in million	FC in million	₹ in million	₹ in million	₹ in million
Assets							
USD	675	-	-	675	51,143	1,914	-
EURO	0	-	-	0	26	1	-
Other Currencies	0	-	-	0	2	0	-
Total					**51,171**	**1,915**	**-**
Liabilities*							
USD	5,267	-	(3,883)	1,383	1,04,875	(3,924)	(11,014)
EURO	58	-	-	58	4,911	(184)	-
Other Currencies	1	-	-	1	3	(0)	-
Total					**1,09,789**	**(4,108)**	**(11,014)**

Notes:

* includes borrowings in foreign currency USD 724 million (₹ 59,565 million) {(Previous year USD 691 million (₹ 52,383 million)}.

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

The management has designated certain financial liabilities in foreign currency as cash flow hedges against highly probable future forecast sales. Such designation help the Company to reduce/ mitigate foreign exchange risk of related liabilities and highly probable sales as gain/ loss on restatement of liabilities is recognised in other comprehensive income. There are no significant hedge ineffectiveness on the these designated liabilities during the reporting periods.

** A positive number above indicates an increase in profit or equity and negative number would be an inverse impact on profit or equity.

b) Outstanding foreign currency forward exchange and option contracts

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

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for the year ended March 31, 2023

Not designated in hedging relationship

Particulars	Notional amounts (in Foreign Currency million)		Fair value of assets/(liabilities) (₹ in million)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Forward Contracts:				
Buy US$				
Less than 3 months	174	597	(12)	(219)
Sell US$				
Less than 3 months	311	-	61	-
Buy US$ Sell EUR				
Less than 3 months	26	-	6	-
Buy EUR Sell US$				
Less than 3 months	-	39	-	17

c) Currency swap contracts

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

Designated as cash flow hedges

Sell US$	Notional amounts (in USD million)		Fair value of liabilities (₹ in million)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Less than 1 year	215	216	(2,529)	600
1 year to 2 years	16	215	(207)	(1,393)
2 years to 5 years	-	141	-	(756)
Total	**231**	**572**	**(2,736)**	**(1,549)**

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 ₹ 2,848 million as at March 31, 2023 (debit balance of ₹ 2,564 million as at March 31, 2022) (Gross of tax) on currency swap contracts have been recognised in other comprehensive income.

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

Sensitivity to a 5% increase in foreign currency rate is ₹ 709 million (Previous year ₹ 1,621 million) (net of tax). A positive number indicates a decrease in equity and negative number would be an inverse impact on equity.

iii) Interest rate risk

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

The borrowings of the Group are denominated in rupees and US dollars with a mix of floating and fixed interest rate. The Group hedges its US dollar interest rate risk through interest rate swaps to reduce the floating interest rate risk. The Group has exposure to interest rate risk, arising principally on changes in base lending rates and SOFR 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed rate borrowings *	67,824	68,774
Floating rate borrowings	53,173	68,674
Lease liabilities (refer note 38)	15,546	46,602
Export advances having original maturities for more than 1 year (current and non-current portion) (refer note 22 and 26)	152,444	149,436
Total	**288,987**	**333,486**
Less: Upfront fee	(572)	(474)
Total	**288,415**	**333,012**

* Includes borrowings of ₹ 23,370 million raised for Petrochemical project, for which floating rate shall apply after commercial date of operation i.e. August 01, 2023.

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, 2023 would decrease/increase by ₹ 769 million (Previous year ₹ 816 million) (net of tax). This is mainly attributable to the Group's exposure to interest rates on its variable rate liabilities.

Interest rate swap contracts

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

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

Designated as cash flow hedges

Outstanding Contracts (Floating to Fixed)

Particulars	Notional amounts (in USD million)		Fair value of liabilities (₹ in million)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Less than 1 year	111	-	37	-
Total	**111**	-	**37**	-

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

Balance in cash flow hedge reserve of ₹ 37 million as at March 31, 2023 (Nil as at March 31, 2022) on interest rate swap derivative contracts (gross of tax) has been recognised in other comprehensive income.

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

A 50 basis points increase (decrease) in interest rate and all other variables held constant would result in ₹ 6 million (Previous year : Nil) (net of tax) increase (decrease) in equity.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

iv) Liquidity Risk

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

The table below summarises the maturity profile of the Group's financial liabilities based on contractual payments.

(₹ in million)

As at March 31, 2023 :	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings #	14,179	93,300	58,271	165,750
Short term Borrowings #	8,422	-	-	8,422
Trade payables	145,873	-	-	145,873
Lease liabilities #	2,557	7,788	21,884	32,229
Other financial liabilities including export advance #	84,650	91,444	-	176,094
Derivatives	2,783	208	-	2,991
Total	**258,464**	**192,740**	**80,155**	**531,359**

(₹ in million)

As at March 31, 2022 :	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings #	16,476	108,429	41,374	166,279
Short term Borrowings #	17,405	-	-	17,405
Trade payables	162,921	-	-	162,921
Lease liabilities #	5,246	20,227	56,515	81,988
Other financial liabilities including export advance #	68,793	90,322	-	159,115
Derivatives	2,492	2,174	-	4,666
Total	**273,333**	**221,152**	**97,889**	**592,374**

including future interest

The Group has undrawn committed facilities as at March 31, 2023 of ₹ 103,790 million (₹ 67,099 million as at March 31, 2022) with maturities ranging from one to two years.

v) Credit risk

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

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

Trade receivables:

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

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

The credit period on sale of goods ranges from 0 to 45 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. Refer note 13A for ageing of trade receivable.

Trade receivables have been given as collateral towards borrowings (refer note 21 and 24). Expected credit losses are provided based on the credit risk of the counterparties (refer note 13).

Investments, cash and bank balances and derivatives

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

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

Movement in the expected credit loss allowance

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	1,716	1,083
Expected credit loss recognised (net)	1,281	633
Balance at the end of the year	2,997	1,716

The Group's maximum exposure to the credit risk for the components of the balance sheet as at March 31, 2023 and March 31, 2022 is the carrying amounts mentioned in note 9, note 13 and note 17.

42 Defined benefit plans

1 Defined benefit plans :

(i) Gratuity Plan

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

(₹ in million)

Sr. No.	Particulars	Gratuity (Funded)	
		As at March 31, 2023	As at March 31, 2022
A	**Net assets/liability recognised in the balance sheet**		
i	Present value of defined benefit obligation	1,109	1,033
ii	Fair value of plan assets	932	575
iii	Funded status - deficit (iii = ii-i)	(177)	(458)
iv	Net assets/(liability) recognised in the balance sheet	(177)	(458)
B	**Expenses recognised in profit and loss for the year**		

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(₹ in million)

Sr. No.	Particulars	Gratuity (Funded) As at March 31, 2023	As at March 31, 2022
i	Service Cost	85	85
ii	Net Interest cost	18	26
	Components of defined benefit costs recognised in Profit and loss	103	111
i	Actuarial losses - experience	46	23
ii	Actuarial losses/(gains) - assumptions	(37)	(24)
iii	Return on plan assets greater than discount rate	13	2
	Components of defined benefit costs recognised in Other Comprehensive Income	21	1
	Total expenses	**124**	**112**
C	**Change in obligation and assets**		
i	**Change in defined benefit obligation**		
a	Defined benefit obligation at beginning of the year	1,033	926
b	Current Service cost	85	85
c	Interest cost	68	59
d	Past service cost - plan amendments	(25)	-
e	Actuarial losses - experience	46	23
f	Actuarial losses/(gains) - financial assumptions	(37)	(24)
g	Benefit payments	(61)	(36)
h	Defined Benefit obligation at the end of the year	1,109	1,033
ii	**Change in fair value of assets**		
a	Fair value of plan assets at the beginning of the year	575	477
b	Interest income on plan assets	50	33
c	Contributions made	381	103
d	Return on plan assets lesser than discount rate	(13)	(2)
e	Benefits payments	(61)	(36)
f	Fair value of plan assets at the end of the year	932	575
D	**Actuarial assumptions**		
1	Discount rate (per annum)	7.20%	6.80%
2	Rate of salary increase	9.00%	9.00%
3	Rate of Withdrawal Rate	6.00%	6.00%
4	Mortality	Indian Assured Lives Mortality (2006-08)	
E	**Percentage of each category of plan assets to total fair value of plan assets**		
	Administered by Life Insurance Corporation of India/State Bank 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**	91	93

- Figures in bracket indicates negative value.

Notes:

Weighted average duration of the defined benefit obligation is 8 years as at March 31, 2023 (8 years as at March 31, 2022).

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

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, 2023 as follows:

(₹ in million)

Particulars	March 31, 2023
As at March 31	
2024	91
2025	93
2026	111
2027	137
2028	120
March 31, 2029 to March 31, 2033	741

(₹ in million)

Particulars	March 31, 2022
As at March 31	
2023	93
2024	106
2025	112
2026	107
2027	125
March 31, 2028 to March 31, 2032	660

Sensitivity Analysis:

Method used for sensitivity analysis:

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

(₹ in million)

Sr. No.	Particulars	Gratuity	
		As at March 31, 2023	As at March 31, 2022
		Increase/(decrease) in DBO	
A)	Discount Rate		
	Defined benefit obligation	1,109	1,033
	Discount rate	7.20%	6.80%
	1. Effect on DBO due to 0.5% increase in Discount Rate	(43)	(38)
	2. Effect on DBO due to 0.5% decrease in Discount Rate	46	41
B)	Salary Escalation Rate :		
	Salary Escalation rate	9.00%	9.00%
	1. Effect on DBO due to 0.5% increase in Salary Escalation Rate	26	26
	2. Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(26)	(26)
C)	Withdrawal Rate :		
	Attrition rate	6.00%	6.00%
	1. Effect on DBO due to 5.00% increase in Withdrawal Rate	6	(18)
	2. Effect on DBO due to 5.00% decrease in Withdrawal Rate	(19)	27

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

(ii) Provident Fund :

Based on actuarial valuation in accordance with Ind AS 19 for interest rate guarantee of exempted provident fund liability of employees, there is no material shortfall in the funds managed by the trust and hence there is no further liability accrued as at March 31, 2023 and March 31, 2022.

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

The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has provided a valuation for provident fund liabilities using the deterministic approach guidance issued by Actuarial Society of India. The present value of benefit obligation as at March 31, 2023 is ₹ 6,002 million (as at March 31, 2022: ₹ 5,205 million) and the fair value of plan assets is ₹ 5,924 million (as at March 31, 2022: ₹ 5,219 million) as per the actuarial report.

Key assumptions used in determining the present value obligation of the interest rate guarantee are the Government of India (GOI) bond yield 7.20% (March 31, 2022 6.80%) and Expected guaranteed interest rate 8.15% (March 31, 2022 8.10%) . The Group contributed ₹ 311 million and ₹ 238 million during the years ended March 31, 2023 and March 31, 2022, respectively. The same has been recognized in the Standalone Statement of Profit and Loss under the head employee benefit expense and capital work in progress.

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

2 Defined Contribution plans :

Group's contribution to superannuation fund and pension fund aggregating to ₹ 56 million and ₹ 134 million (Previous year ₹ 40 million and ₹ 117 million) respectively are recognised in the statement of profit and loss as and when the contributions are due. There is no obligation other than the contribution payable to the respective trusts.

43 Related party disclosures

I. <u>Names of related parties and description of relationship:</u>

Enterprises having significant influence

Rosneft Group comprises Rosneft Oil Company and its controlled entities

Trafigura Group comprises Trafigura Group Pte. Limited and its controlled entities (till January 09, 2023)

UCP Group comprises UCP PE Investments Limited and entities under common control

Mareterra Group comprises Mareterra Group Holding S.A.R.L. and its controlled entities (from January 10, 2023)

Other related party

Nayara Energy Limited Employees Provident Fund

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

A. Transaction with related parties

(₹ in million)

Nature of transactions	Enterprises having significant influence	
	FY 2022-23	FY 2021-22
Long term borrowing received		
Rosneft Group	-	36,703
Sale of products (refer note (i) below)		
Trafigura Group #	78,044	58,396
Rosneft Group	-	9,482
Total	**78,044**	**67,878**
Purchase of raw material (refer note (i) below)/Other consumable		
Trafigura Group	6,586	52,085
Rosneft Group	588	12,842
Total	**7,174**	**64,927**
Purchase of capital items		
Rosneft Group	805	-
Other consultancy services		
Trafigura Group	183	228
UCP Group**	78	97
Total	**261**	**325**
Product and raw material consultancy service (refer note (ii) below)		
Trafigura Group	563	793
Rosneft Group	-	791
Total	**563**	**1,584**
Interest expenses		
Trafigura Group	731	623
Rosneft Group	2,715	575
Total	**3,446**	**1,198**
Reimbursement of expenses		
Trafigura Group	-	2
Lease rent paid		
Rosneft Group	5	4

Including taxes wherever applicable

**including Nil capitalised during year ended March 31, 2023 (for the year ended March 31, 2022 : ₹ 91 million).

Includes sales of finished goods of ₹ 29,808 million (Previous year ₹ 25,642 million) pursuant to long term arrangements entered between the Company and a third party and the said third party and Trafigura Pte. Ltd.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

B. Transactions with other classes of related parties

(₹ in million)

Nature of transactions	FY 2022-23	FY 2021-22
i) Key management personnel (Short term employee benefits)[@]	514	282
[@]including employer contribution to provident fund and exclusive of provisions for liability in respect of leave earned and gratuity, since this is based on actuarial valuation done on an overall basis for all employees.		
ii) Key management personnel (Director Sitting Fees)	13	13
iii) Key management personnel (Commission and Remuneration to Directors)	187	42
iv) Contribution during the period (includes Employees' share and contribution) to the controlled trust	715	575

C. Balances with related parties

(₹ in million)

Nature of balances	Enterprises having significant influence	
	As at March 31, 2023	As at March 31, 2022
Assets		
Financial assets		
Trade receivables (refer note (iii) A below)		
Trafigura Group # #	-	8,923
Rosneft Group	-	2,619
Total	**-**	**11,542**
Other financial assets		
Prepaid expenses (interest and consultancy charges)		
Trafigura Group	-	435
Liabilities		
Financial liabilities		
Long term borrowings		
Rosneft Group	40,286	37,145
Trade payables (refer note (iii) B below)		
Rosneft Group	802	3,799
Trafigura Group	-	8,190
Total	**802**	**11,989**
Lease liabilities		
Rosneft Group	4	7
Advance received from customers (refer note (iii) C below)		
Trafigura Group	-	21,685
Interest accrued but not due on long term borrowings		
Rosneft Group	708	585

[# #] Includes receivable of Nil (as at March 31, 2022: ₹ 5,240 million) for sales of finished goods of pursuant to long term arrangements entered between the Group and a third party and the said third party and Trafigura Group.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

D. Balances with other classes of related parties

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Commission and Remuneration payables to Key management personnel	187	42

Notes:

(i) Rosneft Group and Trafigura Group under their respective contracts with the Group have the right to make the first offer for both sale of raw material and purchase of finished products. Where the transaction with the above parties is executed without calling for comparative quotations, the same are done based on the Group's internal assessment. Where quotations are called for and the Group is able to get a better offer, these two parties reserve the right to match the offer, in which case the Group is obliged to transact with them. For supplies of finished products made against advance payments, premium/ discounts to the market price index are pre-negotiated based on similar process. Where the Group participates in the tenders floated by these parties for purchasing raw material, price to be quoted are determined on a case to case basis based on Group's internal assessment and are approved by the management of the Group.

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

(iii) Terms of receivables/payables:

A. Trade receivables are unsecured, non-interest bearing collected within 30 days from the date of sale.

B. Generally, trade payables are non-interest bearing and are settled within 30 days of purchase. In case any credit is offered beyond 30 days, it carries interest as per prevailing market practice as mutually agreed between the parties.

C. Advance from customers also include interest bearing advances, which are settled through supply of goods over a period of 1 to 5 years at pre-determined mechanism of the consideration.

44 The Group's current liabilities as at March 31, 2023, exceed its current assets by ₹ 6,166 million. The management has evaluated its cash flows for the next 24 months for which, the Group has considered the nature of its business, cyclical trends, gross refinery margins, retail margins, etc., ability to refinance its debt and credit lines. The Group is confident that the net cash inflows from operating and financing activities will provide sufficient liquidity to meet its financial obligation as and when they fall for payment in the following twenty-four months. The Group has also analysed the effect of the recent geopolitical developments and allied sanctions environment and, supported by external legal opinions, it believes that the same are unlikely to be extended onto the Group. Further, the current sanctions environment have not resulted in a material impact onto the Group's operations or its ability to raise fresh capital. The Group ensures that it continues to abide by all the laws and regulations on trade compliance and sanctions. Accordingly, the Group continues the preparation and presentation of these financial statements as a going concern.

45 Impairment testing of Goodwill

The Group recognised goodwill of ₹ 108,184 million arising on the acquisition of Vadinar Power Company Limited (VPCL), Nayara Energy Properties Limited (NEPL), and Vadinar Oil Terminal Limited (VOTL). The Group has determined that its entire operations fall into single CGU and single operating segment, viz., refining of crude oil and marketing of petroleum products in domestic and overseas market (refining business). Hence, the entire goodwill is allocable to the refining business CGU and the carrying value of the CGU as at the balance sheet date is ₹ 538,846 million (excluding ₹ 34,526 million relating to Petrochemical Project) [March 31, 2022: ₹ 534,588 million (excluding ₹ 15,125 million relating to Petrochemical Project)].

The Group performed its annual impairment test for the financial year ended March 31, 2023, as on February 28, 2023.

The recoverable amount of the CGU has been determined at ₹ 962,248 (US$ 11,638) million [March 31, 2022: ₹ 785,077 (US$ 10,400) million] based on the value in use calculation using discounted cash flow model {refer note 4(B)(ii)} based on business assumptions approved by management covering a five-year period and is in line with the business plan presented to the Board. The Group has considered forecast consensus, industry reports, economic indicators, general business conditions

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

etc. when reviewing the indicators of impairment. The Group has performed sensitivity analysis on the assumptions used basis the internal and external information/indicators of future economic conditions. Since the value in use is higher than the carrying amount of the refining business CGU, the Group has not determined the fair value less costs of disposal separately.

Key assumptions used for value in use calculations

The calculation of value in use for the unit is most sensitive to the following assumptions:

Gross Refining Margin (GRM)

The GRM projections, which is a difference between total product revenue and total feedstock cost for the year, are broadly in line with the 5-year business plan of the CGU. The GRMs are estimated to be in the range from US$ 8.6 per bbl to US$ 10.1 per bbl during FY 2023-24 to FY 2027-28 and thereafter they increase at a nominal rate of 2% per annum post the 5-year period. A US$ 0.5 per bbl decline in the projected GRM over the forecast period would lead to a decline in the recoverable value by ₹ 47,707 million (US$ 577 million)

Discount rates

Discount rates - Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. Accordingly, the Company has estimated a discount rate of 10.1%. An increase in the discount rate by 50 basis points leads to decline in the recoverable value by ₹ 58,042 million (US$ 702 million).

Considering the above, the management has assessed that any reasonable possible change in assumptions will not trigger recognition of impairment.

46 Additional information as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as Subsidiaries

Name of Entity	FY 2022-23							
	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	₹ in million	As % of consolidated profit or loss	₹ in million	As % of consolidated other comprehensive income	₹ in million	As % of total comprehensive income	₹ in million
Parent:								
Nayara Energy Limited	100.33%	306,335	101.75%	95,916	132.07%	(7,063)	99.93%	88,853
Subsidiaries:-								
Coviva Energy Terminals Limited	-0.27%	(829)	-0.18%	(165)	0.00%	-	-0.19%	(165)
Nayara Energy Singapore Pte. Limited	-0.05%	(146)	0.20%	188	0.42%	(23)	0.19%	165

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

Name of Entity	FY 2022-23							
	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	₹ in million	As % of consolidated profit or loss	₹ in million	As % of consolidated other comprehensive income	₹ in million	As % of total comprehensive income	₹ in million
Inter Group Elimination and Consolidation Adjustments	-0.01%	(29)	-1.78%	(1,677)	-32.49%	1,738	0.07%	61
Grand Total	**100.00%**	**305,331**	**100.00%**	**94,262**	**100.00%**	**(5,348)**	**100.00%**	**88,914**

Name of Entity	FY 2021-22							
	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	₹ in million	As % of consolidated profit or loss	₹ in million	As % of consolidated other comprehensive income	₹ in million	As % of total comprehensive income	₹ in million
Parent:								
Nayara Energy Limited	100.49%	217,482	111.82%	10,299	52.70%	332	108.04%	10,631
Subsidiaries:-								
Coviva Energy Terminals Limited	-0.31%	(664)	-4.28%	(394)	0.00%	-	-4.00%	(394)
Nayara Energy Singapore Pte. Limited	-0.14%	(311)	-3.59%	(331)	-0.79%	(5)	-3.41%	(336)
Inter Group Elimination and Consolidation Adjustments	-0.04%	(90)	-3.95%	(364)	48.09%	303	-0.62%	(61)
Grand Total	**100.00%**	**216,417**	**100.00%**	**9,210**	**100.00%**	**630**	**100.00%**	**9,840**

Note:

"0.00%" represents % less than 0.005%.

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, May 25, 2023

For and on behalf of the Board of Directors of Nayara Energy Limited

Prasad K. Panicker
Chairman & Head of Refinery
DIN : 06476857
Mumbai

Alois Virag
Chief Executive Officer
Mumbai

Rajani Kesari
Chief Financial Officer
Mumbai

Mayank Bhargava
Company Secretary
Mumbai
May 25, 2023

FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries/associates companies

Part "A" - Subsidiaries

Name of the subsidiary	(₹ in million) Coviva Energy Terminals Limited (CETL)	Amt in USD Nayara Energy Singapore Pte. Limited	(₹ in million) Nayara Energy Singapore Pte. Limited
Reporting period	31-3-2023	31-3-2023	
The date since when subsidiary was Incorporated/acquired	29-6-2017	15-09-2020	
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	₹	USD	₹
			USD/INR Exchange Rate
			Closing:₹ 82.2169
			Average: ₹ 80.3341
Share capital	1	360,000	27
Reserves & surplus	(829)	(2,126,565)	(172)
Total assets	1,468	598,074,294	49,171
Total liabilities	2,296	599,840,859	49,316
Investments	-	-	-
Turnover	-	1,539,493,430	123,674
Profit before taxation	(162)	2,804,970	226
Provision for taxation	3	472,338	38
Profit after taxation	(165)	2,332,632	188
Proposed dividend	-	-	-
% of shareholding	100%	100%	
Names of subsidiaries which are yet to commence operations	Coviva Energy Terminals Limited		
Names of subsidiaries which have been liquidated or sold during the year	Nil		

Prasad K. Panicker
Chairman & Head of Refinery
DIN : 06476857
Mumbai

Alois Virag
Chief Executive Officer

Mumbai

Rajani Kesari
Chief Financial Officer

Mumbai

Mayank Bhargava
Company Secretary

Mumbai
May 25, 2023

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Corporate Information

Registered Office

Khambhalia, Post Box No. 24,
District Devbhumi Dwarka,
Gujarat 361305, India
T +91 2833 661444 I F +91 2833 662929
Email: investors@nayaraenergy.com
Website: www.nayaraenergy.com
/Nayara Energy

Corporate Identity Number

U11100GJ1989PLC032116

Equity ISIN

INE011A01019

Non-Convertible Debenture ISIN

INE011A07107

Statutory Auditors

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

Share Transfer Agents

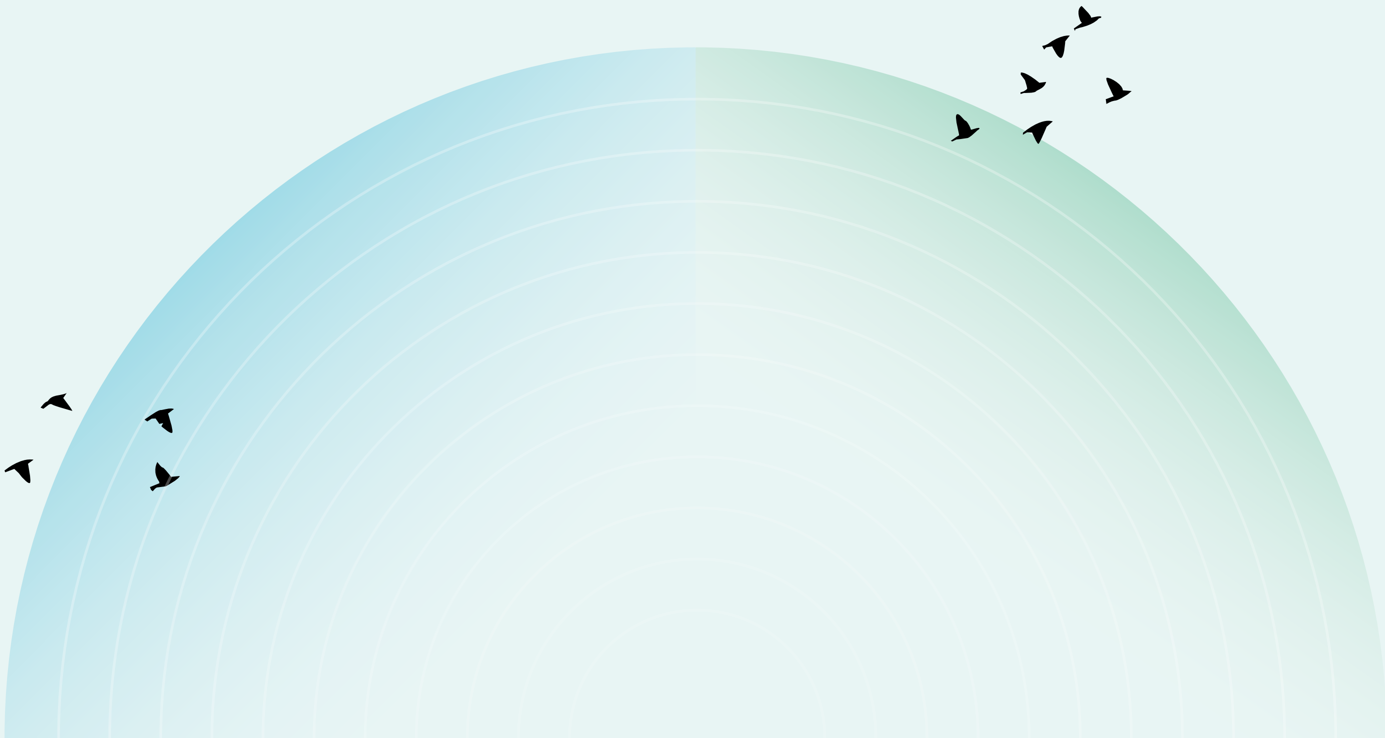
M/s Link Intime India Private Limited,
Unit: Nayara Energy Limited, C-101, 247 Park,
L.B.S. Marg, Vikhroli (West), Mumbai - 400083,
Tel: +91-22-49186000, Fax: +91-22-49186060,
Email: rnt.helpdesk@linkintime.co.in

Corporate Office

5th Floor, Godrej BKC, Plot No. C-68,
G-Block, Bandra Kurla Complex, Bandra East,
Mumbai - 400051, Maharashtra, India
T: +91-22-66121800 | F : +91-22-26530264

Bankers

State Bank of India
ICICI Bank
Axis Bank
Union Bank of India
Yes Bank
IndusInd Bank
IDFC First Bank
Canara Bank
Mashreq Bank
Exim Bank
Punjab National Bank
Central Bank of India
Emirates NBD
Federal Bank
Karnataka Bank
UCO Bank
SBM Bank



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ENERGY