Nayara for India

Committed to India's Energy Security

Nayara Energy Limited / Annual Report 2021-22

NAYARA ENERGY

As a major downstream player, with around 8% of India’s refinery capacity under our belt, Nayara Energy is a vital participant in empowering India’s energy security by satisfying the varied needs of customers.

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For a country like India to be 'Atmanirbhar', in the true sense, securing consistent, sufficient, and affordable energy supplies is fundamental. As a major downstream player, delivering ~8% of India's refining output, Nayara Energy is a vital participant in empowering India's energy security by fueling the ever-increasing and varied needs of multiple stakeholders. Our refinery at Vadinar forms the cornerstone of Nayara Energy's existence. As a leading energy provider, we realise the responsibility that we have towards our country and its overall 'Pragati' (progress). During the Covid pandemic stricken period, we ensured that our retail network was operational, even when the country came to a standstill. Our continuous endeavours toward India's energy security architecture are a testimony to Nayara Energy's reliability as India's trusted energy partner.

Committed to Communities

Nayara strongly believes in rejuvenating and improving the community around our operations. We are working with local communities from 15 villages near our Vadinar Refinery at District Devbhumi Dwarka, in areas related to water scarcity, salinity and rainfall unpredictability. We are also focusing on essential health services in the villages surrounding the Refinery, reaching out to more than 60,000 patients annually. In addition, we have undertaken a public-private partnership project with the Government of Gujarat, to make 249 villages in the Dwarka region free from malnutrition. Caring for our environment, we have disposed off more than 23 tonnes of plastic and 139 tonnes of dry waste from landfills.

Committed to Livelihoods

At Nayara, we believe that a livelihood is socially sustainable when people can earn a living that can support their future generations. As one of the largest fuel retailing private player in India, we continued to expand our retail network, creating opportunities for jobs and entrepreneurship. Today, with more than 6,500+ outlets, we are making a positive impact on the lives of approx. 50000 + forecourt managers as well as the communities in and around our retail network. During FY2022, we also launched the project EXCEL in association with UNDP, to focus on youths, farmers and potential enterprises through overall improvement in awareness, capacity and income levels. In a first of its kind public-private partnership project – Gram Samruddhi, we aim to double farmers' income through climate-smart agriculture and integrated water resource management across 11,000 hectares in 15 villages by 2026.

Committed to Petrochemical Needs

Nayara is fully focused on innovating and developing products that our customers want. 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 added capacity for polypropylene and allied units at our refinery in Vadinar in full swing, Nayara Energy's overall petrochemical capabilities continue to evolve. Once these units are commissioned by ~2023/24, we will have taken a significant step in our crude-to-chemicals journey, and a major leap toward our dream to become one of the best, integrated refining complexes in the world.

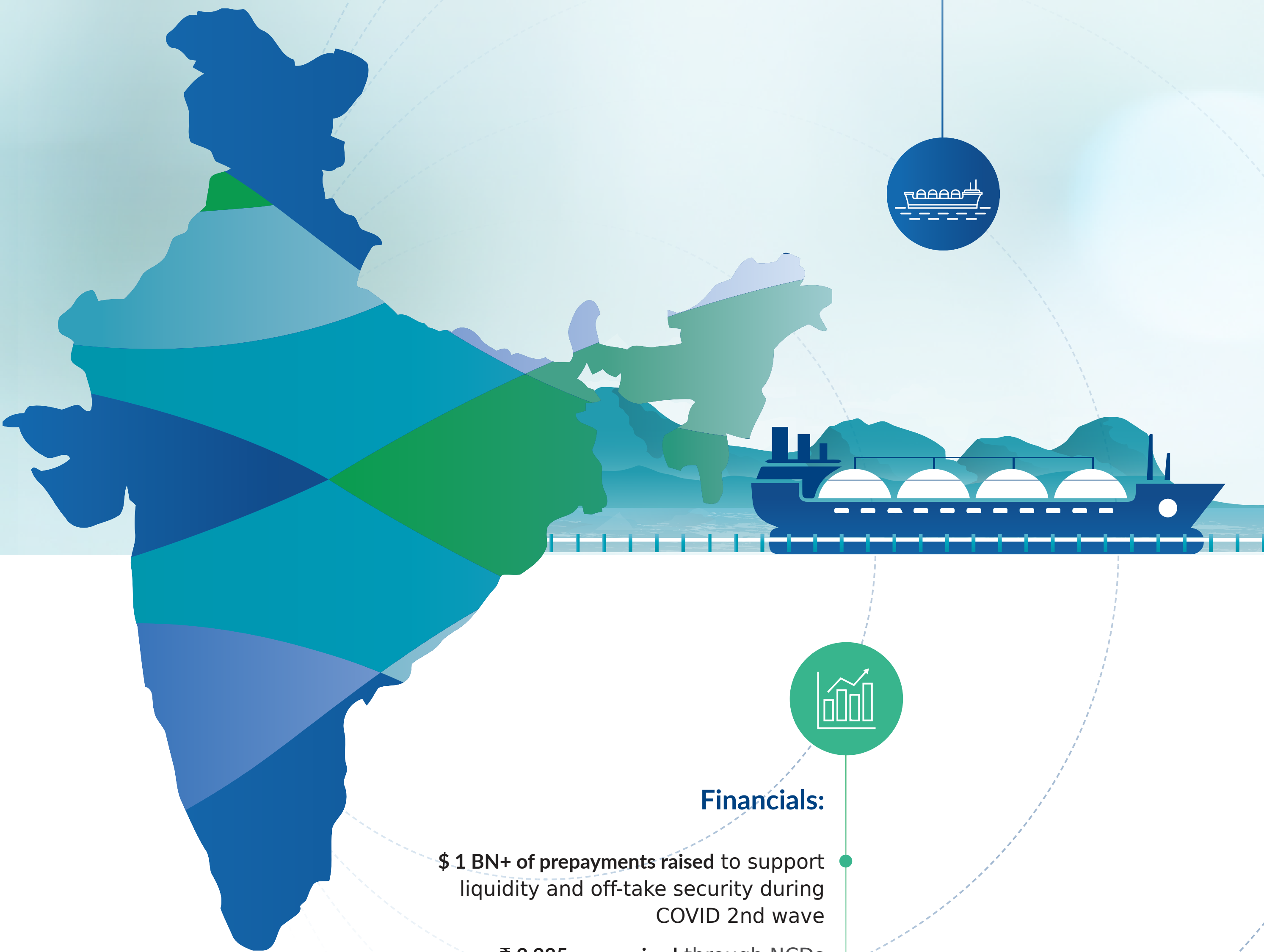
Contents

Corporate Overview

Key Performance Indicators

Refinery & Assets:

- **Safely handled** 5,000 vessels and 390 MMT of crude at the port
- **5000+ Loss Time Injury (LTI)** free days, Over 50 Million Safe Man-hours
- **9 new crude grades** were introduced, the crude basket grew to 126 grades



Financials:

- **$ 1 BN+ of prepayments raised** to support liquidity and off-take security during COVID 2nd wave
- **₹ 2,285 crore raised** through NCDs over-subscribed by 128.5%.

Petchem:

- **Laid the foundation stone** for the petrochemical expansion project for the 450 KTPA Polypropylene Plant. The construction of the first phase will complete in 2023.
- **Fully tied-up project financing** upto ₹ 4,016 crores from consortium banks.

Awards:

- "**The Corporate Social Responsibility Award** - Targeted Program" at the S&P Global Platts Energy Awards
- **CII National Water Award** for continuous efforts in water sustainability initiatives
- **2021 TIOL National Tax Award** for the best tax practices and policies over the last 3 years
- **CII Energy Efficient Unit award** for excellence in energy management

Retail:

- **Strong and growing network of 6,500+** retail outlets
- **2,000+** Nayara branded retail outlets
- **Automated 90%** of the retail outlets in the network

CSR:

- **Healthcare services to 60,000+** patients across 15 villages
- **15.29 million cubic meters** of cumulative additional water storage in the region until FY 22
- **1,000+ farmers facilitated** with market access

Chairman’s Message

Dear Shareholders,

It has been more than two years since the world as we know it changed forever due to the Coronavirus pandemic. It invaded our lives, spread sickness, paralyzed economies, and disrupted millions of livelihoods. The second wave that struck India was particularly devastating, as it overwhelmed the healthcare infrastructure and caused massive financial and emotional devastation. We, too, lost some of our cherished employees and continue to feel and share the grief of their families.

The country, however, has done a commendable job of managing the crisis. Strength and optimism have triumphed over fear and fatigue, although it would be likely naïve to think that this is now all history. A robust inoculation programme has inspired confidence and hopefully, we will forge a path that will allow us to not just survive but thrive in the new normal.

Maintaining operational excellence

As we turn a corner, it is a good time to take stock of the past, assess our present and renew our commitment to the future. This has been an unprecedented period of challenges in the oil markets, both in terms of the level of demand destruction as well as operational challenges. It is a credit to our remarkable industry that we have come through this period relatively unscathed and been able to provide our customers with the essential products they needed throughout the pandemic. Although, there are lags in recovery in some parts of the industry, particularly on the supply side, which are having an impact.

> Our flexibility in accessing crude and ability to export any supplied surplus to domestic requirements allowed us to run throughput levels much higher than the industry norms.

Nayara's core foundations are in operations and safety excellence and financial prudence. Our retail network remained fully operational throughout and we continued to expand our network; our flexibility in accessing crude and ability to export any supplied surplus to domestic requirements allowed us to run throughput levels much higher than the industry norms. Our finance team worked endlessly with the supportive banking system.

Agility and speed have been our key sources of advantage. Through the tireless efforts of management team and employees, we managed to weather the first half of the year and then were well placed to perform strongly as the market recovered. Overall EBITDA for FY22 was ₹ 50,675 million, up 36% on previous year. 70% of that income was generated in the second half.

Instability as the new normal

The period of stability didn't last long! The geopolitical tensions that erupted this year due to the Russia-Ukraine conflict brought tremendous turmoil in energy markets globally. The spike in crude prices led to liquidity and cash challenges that necessitated higher working capital requirements for Nayara and again needed the full attention of management and the support of our financial community.

Crude and product markets were already quite tight as a consequence of the covid recovery, and the broader business implications of the Ukrainian war are to create additional tightness. This has led to very positive refining margins for us and the industry in general. The challenge is that retail prices in India have been kept below international prices and while lags are normal, this must be resolved to ensure the viability of the private sector and a level playing field for all participants.

Just as the world was trying to recover from a health crisis, this conflict presented a new challenge. I hope that the ongoing cycle of violence and human suffering comes to an end and that peace is restored.

It is tragic to see war again in Europe and we hope for a speedy resolution to the conflict so as to avoid the tragic associated human suffering.

> Our expansion plans will strengthen Gujarat's position as a leading petrochemical hub in the country, while supporting the Government of India's Make in India and Atmanirbhar Bharat vision.

450KTPA

The inauguration of the new Polypropylene / Petrochemical project in FY2022.

Making progress with petrochemicals

Throughout our strategy has remained unchanged, safely and securely providing critical oil products for Indian consumers today through excellence in operations; and growing our business and operations to meet Indian energy and petrochemical needs for the future.

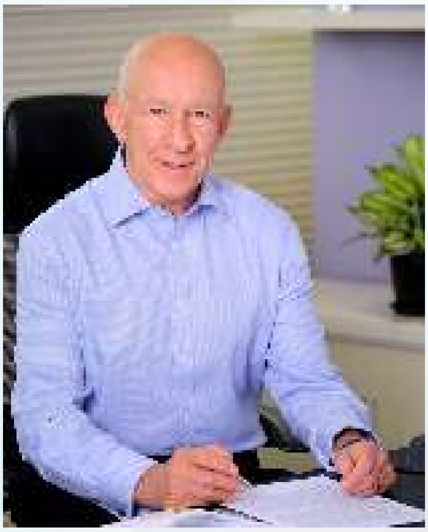
I am delighted and proud that in November 2021, the Company marked its entry into petrochemicals with a foundation stone laying ceremony. The 450 KTPA Polypropylene / Petrochemical project at our refinery facility at Vadinar in Gujarat was inaugurated by Shri. Bhupendrabhai Patel, Hon'ble Chief Minister of Gujarat and Shri Hardeep S. Puri, Hon'ble Union Minister of Petroleum & Natural Gas and Urban and Housing Affairs of India. This was enabled by the progressive pro-business policies of the Gujarat government.

The petrochemical project is part of the first phase of building a world-scale integrated fuel to petrochemical complex and will be commissioned by the third quarter of 2023. We believe the expansion plans will strengthen Gujarat's position as a leading petrochemical hub in the country while supporting the Government of India's Make in India and Atmanirbhar Bharat vision.

Continuing support to our communities

The Company is consistently working to foster inclusive development through effective programs in the areas of health and nutrition, education and skill development and sustainable livelihoods. We are also committed to ensure that the communities, in which we are operating also benefit, develop and progress. The Company set up 500 handwashing stations in Gujarat to provide communities with access to

Nayara Energy remains committed to strengthening India's energy and petrochemical security. We are steadfast in realising our growth plans.



Tony Fountain, Executive Chairman

hygiene to support Gujarat's efforts toward Swachh Bharat Abhiyaan. Nayara Energy celebrated World Water Day by augmenting the water resource management in Devbhoomi Dwarka.

The Company was honoured to receive the CSR Campaign of the Year Award at Platts 23rd Annual Global Energy Awards Summit for its initiatives towards social responsibility, customer commitment, environmental protection, and employee care. Nayara Energy was recognized amongst some renowned global energy companies. We were also felicitated at the 15th Edition of the CII National Awards for Excellence in Water Management 2021. The Company received recognition for its significant achievements around sustainable development, especially in areas of water management and its positive role in delivering economic, social, and environmental benefits to the communities in which it operates.

Becoming future-ready

As we move ahead, Nayara Energy remains committed to strengthening India's energy and petrochemical security. We are steadfast in realising our growth plans. Our laser-like focus on achieving value while balancing risk is complemented by a governance structure that aligns with long-term market opportunities and Company goals.

I take this opportunity to extend my heartfelt gratitude to shareholders for their unwavering support in uncertain times.

Best Regards

Tony Fountain,
Executive Chairman

Message from CEO's Desk

> As India's trusted energy partner, we fuelled the energy needs of the nation with continued supplies, while staying committed to the health and safety of our people

More than 50 million
LTI free man hours in FY 2022.

Dear Shareholders,

The oil industry is no stranger to volatility, but few episodes in history have dealt a blow as sharp as the coronavirus pandemic. While it began primarily as a health crisis in one part of the world, it rapidly escalated into a global catastrophe, affecting every dimension of our life, from ecology to economy. The pandemic brought upon a profound impact on many sectors, with some reeling under pressure to find a foothold in turbulent markets, while others pivoting successfully to cater to the 'new normal'. The severity of the second wave of coronavirus and the resultant stringency of measures introduced to curtail its spread, posed a formidable challenge to the conventional operating models of refining and retail. Nayara Energy has navigated this challenging journey with strength and agility. During this tumultuous period, the wealth of learnings and revelations have moulded Nayara into a nimble-footed organisation bolstered by resilience, gilded by innovation and most remarkably, powered by our vision for the future.

Community, Customers and Cadre First: Countering the Pandemic Collectively

The second pandemic wave, which hit India in April 2021, marked by localised lockdowns and panic, was far more lethal than its predecessor. Many Indian cities and towns reported a chronic shortage of hospital beds, oxygen supply, ventilators and vital medication amidst the surge in infections. This was a critical moment for Nayara in its endeavour towards community stewardship and we rose to the occasion by building a makeshift hospital at Vadinar with a facility of 50 beds to ease the pressure on an overburdened local healthcare system. Further, we allied with hospitals across India to ensure quality healthcare for our employees and their families. Notably, our persevering commitment to build thriving local communities through our CSR team's Gram Samruddhi project, which oversees the holistic development of 15 villages near our refinery, received prestigious international and domestic felicitations this year.

Even as we remained committed to the health and safety of our staff, we ensured that the energy needs of our customers were fulfilled. Our expansive retail network remained operational even at a time when the country witnessed challenging times during second wave of Covid. Such undisrupted product availability was made possible by the untiring efforts of team Nayara towards ensuring supply chain continuity, which underpins our robust energy security architecture. The persistent on-ground presence of our fuel sales team while the pandemic gripped the nation is a testimony of Nayara's reliability as India's trusted energy partner.

Perhaps one irreversible impact of the pandemic is the validation of a hybrid, flexible model of working. As we swiftly pivoted to a digitally elastic workplace through our fortified Information Technology backbone, we were able to ensure 100 per cent system availability with zero cyber-breakouts and uninterrupted Board

Dr. Alois Virag, CEO

meetings, employee events, trainings and townhalls. Hybrid working is now encoded into the operating model at our headquarters in Mumbai, enabling intelligent optimisation of our people and resources. Further, thanks to the institutionalisation of a strong safety culture, we achieved a record of more than 50 million LTI-free man-hours for Nayara Energy. The Company managed to accomplish a delicate balancing act during this challenging period by maintaining operational continuity while simultaneously keeping infectivity in check.

> Our expansive retail network remained operational even when the country witnessed challenging times during second wave of COVID.

Dr. Alois Virag, CEO

9

New crudes added to our portfolio including 8 ultra-heavy grades

$140+million

EBITDA contribution in FY2022

Powering Operational Excellence and Innovation

On the business front, though 2021 started on a tepid note, we managed to pick up pace as the year progressed. The Company's thrust on undisrupted business operations resulted in yield, throughput, and supply optimisation, which helped capture market opportunity in a volatile environment. An encouraging 99.9 per cent reliability was achieved through consistent focus on health, safety and maintenance processes.

In the initial quarters, product margins remained subdued due to diminished demand. Natural gas (NG) costs remained significantly higher due to external factors and liquefied natural gas (LNG) supply gap. The problem was compounded by higher crude cost and strong Brent-Dubai spreads. Nayara, however, tackled each situation with strategic intervention.

We introduced a total of 9 new crudes into our crude basket, including 8 ultra-heavy grades. In fact, the total number of crude grades processed at our refinery now stands at 126. We also succeeded in carefully unwinding refinery unit constraints to process tougher crude grades. Further, by optimising gasoline, LPG and other higher-margin products, we were able to improve margins. The sale of solids also helped the Company benefit from increased pricing. The shift from Natural Gas to alternate fuels (naphtha and LPG) during the historically high spot LNG price turned out to be a timely measure that saved production costs.

During the year, we achieved the highest-ever annual LPG production with the intent to capture better realisation by changing Fluid Catalytic Cracking (FCC) severity. Our gasoline block units (NHT, ISOM, CCR) clocked in the highest-ever annual throughput, which helped in gasoline maximisation during a subdued gasoil crack environment. Another example of ingenuity came with Nayara accomplishing its first gas resale transaction in the domestic market to monetise soaring gas prices. And it doesn't stop there. Amongst our many firsts this year, we successfully operationalised Nayara's international launchpad, a wholly-owned subsidiary in Singapore. This brings a strong synergy to the Company's global trading and fund-raising endeavours.

Nayara Energy has always believed that only top-quality products and service will help us build and strengthen our relationship with customers. Introducing a new high-value product, Mineral Turpentine Oil (MTO), is a step in that direction in the domestic market. We have now trained our lens on low sulphur heavy stock (LSHS) and are confident about its value addition to the market segment. Such strategic expansion of our product portfolio to navigate the suboptimal profitability of conventional products is a healthy reflection of the innovation quotient fostered within the Company.

The Company's aggressive domestic strategy to focus upon on-purpose and swing products to capture market share of high margin molecules such as Light Diesel Oil (LDO) resulted in 4x higher sales over the business plan. With a targeted customer-market identification approach, Nayara's by-product realisation remained the best amongst domestic refiners. Adding momentum to our green energy endeavours, we effectively maximised ethanol-blending margin in domestic gasoline through in-tank blending at refinery and sourcing of low-cost feedstock.

Furthermore, Nayara Energy became the first OMC to share petroleum product pipelines this year. We secured access to HPCL's Mundra Delhi Pipeline in Rajasthan (in three locations), allowing for considerable improvement in securing supplies to Nayara Energy's retail outlets in the area.

> Nayara Energy's petrochemical expansion continues steadfast, with construction ongoing in full swing for polypropylene and allied units at our refinery in Vadinar.

Sailing through with Superlative Liquidity Management

For a downstream oil company, accurately forecasting how cash flows might be impacted by potential market disruptions and oil price movements is of paramount importance. Our foresight and pre-emptive approach have held us in good stead in these stormy times. We formulated a meticulous, multi-phase action plan to overcome severe stress on liquidity due to lower earnings in the earlier quarters. Despite a challenging market environment and suppressed margins, Nayara Energy managed to secure prepayment deals worth more than $1 billion. We also successfully raised ₹ 2,285 crores through our maiden listed NCDs at competitive rates for refinancing existing NCDs.

This year, a remarkable event was the encouraging launch of Project One Lakshya, Nayara's brainchild aimed at igniting the entrepreneurial mindset of employees with a strong focus on driving innovation, cross-collaboration, and result-orientation. With many more to go in the pipeline, the project charters executed under One Lakshya delivered the Company a notable EBITDA contribution of $140+ million and liquidity infusion of $300+ million. The Company's business and financial competency played a major role in strengthening its overall performance.

Onward and Upward in our Journey of Growth and Expansion

In a unique display of healthy anomaly, Nayara Energy's retail network has continued to maintain its growth trajectory, notwithstanding the economic shrinkage and distress brought on by two years of the pandemic. Retail Margins were undoubtedly under immense pressure on account of demand diminution caused by an unprecedented fall in mobility. However, with tactical measures and on-field engagement, our retail business has been able to outperform industry growth and achieve nearly 90 per cent of planned volumes. We expanded to 6,568 retail outlets by the end of March 2022, while consolidating brand visibility in the retail market with ~2000+ outlets now operating under the Nayara Energy brand.

Nayara Energy's petrochemical expansion continues steadfast, with construction ongoing in full swing for polypropylene and allied units at our refinery in Vadinar. The financing for the project is fully tied-up. The expected commissioning of these units in 2023 will mark a milestone in Nayara's crude-to-chemicals journey and strengthen our portfolio as the next earnings powerhouse.

Over the course of the year, we faced several unprecedented challenges. Nevertheless, we continued marching forward towards the realisation of our goals, thanks to the tenacity and conviction of our people. As a new cycle dawns upon our industry, Nayara Energy is gearing up with invigorated momentum to scale new heights. I extend my sincerest appreciation to our people, business partners and shareholders for their unwavering support.

Best Regards

Dr. Alois Virag,
CEO

Board of Directors

CHARLES ANTHONY FOUNTAIN
Executive Chairman

AVRIL CONROY
Non-Executive Director

VICTORIA CUNNINGHAM
Non-Executive Director

CHIN HWEE TAN
Non-Executive Director

ALEXEY LIZUNOV
Non-Executive Director

SACHIN GUPTA
Non-Executive Director

ANDREY BOGATENKOV
Non-Executive Director

ALEXANDER ROMANOV
Non-Executive Director

DEEPAK KAPOOR
Independent Director

NAINA LAL KIDWAI
Independent Director

PRASAD K PANICKER
Director and Head of Refinery

Board's Report

Board’s Report

Dear Shareholders,

The Directors take immense pleasure in presenting the 32nd Annual Report along with the Company’s audited Financial Statements for the financial year ended March 31, 2022.

Financial Performance and State of the Company's affairs

Highlights of financial performance on standalone basis

(₹ in millions)

	FY2022	FY2021
Revenue from Operations	1,196,894	875,006
Total Revenue including Other Income	1,200,028	885,661
Earnings before finance cost, depreciation / amortisation, Exceptional items, and Tax (EBIDTA)	50,675	37,281
Profit before Exceptional Items and Tax	13,490	(2,755)
Exceptional items	-	-
Profit / (Loss) before Tax	13,490	(2,755)
Tax (reversal)	3,191	(7,420)
Net Profit after Tax	10,299	4,665

Global Market

> The global refining industry ended FY2022 on a high note, with both processing rates and margins improving amid continuously tight product markets.

The financial year 2021-22 (FY2022) witnessed the global economy and the oil markets rebound from the despair caused by the outbreak of the COVID-19 pandemic in 2020. The International Monetary Fund's (IMF) latest estimates peg global GDP growth for 2021 at 6.1% year-on-year, exceeding its earlier projected growth of 5.5%. The major contributors to this growth were massive and concerted monetary stimulus programmes launched by the major central banks. The US Federal Reserve (Fed), the European Central Bank (ECB), the Bank of England (BoE) and the Bank of Japan (BoJ), carried over their respective efforts of extraordinary quantitative easing (QE) programmes, expanding their balance sheets significantly in 2020 and 2021.

The global oil market too continued its impressive recovery during the past year, driven by strong global oil demand, given the worldwide easing of lockdowns in a gradual manner resulting in increased mobility and industrial activity. The oil market's rebalancing was supported by the coordinated supply management strategy of the OPEC+, which resulted in the drawing down of excess inventories to below 2015-2019 average levels. These inventory draws resulted from petroleum consumption returning faster than petroleum production after the COVID-19 pandemic began in 2020. By the end of 2021, OECD commercial oil stocks were 389 million barrels (mb) lower than the same period in 2020 and 221 mb below the 2015-2019 average.

The pandemic continued to be a major challenge throughout FY2022, particularly with the emergence of newer virus variants such as Delta and Omicron. This led to a renewed surge in infections and deaths, volatility in oil prices and the world witnessed re-emergence of containment measures. Vast majorities of population in developed and developing world were vaccinated against the Covid infection and the efforts continue to vaccinate people. The continued recovery in oil demand, easing of Covid restrictions and steady improvement in mobility indices to pre-pandemic levels reflected in the oil price rise during the year. Brent rose from near USD65/bbl in March 2021 to nearly USD 119/bbl in March 2022, gaining almost 82% during the year. Other crude benchmarks also registered similar gains during the FY2022.

The global refining industry ended FY2022 on a high note, with both processing rates and margins improving amid continuously tight product markets. Refinery margins steadily recovered from the 2020 covid-slump and reached their highest levels in two years by the end of FY2022. An increasingly tighter product balance in all regions amid pick-up in fuel consumption, industrial activities and pent-up holiday / travel demand combined to provide a positive stimulus to product markets and ultimately led to a robust performance by refined product margins. However, with most of the mobility demand coming from the personal vehicle segment, gasoline cracks outperformed the distillate margins for most of the year.

However, the higher crude and oil product prices, the massive monetary stimulus and QE programmes, in combination with strong underlying global demand and supply-chain bottlenecks, have resulted in higher inflation levels in major economies. To curtail the potentially long-lasting impact of inflation, the major central banks, including the US Fed, announced that they would adjust their QE programmes and consider reducing their very accommodative monetary policies.

For the year ahead, the IMF has reduced its global growth forecast by 0.8 per cent from its earlier estimate to 3.6 per cent for 2022. This is a slow-down from the estimated 6.1 per cent growth in 2021. Unusually high uncertainty surrounds this forecast, and downside risks to the global outlook dominate from a possible worsening of the current conflict, escalation of sanctions on Russia, a renewed flare-up of the pandemic should a new, more virulent virus strain emerge as well as flaring of inflation and the resultant impact on supply chains. In refining, as attested by the longest stretch of product draws observed over the last six quarters, spare usable capacity has emerged as a real constraint, as most of the estimated excess/ underutilised nameplate refining capacity is not practically usable. Hence, refinery margins, which have surged to multi-year highs in March on exceptionally strong diesel and gasoline cracks, look to remain strong and robust in the year ahead.

Domestic Market Overview

Key Highlights

Domestic consumption of key oil products such as Motor Spirit (MS) and High-Speed Diesel (HSD) increased by 10% and 5.5%, respectively, in FY2022 compared to last year.

13%

Growth in the passenger vehicle segment for FY 2022

4%

India's overall demand for petroleum increased by 4 % in FY2022 over the last financial year.

> While recent geo-political uncertainty remains a headwind for economic growth, the automobile industry and oil demand are expected to reach pre-pandemic levels in FY2023.

India's overall demand for petroleum increased by 4 % in FY2022 over the last financial year. However, it still remains 5% lower than the pre-pandemic levels of FY 2020. Domestic consumption of key oil products such as Motor Spirit (MS) and High-Speed Diesel (HSD) increased by 10% and 5.5%, respectively, in FY2022 as compared to last year.

Similar to the previous fiscal, demand in FY2022 was impacted by the onslaught of the second and third waves of Covid in the country. This time, the spread of infection was not only limited to urban markets but also took rural India in its grasp. Unlike last year, the lockdown was mainly imposed by the State Governments this time around. Many states continued to remain under lockdown for over 60 days, which impacted the overall economy, including transportation and vehicle sales.

Despite global supply chain issues, the shift to personal mobility due to Covid-19 and the low-interest rate have resulted in the sharp recovery of the passenger vehicle segment, which grew by 13% and the commercial vehicle segment, which grew by 26% in FY2022. India's fiscal budget for 2022 is highly focused on improving rail and road infrastructure, which also bodes well for solid HSD demand. This massive push is likely to result into sales growth of approx. 40% for medium and heavy commercial vehicles (MHCVs) because of strong demand from the infrastructure segments such as construction, roads, mining, steel and cement. Volume in light commercial vehicles (LCVs) is expected to rise by approx.. 9-14% on higher demand for last-mile connectivity from sectors such as FMCG and e-commerce but will be partly offset by supply constraints amid the semiconductor shortage.

While recent geo-political uncertainty remains a headwind for economic growth, looking forward to further easing lockdowns and restrictions in the country and the Government's thrust on capital expenditure, the automobile industry and oil demand are expected to reach pre-pandemic levels in FY2023.

Operational Performance

REFINERY

Key Highlights

Safe and reliable operations are the hallmark of the Refinery.

20.16 mil tonnes

Volume of Crude processed during the FY2022

99.9%

Operational availability achieved during FY2022

125+

The size of our Crude Portfolio by the end of FY2022

During the FY2022, the Refinery processed 20.16 million metric tonnes ("MMT") of crude, achieving approx. 101% capacity utilisation. During H1 of FY2022, as the country continued its fight against Covid-19, the Refinery also faced several challenges during this period.

Safe and reliable operations are the hallmark of the Refinery. Your Company has achieved the highest ever operational availability of 99.9% for major process units in FY2022. This is the highest in the history of the Refinery.

During FY2022, the Refinery processed 84% of Heavy and Ultra Heavy Crudes and produced 87% of high margin distillates. As part of continuous optimisation and diversification in feedstock, 9 new grades of crude were successfully processed, expanding the crude basket to 125+ crude grades.

As an endeavour to enhance margins from existing assets, new value-added product viz. MTO (Mineral Turpentine Oil) was produced and introduced in the market. Your Company is continuously looking for opportunities to maximise

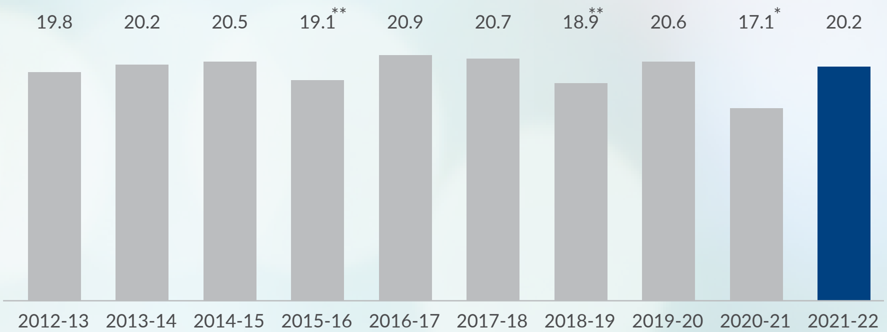
> During FY2022, the Refinery processed 84% of Heavy and Ultra Heavy Crudes and produced 87% of high margin distillates.

revenue from the products. Hence, as part of Product optimisation, MFO (Marine Fuel Oil) and Reformate were exported over and above Naphtha, Motor Spirit (MS) and Gasoil.

Production of Ultra Low Sulfur Diesel (ULSD), MS, High-Density Diesel (HDD) and Light Diesel Oil (LDO) were also at a record level of 8.1 MMT, 4.0 MMT, 1.4 MMT and 0.2 MMT, respectively, which is the highest ever production for any financial year.

Marine facilities of your Company achieved a landmark of safe handling of 5,000 vessels since inception in 2006. Your Company also augmented its truck loading facilities at Vadinar by adding one more white oil gantry with state of the art Bottom Loading facility enhancing the truck loading capacity by approx.imately 0.9 MMT per year.

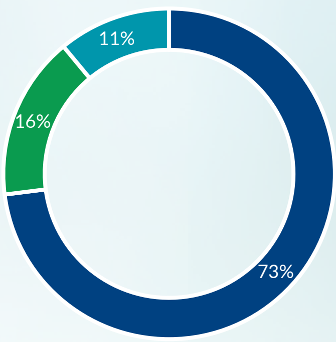
Crude Processed, MMT FY



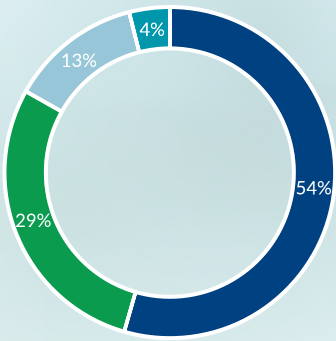
** Throughput low due to planned turnaround

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

Crude Grades Processed



Product Slate



MARKETING

598
New retail outlets added during FY2022

6,568
Total network strength of fuel stations as of 31st March 2022

Retail

Nayara Energy's retail business continued to deliver a brilliant all-round performance during FY2022. Despite unprecedented network addition by industry (approx. 20% addition in last 2 years), we grew our volume in FY2022 by 1% over FY 2020 when industry volume shrank by 3% during the same period. In line with the Company's strategic roadmap, we continue to expand the network in select focus markets. Your Company added 598 new outlets in FY2022, out of which 186 outlets were commissioned in remote service areas.

Towards the end of FY2022, we crossed the historic milestone of 6,500+ fuel stations with a total network strength of 6,568 fuel stations across the country as of March 31, 2022. Of the entire network, more than 2,000 retail fuel stations are functioning under the Nayara brand. Being the single largest fuel retailing private player, Nayara's focus continues to expand and meet the growing demand, thereby building job opportunities and entrepreneurship. Through our 6,500+ outlets, we are positively impacting close to approx. 50,000+ Forecourt salesman and communities around our retail network.

The Company continues in its efforts to automate the entire supply chain, right from the Refinery to the depot, all the way to the Franchisee network, thus optimising our inventory levels and costs, leading to increased sales. We have automated approx. 90% of our retail outlets, a step closer to becoming a 'future ready' organisation. We plan to automate the entire network by the end of FY 2023.

Our Fleet Plus (FP) programme performed exceptionally well, with significant traction from large customers. In addition, we are 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.

In line with the Government mandate to sell ethanol-blended motor spirit and shift towards cleaner fuels, we have made a steady progress in raising the share of ethanol in our retail supplies. Our blending compliance percentage improved from 4.53% in April 2021 to 7.16% in March 2022, with overall blending compliance of 4.96% in FY2022 against 1.97% in FY2021. This was possible due to the uninterrupted procurement of ethanol at existing locations and the commencement of procurement at new locations to meet the Company's critical blending compliance agenda.

Institutional Business

Institutional Business continued to contribute significantly to Company's performance driving the growth objective for "On Purpose Products", i.e. HSD, LDO and MTO. Despite the pandemic affecting the industrial activities, Institutional Business registered its highest-ever sale of HSD and better than planned delivery for Bitumen. We leveraged the opportunity for better realisation and registered strong growth of 9% in Bitumen, as against the de-growth of 2% experienced by the industry. We were able to scale up both HSD & LDO business with strong growth of 9% and 61%, respectively, viz-a-viz industry growth of 10% and 20%, respectively, by entering into new segments and geographies.

New product MTO was successfully launched in June 2021 and we could establish our product with major paint companies, achieving a market share of 8%. We managed inventory of solids efficiently, continuing to nurture our customers, ensuring optimised realisation and timely evacuation. Institutional Business also displayed exemplary performance by undertaking exports during the period of demand kill due to the pandemic. Many new customers were added to our portfolio and our association with key customers grew stronger as our service levels remained our priority.

Institutional Business is also responsible for the sale of Power at optimised earnings and it ensured compliance by evacuating fly ash on time to the right set of customers.

Supplies & Distribution

The global lockdown triggered by the COVID-19 pandemic posed significant challenges of weakening demand along with oversupply and inventories in market. However, these strong headwinds from the previous year had made Nayara Energy's Supply and Distribution team more resilient and robust to act upon such operational catastrophes.

In FY2022, we entered into a pipeline hospitality arrangement with HPC for MDPL (Mundra Delhi Pipeline) and started supplies from Jun'21 onwards to optimise our cost to serve for Rajasthan market. This helped us reduce road transportation by 9 million kms which helped us bring down HSE risk besides a significant reduction in transportation cost.

We also augmented hired tankages at Mangalore in accordance with business expansion plans in the Karnataka market. Mathura Roadfed depot was commissioned to meet sporadic retail demand in Uttar Pradesh.

Furthermore, we did an infrastructural upgrade in marketing dispatch in our Refinery area with the commissioning of Bottom loading POL Gantry VII. The Company introduced leadership aspect in HSE training covering 208 S&D employees. Also, defensive driver training was conducted to improve our HSE standards, wherein 1,254 drivers were imparted training during last year.

In the logistics domain, NIIMS-Transporter portal was launched for EXMI customers along with consignee application for Retail outlets and delivered industrial customers.

On our own infrastructure front, Wardha depot continues to cater to the product requirements of Nayara and other oil companies. We also received PESO approval for Night operations at Wardha Terminal, adding more flexibility to our operations. Pali terminal is set to be commissioned by June 2022. The Company is aggressively looking for land parcels for MP, UP and Telangana depots.

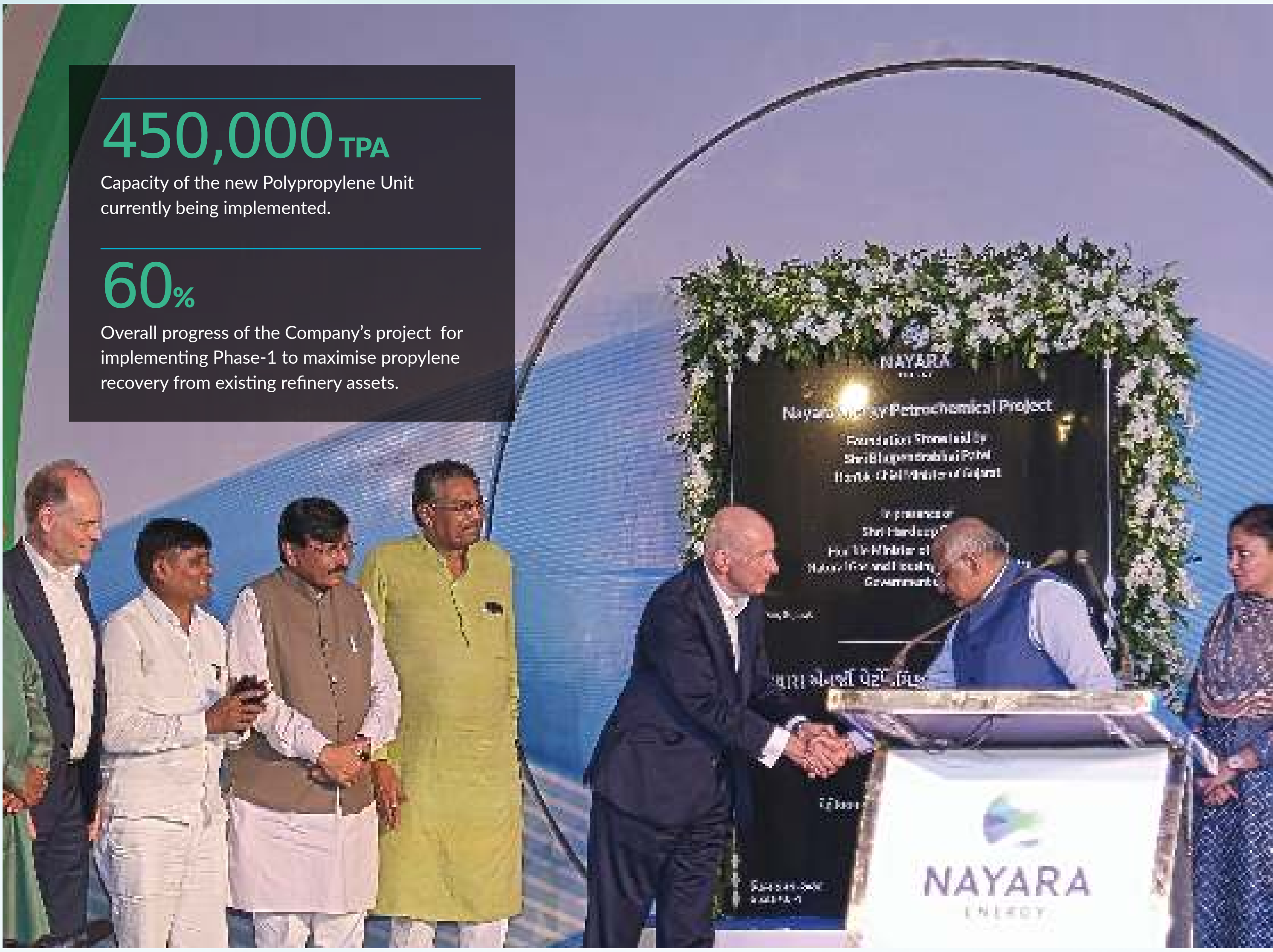
ASSET DEVELOPMENT

450,000 TPA

Capacity of the new Polypropylene Unit currently being implemented.

60%

Overall progress of the Company's project for implementing Phase-1 to maximise propylene recovery from existing refinery assets.



Your Company adopted a phase-wise asset development strategy in 2018 to enter into the petrochemicals sector and is well-positioned to become a strong petrochemical player due to its unique advantages in terms of opportunity of integration with the Refinery, proximity to the port and location of Refinery in western India which is the largest petrochemical consumption region of the country.

The Company's focus on petrochemicals is well supported by the intensive growth of Polyolefin consumption in India – 9.1 % (Polypropylene (PP) 13.4% and Polyethylene (PE) 5.3%) year-on-year vs 4.3% (fuel) during FY2022. The robustness of PP and PE demand was proven during the pandemic period, and it continued to grow during FY2021, exceeding the pre-pandemic level. Petrochemicals have shown stronger

> The Company is currently implementing Phase-1 of the strategy aimed to maximise propylene recovery from existing refinery assets of the Fluidized Catalytic Cracking (FCC) Unit.

resilience than fuels which is yet to reach the pre-Covid level. As per data from Petroleum Planning & Analysis Cell (PPAC), the demand for fuels in India is yet to reach the pre-Covid level.

The Company is currently implementing Phase-1 of the strategy aimed to maximise propylene recovery from existing refinery assets of the Fluidized Catalytic Cracking (FCC) Unit by increasing its severity and recovering this propylene in a Propylene Recovery Unit and then converting it into polypropylene in a new Polypropylene Unit of 450,000 tonnes per annum.

Major scopes of Phase-1 Project include revamping of FCC & LPG treatment units, construction of a new propylene recovery unit (PRU) and augmentation of existing utilities and construction of a new Polypropylene Unit (PP) and related off sites and utilities (OSBL facilities).

Despite the unprecedented work environment triggered by the second Covid wave during April – May 2021, the resources were mobilised at the site with utmost safety for site preparation work and the EPC contractors focused on engineering and procurement of equipment for the project in the "Work From Home" environment.

In August 2021, the Company achieved financial closure by executing project debt agreements with a consortium of 6 Indian lenders.

Despite the two waves of the Covid-19 pandemic in FY2022, the work at our project site is in full swing and we have achieved overall project progress of nearly 60% and completed 5 million safe man-hours of work at the project site by the end of March 2022. With this, the Company is on track to complete the project execution work within the approved budget by the first quarter of FY 2024 and Polypropylene production to start in the second quarter of FY 2024.

Phase 2 of the Asset Development Strategy is the construction of a World Scale Steam Cracker Project with downstream derivative units fully integrated with the Refinery. Your Company is carrying out a detailed feasibility study of the project, with focus on CAPEX affordability and further expandability of steam cracker, which can provide opportunities for partnership.

Safety First

Safety is a core value, and the Company strives to continue improving its HSE performance involving everyone. The refinery and marketing operations have established a robust integrated Health, Safety, Environment and Quality (HSEQ) management system in compliance with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. The Company has also implemented an energy management system in compliance with ISO 50001:2018 standards at the Refinery.

The Company's total injury frequency rate (TIFR) is 0.86 as of March 31, 2022, which is 35 % lower than the previous year. The Refinery achieved a milestone of 5,000 LTI Free Man-Days for employees on December 31, 2021. Overall, the refinery operations achieved 51.56 million LTI free man-hours for the employee category, 1.95 million LTI free man-hours for the contractor category, and also a total of 936 Major Fire Free days as of March 31, 2022.

No major incidents or Process Safety Tier-1 incident was reported during the year, and a 25% reduction was seen in the reportable process safety LOPCs (Loss of primary containment). A significant number of near-miss and safety observations were also reported, with more than 25% contributing due to process.

Process Safety Management (in accordance with API 754) has been a key focal point with Quantitative Risk Assessment (QRA), Safety Integrity Level (SIL) and Re-HAZOP Studies conducted for various refinery units. Ten Process Safety Fundamentals (PSFs) were launched during the year as Safe Operational Principles in line with International developments and internal incidents/near miss analysis to minimise Process Safety Incidents.

The Refinery continued its commitment towards safety in various ways, including training, promotional events and other new initiatives. An

external safety training was conducted specifically for senior management on "Safety Excellence through Behavioral Intervention". PSM trainings were organised, which saw an increase of 80% in the number of personnel undergoing the training. Mandatory safety training programs for contractor supervisors and standby persons were introduced. With a strong emphasis on training, the Refinery achieved an average of two man-days of Health, Safety, Environment and Fire (HSEF) training and one and a half man-days for contractors. Mandatory use of Fire Retardant clothing and H2S badges for all personnel working at the refinery process units were introduced.

The Company has a robust Emergency Response & Disaster Management plan in place. During the year, several mock drills, including one level 3 (offsite) mock drill at the Refinery, were conducted to check and evaluate the effectiveness of the mitigation measures.

For the upcoming new petrochemical project, the refinery team has been actively involved in various process hazard analysis studies and model reviews carried out. Refinery Safety Management Systems were also implemented with an online excavation authorisation safety system, and several special training programs were organised

Health and wellbeing are closely linked to safety in the workplace, and the Company has taken a proactive approach by designing several programs related to mental health and employee wellbeing. The Company continued its efforts with several initiatives during the Covid 19 second and third wave through a dedicated task force. At the Refinery, in addition to support from the

Occupational Health Centre (OHC) and Township medical centre, a rapid action team was deployed consisting of Ambulance, Paramedic and Doctor at Jamnagar city to manage/ assist COVID situations. A 100 beds equipped Covid hospital at Zakhar Village and an oxygen plant installed at G. G. Hospital Jamnagar and Army Hospital Jamnagar.

As part of our commitment towards the environment, the Company implemented several environmental improvement programs along with fulfilling required environment compliances in line with the statutory requirements. As a recognition of these efforts, the Company was awarded the winner's trophy in the Annual Greentech Environment award for 2021. One of our employees from VGO-MHC operations at Refinery was also honoured with the prestigious State Labour Award- "Rajya Shram Vir" for his outstanding work towards safety.

HSE has been at the centre of marketing operations with focus on newer initiatives whilst enhancing the existing interventions to better our performance. During the period, several initiatives were implemented at depots, logistics operations, retail outlets and offices. One of the priorities was on transportation safety, where we trained our employees and also covered more than 1,700 contracted Tank/Truck drivers on defensive training during the year. Our engagement on safety topics saw a significant rise with leadership workshops on health and safety for employees, first aid training and safety at retail outlets training our forecourt salesmen. Franchisees participated enthusiastically in self-assessments of their operational safety controls and various campaigns organised, including road safety month, national safety week and world environment day.

Financial Performance

₹10,299 million

PAT earned for FY2022

36%

YoY growth in EBITDA in FY2022

₹4,016 crores

Financial closure for Phase 1 of the new polypropylene plant achieved during FY2022

Revenue from operations was at ₹ 1,196,894 million for the financial year ended March 31, 2022, compared to ₹ 875,006 million for the financial year ended March 31, 2021.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was higher by 36% to ₹50,675 million in FY2022 from ₹37,281 million in the preceding financial year, mainly on account of improvement in product cracks accompanied by an increase in throughput compared to the preceding year and product demand following the resumption of economic activities across the globe.

The Company earned a profit after tax (PAT) of ₹10,299 million in FY2022 against a PAT of ₹4,665 million in the preceding financing year.

To conserve financial resources, the Board of Directors has not recommended any dividend for the financial year ending March 31, 2022. Further, no amounts are proposed to be transferred to the General Reserve during the FY2022.

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, 2022, 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 the FY2022, the Company had redeemed 2,400 Secured, unlisted, redeemable non-convertible debentures of the face value of ₹ 1,00,00,000 each aggregating to ₹ 24,000 million. The Company had also issued and allotted 22,850 Secured, Listed, Rated, Redeemable Non-Convertible Debentures ('Listed NCDs') of the face value of ₹ 10,00,000 (Rupees One Million), each aggregating to ₹ 22,850 million on private placement basis on August 13, 2021. These NCDs are listed on the BSE Limited.

In August 2021, the Company achieved financial closure for Phase 1 of its expansion plans into petrochemicals by tying up for project term loans to set up a 450 KTPA polypropylene plant at its Vadinar Refinery in Gujarat. The Company had also entered into various long-term and short-term prepayment arrangements against the supply of product cargoes which helped the Company manage its working capital requirements, optimise its operational costs and secure the supply of product cargoes. Further, to manage the increased working capital requirement in a high crude price environment, the Company was successfully able to achieve enhancement in the working capital limits. The above financing activities helped the Company in maintaining a higher throughput, optimise its sales mix despite the lean domestic demand and uncertainty due to COVID / other geo-political factors and ensured an uninterrupted and cost-effective supply of raw materials and seamless and smooth refinery operations.

Ownership

Nayara Energy does not have any holding company.

Subsidiary Companies

Nayara Energy Global Limited, a Mauritius based wholly-owned subsidiary of the Company, was liquidated on August 24, 2021.

There were no other changes in the subsidiary companies' position during the financial year. The Company does not have any associates.

During FY2022, Nayara Energy Singapore Pte. Limited, a Singapore based wholly-owned subsidiary of the Company ("NESPL"), which was incorporated during FY2021, started its trading operations. NESPL has raised long-term funding and deployed the funds to enter term contracts.

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, 2022, 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 authorised, issued, subscribed, and paid-up share capital of the Company during the FY2022.

Information Technology

> Our inventory dashboards harnessed the power of data and analytics to create value within the business processes, and helped the significant release of liquidity into the Company.

Information Technology (IT) forms an integral part of the business processes in Nayara Energy. Your Company invested in IT in right proportions and in line to support the business requirements. This has ensured that we sailed through in terms of productivity and collaboration, even during the unprecedented situation that prevailed during the pandemic in the years 2020 and 2021.

In 2021, your Company has implemented a portfolio of IT systems and technologies which are used across business functions and Pan-India. This

has created an excellent potential for optimising resources, automating business processes and thus, increasing the footprint of digitisation.

Your Company has developed Hydrocarbon Inventory Dashboard using the Refinery Performance Monitoring System (RPMS) Platform to optimise hydrocarbon inventory and to have a visibility on the go of crude inventory, product inventory, intermediates, depot inventory and material in transit etc. This not only harnessed the power of data and analytics to create value within the business processes, but has also helped the significant release of liquidity into the Company, improved working capital management, generated savings on hedging and interest costs and created new opportunities for crude optimisation.

In addition to the above, some of the significant IT-led initiatives across our business functions which have increased efficiencies, improved operations and created digital capabilities are New CTRM (Commodity Trade and Risk Management), Turnaround Digitisation software, Campaign Management, Source to Procure (S2P) Automation, Human Capital Management modernisation amongst many other host of initiatives.

Automation of our retail outlets has gained momentum. Despite the surge of the Covid pandemic throughout the calendar year 2021, the IT team, with the support from the marketing team, continued the journey of automating the retail outlets.

At Nayara Energy, we also focus on Digital Resilience (Disaster Recovery, Cyber Security, Data Protection and Compliance) as our ability to maintain or recover technology-dependent business operations against known/ unknown cyber threats and risks and to prevent data loss. Digital resilience is a key factor in consideration for Nayara Energy while we implement digital technology initiatives. We have taken a host of initiatives such as advanced endpoint protection, e-mail protection, encryption of PCs and mobile data protection, amongst other improvements. We continue to work on improving our information security posture through investment in infrastructure and implementing information security projects.

People

> Our employees have access to expert wellness coaches 24X7 on a range of personal and work-life issues.

FY2022 was an extraordinary year, through which your Company continued to focus deeply on supporting employee wellbeing and engagement, as well as driving superior organisational performance. With 'EXCEL' values and 'Caring' culture pillar at the core of people processes, your Company initiated a suite of strategic programs, which were implemented across the organisation.

Employee wellbeing and support during the Covid-19 pandemic

With the evolving pandemic situation, your Company further enhanced its measures and operating procedures to maximise readiness to support our employees and their dependents. Some of the initiatives are as under:

Testing and Vaccination

The Company tied up with over 6- laboratories pan-India to ensure timely RTPCR test availability. Sixty-seven vaccination drives undertaken across the organisation for employees and dependents helped achieve 99% vaccination coverage for employees.

Medical Support

Your organisation took proactive steps to fortify the existing medical programs for our employees and their families by introducing the following services:

- 24X7 Covid helpdesk for employees
- 24X7 specialist doctor teleconsultation for employees and dependents
- Hospitalisation support
- Oxygen concentrators procured for employees across India

Specialised Employee Assistance Program

Through a partnership with the world's largest provider of employee assistance programs, our employees and their dependents have access to expert professionals/wellness coaches 24X7 on a range of personal and work-life issues, such as access to stress and anxiety management, parenting and education, work-life balance and financial and legal assistance.

To provide further support to employees and their dependents, a specialized employee assistance program was launched. Under the program, regular outbound calls were made to employees and family members who had suffered Covid illness to check on their wellbeing after recovery. Therapist consultation sessions were organised to help them navigate post-Covid stress and challenges.

Policies

Your organisation launched the Family CARE policy, which covers a range of

> Nayara launched the Family CARE policy, which covers a range of financial and health support measures.

financial and health support measures such as compensation continuity, health cover, providing employment to dependents based on merit and support for continued education to dependent family members of deceased employees.

Our Life Insurance and Group Medical Policies were extended to cover additional Covid related support measures.

Employee Communication and Connect
Based on one-on-one outreach to all employees to gain an understanding of support requirements during the work from home period, Nayara Energy developed a holistic response covering a suite of initiatives. These included daily news bulletins to ensure employees have access to trusted and verified COVID related government mandates and policy decisions, virtual sessions on health, physical and emotional wellness as well as interactive and experiential platforms for employees to connect with their colleagues and leaders.

Implementation of Hybrid Work

After the successful work from home implementation throughout the Covid pandemic, Nayara Energy evaluated flexible work options and implemented the Hybrid Work model.

Capability Building

The multi-pronged employee capability-building programme at Nayara Energy has been developed to enable horizontal and vertical mobility for employees. The programme covers a wide suite of functional, behavioural and specialised courses, customisable to individual learning needs to support career development and progression. Your Company has also embarked on gamified learning programs to build employee motivation and drive team learning.

Your Company also upgraded its Learning Management System (LMS) to Oracle, providing best in class technology to enable our people to upskill and enhance the learning experience continually. Our robust learning management programme further includes a course library consisting of over 3000 on-demand courses and videos. The LMS offers multiple features to support micro-learning that fits into busy schedules, a mobile app to enable learning from

> The Company has zero-tolerance for any form of harassment or discrimination.

anywhere and anytime, and features such as tailored learning paths, with in-built knowledge checks.

HR Automation / Digitization

We transitioned to Oracle for employee lifecycle management with the objective to achieve a completely integrated Human Capital Management System, upgrading modules across HR processes, which include recruitment, onboarding, goal & performance management, learning management, talent management and compensation & benefits.

Employee Engagement

It is Nayara Energy's continuous endeavour to foster a workplace environment to enrich the employee experience, achieve superior performance and improve stakeholder value. Your organisation conducted its second Gallup Employee Engagement survey in 2021. Your Company drove higher engagement levels by following a rigorous action plan, wherein some noteworthy engagement initiatives were in the areas of recognition, leadership cross-organisation communications and learning initiatives cascaded throughout teams.

Building a Culture of Performance and Innovation

An endeavour to drive the adoption of real-time feedback and regular coaching advice to team members and managers, 'Check-In's' was launched during the year. A part of Continuous Performance Management, the programme supports employees to perform at their best, creating a high productivity work environment.

Your Company launched 'One Lakshya', a programme that drives the creation of a performance and innovation culture through value creation at the employee and organisation levels. Incorporating a focused approach, the programme runs on a central employee partnership model to identify opportunities across the organisation to accelerate Nayara's performance.

Posh Compliance

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

During FY2022, Nayara Energy Limited received one complaint. The complaint was addressed by the POSH Internal Committee and was found to be unsubstantiated.

Sustainable Development of Communities

₹202.1 million

CSR planned expenditure of ₹202.1 million for FY2022

70%

Women are engaged in agriculture and dairy activities

> Nayara Energy is working with local communities from 15 villages near its Vadinar Refinery at District Devbhumi Dwarka and Jamnagar for the overall wellbeing of residents of that region.

Your Company has constituted a Corporate Social Responsibility Committee named the CSR and Sustainability Committee ("CSR Committee"). The Board of Directors, on the recommendation of the CSR Committee, has adopted a CSR policy identifying the activities to be undertaken by the Company.

The policy can be accessed on the Company's website: 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 losses computed in accordance with the provisions of Section 198 of the Act, the Company was not required to mandatorily spend any amount on CSR activities during FY2022. However, in line with the overall CSR strategy and commitments made to the Government of Gujarat at the Vibrant Gujarat Summit in 2019 and communicated in the run-up to Vibrant Gujarat 2022, CSR planned expenditure of ₹202.1 million for FY2022 was approved. Of the allocated amount, the Company spent an amount of ₹125.4 million, while ₹76.7 million remained unspent. Major reasons for the underspent was the delay in implementation of initiatives taken up by the United Nations Development Programme (UNDP) due to Covid restrictions. Also, evaluation and finalisation of location/land for construction of health and multi-utility centre took more than expected time.

Nayara Energy is working with local communities from 15 villages near its Vadinar Refinery at District Devbhumi Dwarka and Jamnagar for the overall wellbeing of residents of that region. Since the region is adjacent to the sea coast, issues related to water scarcity, salinity and rainfall unpredictability are major areas of concern. Seawater ingression affects the primary livelihood source, i.e. agriculture. Other issues include decreasing soil fertility, insufficient supply of potable and irrigation water, insufficient fodder for livestock, and lack of secondary livelihood. Socially, while women are engaged in around 70% of agriculture and dairy activities, but they are side-lined in decision-making. All these issues have cumulatively affected the standard of living of the local population. Access to healthcare services is a major challenge in the region, and the literacy rate in the region is below the district average, due to which availability of a skilled workforce is also a challenge.

CSR Programs

Community Health Project

The Community Health programme is designed to ensure access to basic health services in the villages surrounding the Refinery. This initiative is one of the CSR flagship programs and reaches out to more than 60,000 patients annually, covering 15 villages. It includes Community Health Centre, Mother and Child care centre, Mobile Health Van, Emergency Ambulance Services (4 nos), Medical Health Camps, and monitoring of Anaemia and Malaria. Other highlights of the programme are:

60,000+
patients were provided with outpatient consultations annually

1,000
patients reached out to via health camps

500
handwashing stations set up across anganwadis, schools, and health centres of Devbhumi Dwarka

1,575
nutrition kits were provided to 798 TB patients across Devbhumi Dwarka

Project Tushti

Nayara Energy has launched Project Tushti, a unique public-private partnership project with the Government of Gujarat, which aims to make 249 villages in the Dwarka region under-nutrition free. Milestones achieved under the project during FY2022 included operationalisation of 2 Child Mal-nourishment & Treatment Centers (CMTCs), 2 Poshan Raths reaching out to more than 1200 nos. of children via treatment and screening procedure and 2 centres under Bal Poshan leading to timely treatment of 67 SAM children. Other milestones under project are as follows:

2,100+
children were counselled through home visits under Project Tushti

5,000+
patients were diagnosed via 4 nos of health kiosks in the said numbers of PHCs

3,000+
beneficiaries touched via multiple initiatives in Poshan Maah (National Nutrition Month)

1,500+
Awareness and sensitisation of pregnant women and lactating mothers

Covid 19 Response

3
Oxygen Plants were installed at 3 different hospitals

280LPM
capacity oxygen generation plant at GG Hospital Jamnagar, Gujarat

833LPM
oxygen generation plant installed in Deendayal Upadhyay Hospital, Rajkot, Gujarat

500LPM
oxygen generation plant installed at Military Hospital in Jamnagar, Gujarat

100Bed
Setting up of COVID Care Centre in two phases of 50 beds each at Jhakhar Village

Medical Consumables supported
to GG Hospital, Jamnagar, Gujarat

Plastic Waste Collection Programme

To support the "Swachh Bharat" agenda, the Company entered into a partnership with UNDP for implementation of Plastic waste Management programme in Jamnagar and Devbhumi Dwarka districts, across 15 villages surrounding the Refinery. The project's primary objective is to create a better value in the waste value chain through investment in approaches, systematic processes, aligning stakeholders and introducing innovation. The programme deliverables included the following-

3,800
households reached out in Khambhalia through a Baseline study

23tonnes
of plastic and 139 tonnes of dry waste were diverted from landfills

400+
safai saathis trained in communication and waste handling

18,000+
households and 2000 shopkeepers were sensitised through the program

2,000
students participated in awareness sessions and school engagement programs

1,500+
Behaviour change imbibed in households, with the same number practising source segregation of waste

Education & Skill Development

Linking drop-out students to secondary education through NIOS

With most of the schools in the villages having classes till VIII standard, drop-out rates are high. The project attempts to bring drop-out students back into the education system. More than 100 students across 15 villages have been connected to secondary education, post the programme is in place.

Project EXCEL

Despite the impressive economic growth, a staggering population of India is still struggling to access sustainable livelihoods. Project EXCEL launched by the Company in association with UNDP, focuses on youth, farmers and potential enterprises through overall improvement in agency, awareness, capacity and income levels.

5,000 FSMs

provided with first responders training on Road safety

600 Students

Career development sessions were held with more than 600 students under Project EXCEL

800 Youths

Aspiration mapping and introduction to 21st-century skills carried out with more than 800 youths

1,200 Household

households linked with Government schemes

1,000

unorganised workers linked with the E-shram Government scheme

1,500

households were engaged via multiple awareness sessions

Livelihood and Water Resource Development Programme – Gramsamruddhi

The livelihood programs include Agriculture Development, Animal Husbandry Development, Water Resource Development and Women Empowerment. The purpose is to implement and disseminate innovative practices in agriculture, animal husbandry, water harvesting, women empowerment and provide technical/capacity-building support to the community.

Reaching out to more than 5000 beneficiaries annually, the multiple programs carried out under each of the above mentioned has resulted in increased crop yield, better cattle health and productivity (both of them leading to increased income), availability and access to information, knowledge and services, skill development, financial literacy and income generation opportunities for women among others.

This, first of its kind public-private partnership project, aims to double farmers' income through climate-smart agriculture and integrated water resource management across 11000 hectares in 15 villages by 2026. The water resource development initiative over a span of 5 years has resulted in a cumulative additional water storage capacity of 15.29 million cubic meters.

2.12 million

A water storage capacity of 2.12 million cubic meters was created in FY2022

1,000+ Farmers

Market access was facilitated for more than 1000 farmers via the setup of the Farmer Producer Company

200+ Farmers

trained in agricultural best practices

2,500+

benefited from conventional and specialised Artificial Insemination practices

400+

female calves were born via breed improvement practices, leading to asset creation in villages

150+

Advanced training on stitching was provided to 150 plus women, and market linkages

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

Directors

There was no change in the composition of the Board of Directors of the Company since reported in the last Board's Report.

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.

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 FY2022, applicable accounting standards were followed along with proper explanation relating to material departures

- The Directors selected accounting policies, applied them consistently and made judgments 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 FY2022 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, 2022, 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 FY2022 was carried out. The Independent Directors evaluated performance of the Chairman, Non-Independent Directors, and the Board. Feedback from Individual Directors was sought, based on a structured questionnaire. The evaluation was reviewed by the Nomination and Remuneration Committee and the Board of Directors.

Key Managerial Personnel

In our last Board Report, we informed you about the joining of Dr. Alois Virag as the "Chief Executive Officer" of the Company with effect from April 1, 2021.

The following executives were designated as Key Managerial Personnel under the Act:

- **Mr. Charles Anthony Fountain**
  Executive Chairman
- **Dr. Alois Virag**
  Chief Executive Officer
- **Mr. Prasad Panicker**
  Director & Head of Refinery
- **Mr. Anup Vikal**
  Chief Financial Officer
- **Mr. Mayank Bhargava**
  Company Secretary

Audit Committee

During the year, the Audit Committee comprised of Mr. Deepak Kapoor (Independent Director) as its Chairman along with Ms. Naina Lal Kidwai (Independent Director) and Mr. Chin Hwee Tan as its members. There was no change in the constitution of the Audit Committee during FY2022. During FY2022, all the recommendations of the Audit Committee were accepted by the Board.

Risk Management

To deal with the 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 track of all existing and potential risks. These risks are further classified into 'intolerable', 'critical' and 'moderate' categories depending upon the probability of the occurrence and potential impact. Based on the appetite and corresponding tolerances as finalised under the 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 bring down the risks to acceptable and manageable levels.

The Company has also developed Risk Management Procedure, which elaborates on the risk management concepts and approach as incorporated in the Risk Management Policy and the Risk Management Framework Manual and describes in detail the process to be followed for risk management activities.

Ongoing monitoring of risks and its severity is facilitated by robust reporting on top risks and performance matrices to management and the 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 management is constituted to monitor the risk levels on a 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 reasonable assurance regarding the adequacy of design and operating effectiveness of controls with regard to financial reporting and operational and compliance risks.

The framework ensures that the Company has policies and procedures for ensuring orderly and efficient business conduct, 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 frameworks, including proper delegation of authority, effective IT systems aligned to business requirements, risk-based internal audits, a risk management framework and a whistle-blower mechanism.

The Company's Internal Financial Control framework includes a procedure and risk and control matrix covering entity-level controls, process and operating level controls and IT general controls. Such controls have been assessed during the year under review, taking into consideration the essential components of internal controls stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" issued by "The Institute of Chartered Accountants of India". The entity-level policies include anti-fraud policies such as the Ethics Code, Anti-Corruption Policy, Conflict of Interest, Confidentiality and Whistle Blower Policy and other policies (viz. organisation structure, HR policies, IT security policies).

Further, during the year, the Company continued implementation of enhanced and elaborated Governance & Control Framework and covered various areas and functions of the Company like HR & Payroll, Insurance, Asset Development, Tax, Information Technology and Fixed Assets. Other business units and functions have already been covered in FY 20-21. This embraces a process of Quarterly self-certification of the design of the operational and financial controls in their respective business areas by the Business Head/ Finance Head. Implementation of new controls identified during Governance & Control Framework Implementation is monitored and reported on periodic basis.

The Company has also developed the Internal Control Framework Procedure, which articulates guidelines to ensure effective Internal Control Framework across the organisation and is based on COSO "Internal Control-Integrated Framework" and COSO and IIA "The Three Line of Defence Model."

During the year, controls were tested and no material weakness in design and effectiveness was 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

To keep Ethical standards at the highest level, the Company requires its employees and other stakeholders to follow the Ethics Code, which is fundamental to the values of Nayara Energy.

The Whistle-Blower Policy, implemented in Nayara Energy, encourages employees to express concerns related to actual or suspected improper conduct or behaviour such as demanding or accepting bribes, dishonest, abuse of powers, corruption, fraud, theft, embezzlement, extrusion, misuse of funds, etc., using any Hotline Whistle-Blower channel, established in the Company. To augment Nayara Energy's process of logging and managing Whistle-blower matters, we have initiated an IT project to automate the entire case management process, which will ensure consistent and rigorous process controls during the entire investigation process.

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 FY2022, 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 for the financial year ended March 31, 2022, 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, 2022, 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 FY2022, the Board of Directors met eight times, i.e. April 21, 2021, July 1, 2021, July 15, 2021, August 20, 2021, October 20, 2021, November 12, 2021, February 10, 2022 and March 9, 2022. All these meetings were well attended by the Directors.

Particulars of Contracts or Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during FY2022 were at an arm's length and in the ordinary course of business. 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. Given that the Company does not have related party transactions to report, pursuant to Section 134(3)(h) and Section 188 of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2015, in AOC-2, the same is not provided.

Related party disclosures, as required by Ind AS 24, have been made in note no. 44 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 – C to this Report.

Annual Return

The Annual Return for the financial year ended March 31, 2021, filed with the Registrar of Companies, after the conclusion of the 31st Annual General Meeting, held on September 15, 2021, 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, 2022, 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, 2022, no disclosure was required in respect of the following items and accordingly confirm as under:

- The Executive Directors did not receive any remuneration from the subsidiary companies
- The Company 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

In these times when people are experiencing challenges due to the Covid-19 pandemic, the Board expresses regret over the loss of life and difficulties faced by people. The Company salutes all the people who have risked their life and safety to fight this pandemic and helped fellow citizens in this hour of need. 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

Place: Devbhumi Dwarka, Gujarat
Date: May 27, 2022

Charles Anthony Fountain
Executive Chairman
(DIN - 07719852)

Post Board's Report date, Mr. Anup Vikal, Chief Financial Officer tendered resignation and was relieved from the services of the Company w.e.f. August 18, 2022.

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 its stakeholders and intends to make them equal partners in the process of nation-building. We firmly believe that our role is to lay the path that is collaborative, progressive, inclusive and sustainable through our CSR programs. We also believe that technology and innovations can hasten the process of change and 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, 2022, the CSR and Sustainability Committee comprised of Ms. Naina Lal Kidwai as Chairperson, Mr. Krzysztof Zielicki and Ms. Victoria Cunningham as its members.

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. Krzysztof Zielicki	Non-Executive Director, Member of the Committee	2	2
3	Ms. Victoria Cunningham	Non-Executive Director, Member of the Committee	2	2

3. Provide the web link where the composition of the 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 details of the Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable for the financial year under review.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	The amount available for set-off from preceding financial years (in ₹)	The amount required to be set-off for the financial year, if any (in ₹)
1	2020-21	19,17,73,563	Nil #
	Total	**19,17,73,563**	

 # The Company was not required to mandatorily spend any amount on CSR activities during FY2022. Accordingly, it was not required to set off any amount in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, during FY2022 from the amount available for set-off.

6. Average net profit of the Company as per section 135(5).

₹ (10,183) million

7. (a) **Two percent of the average net profit of the Company as per section 135(5) –** NA since the average net profits for last three financial years were negative.

(b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years. -** Nil

(c) **Amount required to be set off for the financial year, if any -** Nil

(d) **Total CSR obligation for the financial year (7a+7b-7c). –** Nil

8. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹) 7,66,68,795.91				
	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
12,54,31,204.09	7,66,68,795.91	29.04.2022	NA	Nil	NA

(b) **Details of CSR amount spent against ongoing projects for the financial year:**

1	2	3	4	5	6	7	8	9	10	11
Sl. No.	**Name of the Project**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/ No)**	**Location of the project** **State and District**	**Project duration**	**Amount allocated for the project (in ₹) (In Million)**	**Amount spent in the current financial year (in ₹) (In Million)**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) (In Million)**	**Mode of Implementation - Direct (Yes/ No)**	**Mode of Implementation - Through Implementing Agency** **(Mode and CSR Registration Number)**
1	Comprehensive Health Program, TB, Ambulance	Promoting Preventive Health Care	Yes	Jamnagar & Devbhumi Dwarka, Gujarat	36 months	21.00	16.21	4.79	No	Through Implementing Agency CSR00000901- (Helpage India)
2	Mobile Medical Unit	Promoting Preventive Health Care	Yes	Wardha, Maharashtra	36 months	3.60	3.23	0.37	No	Through Implementing Agency CSR00004347 (DMIMS-AVBRH)
3	Tushti Project	Poverty and Malnutrition	Yes	Devbhumi Dwarka, Gujarat	36 months	20.00	16.81	3.19	No	Through Implementing Agency - CSR00000722 (JSI India R&T Foundation)

4	UNDP – PWM#	Sanitation and Ensuring Environmental Sustainability	Yes	Jamnagar & Devbhumi Dwarka, Gujarat	48 months*	45.00	0.00	45.00	No	Through Implementing Agency - CSR00001423 CSR Trust of SDGs in India)
5	Construction of Health Centre	Promoting Preventive Health Care	Yes	Jamnagar & Devbhumi Dwarka, Gujarat	36 months	5.00	0.00	5.00	NA	NA
6	Livelihood Project (WRD, Smart Agri. AH, WE)	Ensuring Environmental Sustainability and conservation of natural resources	Yes	Jamnagar & Devbhumi Dwarka, Gujarat	24 months	45.00	35.89	9.11	No	Through Implementing Agency - CSR00000259 (Baif Institute for Sustainable Livelihoods and Development)
7	UNDP – Livelihood $	Promoting Education and Employment enhancing vocational skills	Yes	Jamnagar & Devbhumi Dwarka, Gujarat	48 months*	40.00	30.00	10.00	No	Through Implementing Agency - CSR00001423 (CSR Trust of SDGs in India)
8	Community Radio	Promotion of Education	Yes	Jamnagar & Devbhumi Dwarka, Gujarat	36 Months	2.50	0.00	2.50	No	Project Withdrawn
9	Sustainable Livelihoods (Wardha)	Ensuring Environmental Sustainability	Yes	Wardha, Maharashtra	36 months	3.00	0.00	3.00	NA	NA
10	Construction of Multi Utility Centre	Promotion of Education and vocational skills	Yes	Jamnagar & Devbhumi Dwarka, Gujarat	36 Months	5.00	0.00	5.00	NA	NA
11	School support programme (Wardha & Pali)	Promotion of Education	Yes	Wardha, Maharashtra, Pali, Rajasthan	36 Months	1.50	0.00	1.50	NA	NA
12	Project Parwah : Road Safety - First Responders and Responding to emergencies >	Promotion of Education	No	Gujarat State	12 Months	2.00	0.59	1.41	Yes	Through Implementing Agency - CSR00001718 Institute of Road Traffic Education
13	Small Grants (Covid19 / Infrastructure Development / Rural Development Projects)	Rural Development Projects / Support towards fight against Corona Virus / Other Development Projects	Yes	Gujarat State	12 months	5.00	2.94	2.06	No	Through Implementing Agency@
						198.60	105.67	92.93		

Note:

1. *@ Implementing Agencies: Confederation of Indian Industry, Friend's Mandap Service, Madhuram Enterprise, Chetan Nanjibhai Zala, Outlook Publishing India Pvt Ltd, Shree Enterprise, Shyama Bandhani Centre, Savan Mandap Service, Sattadhar Mandap Service, Vishwajeet Traders, Oxfam India, FICCI, PGVCL, Sikka, Institute Of Directors, District Sports Officer Devbhumi Dwarka, Vrushabh Construction, IHW Media Pvt Ltd.*
2. *NA: Project did not start as land for construction and implementing partner couldn't be finalised.*
3. ** Project was initiated before promulgation of the Companies (Corporate Social Responsibility Policy) Rules, 2021.*
4. *An amount of ₹ 3.5 million was earmarked from the CSR planned expenditure of FY2022 for external assessment, monitoring and evaluation, training and capacity building. However the earmarked amount could not be spent.*
5. *# Plastic recycling project has been renamed as UNDP – PWM*
6. *$ Vocational Education and soft skill in school has been renamed as UNDP – Livelihoods*
7. *> Pilot project of 12 months further extended for 36 months*

(c) **Details of CSR amount spent against other than ongoing projects for the financial year:**

1	2	3	4	5	6	7	8
Sl. No.	**Name of the Project**	**An item from the list of activities in Schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project. State and District**	**Amount spent for the project (in ₹) (In million)**	**Mode of Implementation - Direct (Yes/No)**	**Mode of Implementation - Through Implementing Agency (Mode and CSR Registration Number)**
1	Covid Response^	Promoting Preventive Health Care	Yes	Jamnagar & Devbhumi Dwarka, Gujarat	19.76	No	Through Implementing Agency@
					19.76		

Note:

^ Budget item was reallocated

@ Implementing Agencies: UNICEF, Helpage India, QaExplore Equipment Private Limited, Status Furniture, Anand Textiles, Chetan Nanjibhai Zala, Tatva Multiproduct, Pharma In All, Madhuram Enterprise, Treetop Sales & Service

(d) **Amount spent on Administrative Overheads:** Nil

(e) **Amount spent on Impact Assessment, if applicable** - Nil

(f) **Total amount spent for the Financial Year (8b+8c+8d+8e) –** ₹ 125.43 million

(g) **Excess amount for set-off, if any -** ₹ 125.43 million

Sl. No.	**Particulars**	**Amount (in ₹)**
i.	Two per cent of average net profit of the Company as per section 135(5)	Nil
ii.	Total amount spent for the Financial Year	12,54,31,204.09
iii.	Excess amount spent for the financial year [(ii)-(i)]	12,54,31,204.09
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v.	The amount available for set off in succeeding financial years [(iii)-(iv)]	12,54,31,204.09

9. (a) **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 ₹)**	**Amount spent in the reporting Financial Year (in ₹)**	**Amount transferred to any fund specified under Schedule VII as per section 135(6) if any.**			**Amount remaining to be spent in succeeding financial years. (in ₹)**
				Name of the Fund	**Amount (in ₹)**	**Date of transfer**	
1	2020-21	1,03,26,437	1,02,72,638.23	NA	Nil	Nil	53,798.77
2	2019-20	Not applicable	NA	NA	Nil	Nil	Not applicable
3	2018-19	Not applicable	NA	NA	Nil	Nil	Not applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year (s):

1	2	3	4	5	6	7	8	9
Sl. No.	**Project ID.**	**Name of the Project**	**Financial Year in which the project was commenced**	**Project duration**	**Total Amount allocated for the project (in ₹) (In Million)**	**Amount spent on the project in the reporting Financial Year (in ₹) (In Million)**	**Cumulative amount spent at the end of reporting Financial Year. (in ₹) (In Million)**	**Status of the project - Completed / Ongoing.**
1	-	Community Health, TB, Ambulance	2020-21	36 months	65.10	16.21	39.85	Ongoing
2	-	Mobile Medical Unit	2020-21	36 months	10.90	3.23	6.54	Ongoing
3	-	Tushti Project	2019-20	36 months	60.54	16.81	42.02	Ongoing
4	-	Livelihood Project (WRD, Smart Agri. AH, WE)	2021-22	24 months	66.30	35.89	35.89	Ongoing
5	-	UNDP - Livelihood	2020-21	48 months	149.98	30.00	35.00	Ongoing
6	-	UNDP - PWM	2020-21	48 months	150.00	0.00	44.94	Ongoing
	Total				**502.82**	**102.14**	**204.24**	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.

(Asset-wise details).

(a) **Date of creation or acquisition of the capital asset(s) -** Nil

(b) **Amount of CSR spent for creation or acquisition of capital asset -** Nil

(c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. -** Nil

(d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) -** Nil

11. 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 FY2022. 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 ₹ 202.1 million to be spent on CSR activities during FY2022. The Company was able to spend an amount of ₹ 125.4 million and an amount of ₹ 76.7 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 27, 2022

Dr. Alois Virag
Chief Executive Officer
Devbhumi Dwarka, Gujarat

Naina Lal Kidwai
(DIN:00017806)
Chairperson, CSR and Sustainability Committee
Boston, USA

Annexure B

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022
(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 31st March, 2022 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2022 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) Regulations, 2014 and 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 Debt Securities) Regulations, 2008 and 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, 2009 and 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)

(iv) 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 the compliance of Regulations 15 to 27 of SEBI LODR, 2015 made applicable to the Company effective September 7, 2021 on a comply or explain basis until March 31, 2023, 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.

a. During the year, the Company has issued 22,850 Non-Convertible Debentures of ₹ 10,00,000 each on August 13, 2021 and listed the same on BSE Limited w.e.f. August 17, 2021. As per the criteria prescribed in the SEBI LODR, 2015, the Company qualified to be a high value debt listed entity under SEBI LODR, 2015 w.e.f. September 7, 2021.

b. During the FY 2022, the Company had redeemed 2400 Secured, unlisted, redeemable non-convertible debentures of the face value of ₹ 1,00,00,000 each.

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For **Parikh Parekh & Associates**
Company Secretaries

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

Place: Mumbai UDIN: F000327D000395414
Date : 27.05.2022 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. Where-ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh Parekh & Associates**
Company Secretaries

Signature:
P. N. Parikh
Partner
FCS No: 327 CP No: 1228
UDIN: F000327D000395414
PR No.: 723/2020

Place: Mumbai
Date : 27.05.2022

Annexure-C

A. Conservation of Energy

Energy conservation, efficient operation and minimising operating expenses are always a greater priority for the Refinery to enhance our gross refining margin ("GRM"). Nayara Energy Limited has Energy Management system (ENMS) 50001:2018 certification, which is valid up to May 2023.

Nayara Energy received the "Energy Efficient Unit Award" from CII (Confederation of Indian Industry) in the CII National Award for Excellence in Energy Management 2021 competition. The Company also received 18,235 ESCerts (Energy Saving Certificates) from the Ministry of Power for achieving the MBN target of the PAT -II cycle. PAT (Perform, Achieve & Trade) scheme is a flagship programme of BEE (Bureau of Energy Efficiency) under the National Mission for Enhanced Energy Efficiency for different sectors of industry. ESCerts are issued on compliance to the target, which can be traded.

Energy-saving campaigns supported by the management are conducted with the motto of encouraging active participation of employees for enhancing Energy Conservation. Various competitions were carried out to motivate employees and generate ideas for energy conservation.

The dedicated Energy Conservation Cell continuously monitors energy performance with a focus on identifying opportunities and converting them into schemes to reduce energy consumption at the Refinery. Workshop was conducted to identify opportunities and roadmap was prepared for 10% energy consumption reduction by 2026. Energy conservation initiatives contributed to reduce significant total energy consumption of ~12 Gcal / hr for this year.

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

Salient initiatives to minimise energy costs during this period are as follows:

1. Hydrogen flare connected control valve up-gradation from Class II to Class VI in the CCR unit. Hydrogen-rich gas loss has been reduced by 16 kg/hr (Investment ₹ 0.7 million)
2. Cooling Tower conventional Fans Blades were replaced with Energy-efficient blades resulting in a Power saving of 49 kW. (Investment ₹ 0.5 million)
3. Power saving of 110 kW by replacement of ISOM refrigeration compressor (Investment ₹ 22.3 million)
4. DIH overhead pump impeller trimming in ISOM unit reduced Power by 61 kW (Investment ₹ 3.1 million)
5. Energy Saving quick wins by Optimised load sharing of STGs, Power optimisation in Ash handling electrical devices and lube oil pumps (1.5 Gcal/hr).
6. Excess oxygen and steam to carbon ratio optimisation in HMU resulted in Energy savings of ~10 Gcal/hr

Total Investment ₹ 26.6 million

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

Feasibility study for installation of 100 MW solar power plant is in progress. Implementation steps were taken for the installation of a 10 MW solar power plant.

(III) The capital investment on energy conservation equipments;

During the year, the Company made investment of ₹26.6 million on energy conservation equipments.

B. Technology Absorption

(I) The efforts made toward technology absorption

A state of art, Bottom Loading Road Gantry was commissioned at the Refinery's despatch terminal during FY2022. All technologies acquired in the past are successfully absorbed.

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

R&D at Refinery continuously strives to support troubleshooting and identify 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 operations of the Refinery. Characterisation of crude oil (TBP analysis) is important to justify the crude oil price of a particular grade and identify its processing capability. Hence TBP analysis aids the crude selection process. Nayara's R&D team has achieved a landmark of completing 700+ TBP analysis of crude in FY2022.

Significant contributions were made to produce high margin domestic new products like Mineral Turpentine Oil (MTO).

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

a) Development of large scale technology for separation of water and sediments from ETP slop oil.

b) Process developed to improve Saybolt colour of Mineral Turpentine Oil (MTO) product.

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

a) Innovative process developed to separate water and sediments from slop oil by Nayara R&D. This process will enhance efficiency while processing ultra-heavy crudes.

b) The R&D team has developed a process to improve the Saybolt colour of MTO products by adsorbent techniques which is cost-effective and easy to implement in the field.

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(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:

1. Naphtha Upgradation: NHT Unit licensed by M/s Axens was revamped during 2017-18 to process additional naphtha to match the feed requirement of CCR and ISOM revamp cases, and technology was fully absorbed. ISOM Unit licensed by M/s UOP was revamped during 2017-18 to increase the unit capacity to maximise MS production and technology is fully absorbed. CCR unit (Revamp) licensed by M/s Axens was revamped during 2018-19 to increase the capacity to maximise MS production. Technology was absorbed fully. These three revamps helped to upgrade low-value additional naphtha into high-value MS products. Required modifications were carried out to improve the reliability of units.

2. High Sulphur Crude: In order to improve our refinery margins, the Refinery started increasing sulphur content of crude, which are relatively cheaper. In order to process this additional sulphur, one more Sulphur Recovery Unit – 2 (SRU-2) licensed by M/s Jacobs was commissioned during 2018-19, and the technology has been fully absorbed..

(b) The year of import:

- NHT Revamp – 2017-18
- CCR Revamp – 2018-19
- Sulphur Recovery Unit – 2 (SRU-2) – 2018-19

(c) Whether the technology has been fully absorbed:

Yes, the technology was fully absorbed.

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

Not Applicable

(IV) Expenditure on R & D

- Recurring: ₹ 24.4 million
- Capital: Nil
- Total R & D expenditure as a percentage of total turnover – Negligible

C. Foreign Exchange Earnings and Outgo:

During the FY2022, the Company earned foreign exchange of ₹ 534,666 million while foreign exchange outgo was ₹ 962,071 million.

For and on behalf of the Board of Directors

Place: Devbhumi Dwarka, Gujarat
Date: May 27, 2022

Charles Anthony Fountain
Executive Chairman
(DIN - 07719852)

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

Nayara Energy Limited believes that adhering to global standards of Corporate Governance is essential to enhance shareholders' value and achieve long term corporate goals. The Company is committed to ethical conduct of business, manages its affairs with fairness to all stakeholders and operates with openness, integrity and accountability. The Board of Directors conduct the business of the Company in due compliance with its Memorandum and Articles of Association and the laws applicable to the jurisdictions of the places where the Company operates and undertakes a periodic review of business plans, performance and compliance with regulatory requirements.

Compliance with the Corporate Governance norms of Listing Regulations

During the financial year 2021-22, the Company issued 22,850 listed secured, rated, redeemable 9% non-convertible debentures of face value of INR 10,00,000 each ("Listed NCDs") on BSE Limited which got listed effective August 17, 2021. The Company is a 'high value debt listed entity' in terms of Regulation 15 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"). The Corporate Governance norms (i.e. Regulations 15 to 27) of the Listing Regulations are applicable to the Company on a "comply or explain basis" till March 31, 2023. No other securities of the Company including equity shares are listed on any stock exchange.

A Report on compliance with the Corporate Governance provisions as prescribed under the Listing Regulations is given herein below. Disclosures in this report pertaining to securities are being submitted only in respect of the Listed NCDs of the Company.

1. BOARD OF DIRECTORS :

Composition of Board of Directors

As on March 31, 2022, the Board consisted of 11 Directors, 2 of whom were Independent Directors. The composition of the Board of Directors and other required details as on March 31, 2022 are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether attended last AGM
Mr. Charles (Tony) Fountain	Executive Chairman Nominee[2]	8	Yes
Mr. Prasad Panicker	Executive	8	Yes
Mr. Alexander Romanov	Non-Independent Non- Executive Nominee[1]	5	No
Mr. Alexey Lizunov	Non-Independent Non- Executive Nominee[1]	8	Yes
Ms. Avril Conroy	Non-Independent Non- Executive Nominee[1]	5	No
Mr. Chin Hwee Tan	Non-Independent Non- Executive Nominee[2]	6	No
Mr. Deepak Kapoor	Independent Non- Executive	8	Yes

Mr. Jonathan Kollek	Non-Independent Non- Executive Nominee[2]	5	No
Mr. Krzysztof Zielicki	Non-Independent Non- Executive Nominee[1]	7	No
Ms. Naina Lal Kidwai	Independent Non- Executive	8	Yes
Ms. Victoria Cunningham	Non-Independent Non- Executive Nominee[2]	8	No

[1] Nominee Directors of Rosneft Singapore Pte Limited, Shareholder of the Company.

[2] Nominee Directors of Kesani Enterprises Company Limited, Shareholder of the Company

Details of number of other Directorship(s) and Chairmanships(s) / Membership(s) of Committee of each Director in various companies as on March 31, 2022:

Name of Director	Number of other Director-ship(s)*	Directorships in other Listed Companies#		Number of Chairmanship(s) of the Committees in other company/ (ies) #∆$	Number of Membership(s) of the Committees in other company/ (ies) #∆$
		Name of Listed entity	Category of Directorships		
Tony Fountain	Nil	Nil	Nil	Nil	Nil
Prasad Panicker	Nil	Nil	Nil	Nil	Nil
Alexander Romanov	Nil	Nil	Nil	Nil	Nil
Alexey Lizunov	Nil	Nil	Nil	Nil	Nil
Avril Conroy	Nil	Nil	Nil	Nil	Nil
Chin Hwee Tan	Nil	Nil	Nil	Nil	Nil
Deepak Kapoor	2	Tata Steel Limited	Independent Director	1	2
		HCL Technologies Limited	Independent Director	Nil	1
Jonathan Kollek	Nil	Nil	Nil	Nil	Nil
Krzysztof Zielicki	Nil	Nil	Nil	Nil	Nil
Naina Lal Kidwai	3	Max Financial Services Limited	Independent Director	Nil	1
		UPL Limited	Independent Director	Nil	Nil
		Gland Pharma Limited	Independent Director	Nil	Nil
Victoria Cunningham	Nil	Nil	Nil	Nil	Nil

* *Only companies incorporated in India are included.*

\# *Excludes directorship in Private Limited Companies, Foreign Body Corporates and companies registered under Section 8 of the Companies Act, 2013.*

[Δ] Relates to memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee. Number of Committees on which a Director is a Member includes the number of Committees on which he/she is a Chairman.

[$] Directorships and Committee positions are stated based on the records available with the Company.

Directors Shareholding and Relationship

As on March 31, 2022, none of the Directors held any shares and/or non-convertible debentures in the Company. Further, none of the Directors of the Company are in any way related to each other.

Board Meetings

During the year under review, eight Board Meetings were held and the time gap between any two meetings did not exceed one hundred and twenty days. The dates on which the meetings were held are as follows: April 21, 2021; July 1, 2021; July 15, 2021; August 20, 2021; October 20, 2021; November 12, 2021; February 10, 2022 and March 9, 2022.

Core Skills and Area of Expertise

The Board comprises of qualified members who possess required skills, experience and knowledge that enables the Board to discharge its functions and duties effectively. The profile of all Directors is available on the website of the Company at https://www.nayaraenergy.com/board/board-members

The Board of Directors has identified the following set of skills / expertise / competencies that are required for the effective functioning of business and the Board has been constituted with a balance of such skills / competencies and expertise:

- Leadership
- Strategic Planning
- Oil & Gas
- Oil Supply & Trading
- Marketing
- International Exposure
- Finance
- Audit & Forensic
- Governance & Regulatory

The core areas of expertise possessed by each Director on the Board is given below:

SKILLS & EXPERTISE FOR THE BUSINESS											
Skills and Expertise	**Tony Fountain**	**Alexander Romanov**	**Alexey Lizunov**	**Avril Conroy**	**Chin Hwee Tan**	**Deepak Kapoor**	**Jonathan Kollek**	**Krzysztof Zielicki**	**Naina Lal Kidwai**	**Prasad Panicker**	**Victoria Cunningham**
Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Strategic Planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Oil & Gas	✓	✓	✓	✓			✓	✓		✓	
Oil Supply & Trading	✓				✓		✓				
Marketing	✓			✓				✓			
International Exposure	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
Finance			✓		✓				✓		✓
Audit & Forensic					✓	✓					
Governance & Regulatory	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓

Code of Conduct for Directors and Senior Management

The Board of Directors has laid down an Ethics Code ('Code') for Directors and Senior Management Personnel. The Code has been posted on the Company's website.

All the Directors and Senior Management Personnel have affirmed compliance with the Code for the year ended March 31, 2022. The declaration to this effect signed by the Chief Executive Officer is given below:

Declaration by Chief Executive Officer

I hereby confirm that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Ethics Code (Code of Conduct) for the financial year 2021-22.

May 9, 2022

Alois Virag
Chief Executive Officer

Independent Directors

Based on the confirmations / disclosures received from the Independent Directors, the Board is of the opinion that the Independent Directors fulfill the conditions specified in the Companies Act, 2013 and the Listing Regulations and are independent of the management. Further, none of the Independent Directors have resigned before the expiry of their respective terms.

Familiarisation Programmes for Independent Directors

The Company ensures that it familiarizes its Non-Executive Directors including the Independent Directors with the Company, its business operations, environment in which it operates, competitors, key developments impacting the operations and the duties, roles and responsibilities of Directors. The orientation programs are conducted for all Non-Executive Directors including Independent Directors, at the time of their joining and also on a continuous basis to help them to keep themselves updated on latest developments pertaining to the Company and the Oil and Gas industry. The details of familiarization program imparted to the Independent Directors were uploaded on the website of the Company at https://www.nayaraenergy.com/investors/information.

2. COMMITTEES OF THE BOARD

A. Audit Committee

As on March 31, 2022, the AudJit Committee comprised of 3 members.

Committee Composition

Director	Position Held
Deepak Kapoor	Chairperson
Chin Hwee Tan	Member
Naina Lal Kidwai	Member

Scope and Terms of Reference

The scope of the Committee inter alia briefly includes the following:

- To recommend the appointment (including appointment in the event of casual vacancy), remuneration and terms of appointment and removal of internal and external auditors, including cost auditors and also to approve availing and payment for any other non-audit services rendered by statutory auditors;
- To review and monitor the auditor's independence and performance and effectiveness of audit process;
- To examine and recommend to the Board, annual / periodic financial statements and draft auditors report / limited review report thereon;
- To examine and recommend to the Board draft Cost Audit Report on cost records;
- To review and monitor, with the management, the statement of uses / application of funds raised through public issue etc.;
- To approve or modify subsequent transactions of the Company with related parties;
- To recommend to the Board internal audit's charter, annual and multiyear business plan on internal audit and internal audit budget, organisation structure and resource plan;
- To formulate, after discussion with internal auditor, the scope, functioning, periodicity and methodology for conducting the internal audit;
- To review internal audit observations and management replies thereto;
- To evaluate independence and objectivity of internal auditors;
- To scrutinize inter-corporate loans and investments;
- To undertake valuation of undertakings or assets of the Company, wherever it is necessary;

- To undertake evaluation of internal controls (including financial controls) and risk management systems;
- To review the functioning of the whistle blower mechanism;
- To recommend to the Board ethics code and policies relating to ethics code and oversee implementation of ethics code and related policies;
- Review security systems and controls within the Company;
- To review and monitor compliance with legal and regulatory requirements.

All the members of the Committee are financially literate and the Chairperson of the Committee being a Chartered Accountant has accounting and related financial management expertise. The Committee invites Chief Executive Officer, Chief Financial Officer, representatives of Statutory Auditors, Internal Auditors and other executives to attend the meetings as may be required. The Chairperson of the Committee was present at the 31st Annual General Meeting held on September 15, 2021 to answer shareholder queries. The Company Secretary acts as Secretary to the Committee.

During the year, five meetings of the Audit Committee were held. The dates on which the meetings were held are as follows: April 21, 2021; July 1, 2021; October 20, 2021; November 12, 2021 and February 10, 2022. The gap between two meetings did not exceed one hundred and twenty days. All members of the Committee attended all meetings.

B. Nomination & Remuneration Committee

As on March 31, 2022, the Nomination & Remuneration Committee comprised of 4 members viz.:

Committee Composition

Director	Position Held
Naina Lal Kidwai	Chairperson
Deepak Kapoor	Member
Krzysztof Zielicki	Member
Tony Fountain	Member

Scope and Terms of Reference

The scope of the Committee inter alia briefly includes the following:

- To develop selection criteria for determining qualification, positive attributes and independence for appointment of Directors;
- To recommend to the Board policy (ies) relating to remuneration payable to Directors, key managerial personnel and other employees;
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management Team in accordance with criteria laid down and recommend to the Board their appointment including terms of appointment and removal;
- To carry out evaluation of every Directors' performance;
- To recommend to the Board remuneration of the key managerial personnel (including the CEO, the Executive Directors, Chief Financial Officer and the Company Secretary) and other Senior Management Team;
- To evaluate and approve balanced scorecard of the Company and to set performance targets for CEO and Senior Management Team, which are both stretching and achievable and establish systems of monitoring to ensure these targets are met or, if not, that appropriate action is taken;
- To carry out evaluation of performance of the CEO and Senior Management Team basis approved Balanced Scorecards;
- To take note of recruitment and remuneration for appointments one level before Senior Management Team;
- To periodically review performance management system, succession planning process and leadership development plan;
- To periodically review details of sexual harassment cases, disciplinary matters, labour problems and other employee / workman related issues.

The Chairperson of the Committee was present at the 31st Annual General Meeting held on September 15, 2021 to answer shareholder queries. During the year, the Committee met four times. The dates on which the meetings were held are as follows: April 21, 2021; June 30, 2021; October 19, 2021 and February 9, 2022. All the members of the Committee attended all meetings.

Criteria for performance evaluation of Independent Directors

The Nomination and Remuneration Committee of the Board is required to specify the manner for effective evaluation of performance of Board, its committees and individual Directors and review its implementation and compliance. Further, the performance evaluation of Independent Directors is required to be done by the entire Board of Directors, excluding the director being evaluated.

The Company has adopted a policy for appointment, remuneration, training, and evaluation of Directors and employees. The policy, inter-alia, included performance evaluation review process, criteria for evaluation, structure of evaluation process for the Board as a whole and individual Directors including Independent Directors. The above policy is available on the Company's website at https://www.nayaraenergy.com/investors/information.

The Company undertook an in-house annual evaluation of the Board of Directors, Committees thereof, Chairman and the individual Directors for financial year 2021-22 after taking inputs from reports available with the Company, undertaking analysis of discussions held at Committee and Board meetings and based on feedback given by the Directors about Board functioning, performance of the individual directors and the Chairman by way of a "questionnaire". Some of the criteria for performance evaluation of Independent Directors included overall participation in Board / Committee meeting, overall contribution and value to the Board, attendance at the Board and Committee meetings, response on circular resolutions, qualification and expertise, time attributed to various business activities, engagement in business matters apart from statutory meetings, actions taken on observations made during previous year evaluation process etc.

C. Stakeholders Relationship Committee

As on March 31, 2022, the Stakeholders Relationship Committee comprised of 3 members viz.:

Committee Composition

Director	Position Held
Alexey Lizunov	Chairperson
Deepak Kapoor	Member
Victoria Cunningham	Member

Mr. Alexey Lizunov, a Non-Executive Director, chairs the Stakeholders Relationship Committee. The Chairperson of the Committee was present at the 31st Annual General Meeting held on September 15, 2021 to answer shareholder queries.

Compliance Officer

The Company Secretary, Mr. Mayank Bhargava, is the Compliance Officer in terms of provisions of Regulation 6 of the Listing Regulations and Regulation 2 (c) read with Regulation 9 (3) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 for ensuring compliance of the Listing Regulations, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable compliances as may be mandated by the SEBI from time to time in respect of listed debt securities.

Requests / complaints

During the year under review, no complaints were received from debenture holders holding Listed NCDs.

D. Risk and HSE Committee

As on March 31, 2022, the Risk and HSE Committee comprised of 4 members viz.:

Committee Composition

Director	Position Held
Tony Fountain	Chairperson
Avril Conroy	Member
Deepak Kapoor	Member
Victoria Cunningham	Member

Scope and Terms of Reference

The scope of the Committee inter alia briefly includes the following:

Risk

- Formulate, review and recommend enterprise wide risk management (EWRM) policy and other specific risk management policies to the Board of Directors ("Board") for adoption. Approve risk appetite statement and various risk management procedures and framework and monitor implementation of policies, procedures and framework;
- Establish strategic ERM framework vision, ensure alignment of ERM framework with strategic objectives of the Company to effectively manage risks and to ensure that the Company achieves its strategic objectives;
- Regularly review organization's risk profile and risk bearing capacity, taking into account macroeconomic, financial and business environment;

- Oversee the ERM framework implementation, track the progress of relevant plans, overall development and effectiveness of risk mitigation measures and programs and actual risk performance for business/ risk decisions as well as alternatives;
- Conduct assessments of management to assure that all known and emerging risks have been identified and mitigated or managed;
- Conduct forward looking analysis versus historical data and trends and review regular risk reports from executive management and Chief Financial Officer / Chief Governance and Control Officer, approve risk mitigation strategies in case of risk escalation and exclusions from relevant policies;
- Discuss and approve key risk indicators and their risk tolerance levels for strategic, financial, operational, reputational and compliance risk and other specific risk areas;
- Review appointment, removal and terms of remuneration of the Chief Risk Officer;
- Work in conjunction with the Audit Committee on specific concerns discussed at the Audit Committee regarding evaluation of internal controls (including financial controls) and risk management systems;
- Advise the Board on:
    a. Company's overall risk appetite and risk mitigation strategy, taking into account current and prospective macroeconomic, financial and business environment;
    b. Current risk exposures of the Company and strategic risks;
    c. Proposed strategic transactions pertaining to asset development and acquisitions or disposals of undertakings / bodies corporate ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects;

HSE

- To evaluate the effectiveness of the Company's policies and systems for identifying and managing health, safety and environmental risks within the Company's operations;
- To assess the performance with regard to the impact of health, safety and environmental decisions and actions upon employees, communities and other third parties. It shall also assess the impact of such decisions and actions on the reputation of the Company;
- On behalf of the Board, to receive reports from the management concerning all fatalities and serious accidents within the Company including employees and Nayara contractors (excluding third parties) and actions taken by the management as a result of such fatalities or serious accidents;
- To review the results of independent audits of the Company's performance in regard to health, safety or environmental matters, review any strategies and actions plans developed by the management in response to issues raised and where appropriate make recommendations to the Board concerning the same.

The Chairperson of the Committee was present at the 31st Annual General Meeting held on September 15, 2021. During the year, the Committee met four times. The dates on which the meetings were held are June 29, 2021, September 24, 2021, December 20, 2021 and March 29, 2022. All the members of the Committee attended all the meetings.

3. REMUNERATION

The Company has a policy adopted by the Board of Directors on appointment, remuneration, training, and evaluation of Directors and employees. The policy includes performance evaluation criteria of the entire Board including Executive and Non-Executive Directors and payment of remuneration to Executive and Non-Executive Directors. The above policy is available on the Company's website at https://www.nayaraenergy.com/investors/information.

A. Non-Executive Directors

The detailed criteria for making payment of remuneration to Non-Executive Directors of Nayara Energy Limited is available on the Company's website at https://www.nayaraenergy.com/investors/information.

The Non-Executive Directors are paid sitting fees at the rate of Rs.1,00,000/- each for attending meeting of the Board of Directors and Committees and remuneration, as may be approved by the Board and the shareholders.

The payment made to the Non-Executive Directors for the financial year ended March 31, 2022 is as follows:

Sr. No	Name of Director	Sitting Fees paid for FY 2021-22	Remuneration paid during FY 2021-22*
1	Alexander Romanov	5,00,000	Nil
2	Chin Hwee Tan	15,00,000	Nil
3	Jonathan Kollek	8,00,000	Nil
4	Krzysztof Zielicki	16,00,000	Nil
5	Deepak Kapoor	24,00,000	1,93,96,458
6	Naina Lal Kidwai	24,00,000	2,03,40,415
7	Alexey Lizunov	14,00,000	Nil
8	Victoria Cunningham	16,00,000	Nil
9	Avril Conroy	9,00,000	Nil
	Total payments in FY 2021-22	1,31,00,000	3,97,36,873

* *The remuneration paid to Ms. Naina Lal Kidwai and Mr. Deepak Kapoor pertain to FY 2020-21 which was paid during FY 2021-22 pursuant to approval of shareholders given at Annual General Meeting held on September 15, 2021.*

During the year, there were no other pecuniary relationships or transactions between the Company and any of its Non-Executive Directors. The Company has not granted any stock options to its Non–Executive Directors.

Executive Directors

The remuneration of the Whole-time Directors is recommended by the Nomination and Remuneration Committee to the Board and approved by the Board of Directors and shareholders at a General meeting.

During the financial year 2021-22, remuneration paid to the Executive Directors was as under:

(Amount in ₹)

	Mr. Tony Fountain Executive Chairman	Mr. Prasad Panicker Director & Head of Refinery
Basic Salary	7,10,25,267	1,20,00,000
Allowances & Perquisites	5,86,72,395	1,05,62,688
Performance Linked Incentives	0	1,82,84,483
Contribution to Provident Fund	85,23,032	14,40,000
Total	13,82,20,694	4,22,87,171
Stock Options	NIL	NIL
Service contract period	3 years period starting from January 2, 2021 to January 1, 2024	3 years period starting from February 17, 2020 to February 16, 2023
Notice period	3 months	3 months

There is no separate provision for payment of severance fee to any of the Executive Directors. The Company has not granted any stock options to its Executive Directors.

4. GENERAL BODY MEETINGS

a) Annual General Meetings

The date, time and venue of the Annual General Meetings held during preceding three years and special resolutions passed at these meetings are given below:

Year	Date	Time	Venue	Details of special resolutions
2019	September 19, 2019	10:00 a.m.	Registered Office of the Company at Nayara Energy Refinery Complex, Khambhalia Post (39th km. stone on Jamnagar-Okha Highway), District Devbhumi Dwarka -361 305, Gujarat	1. To approve remuneration paid to Mr. Charles Anthony Fountain, Executive Chairman in financial year 2018-19 and variation to the terms of his appointment. 2. To approve remuneration paid to Mr. C Manoharan, Director & Head of Refinery in the financial year 2018-19 and variation to the terms of his appointment.
2020	September 17, 2020	2:30 p.m.	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")*	1. Appointment of Mr. Prasad K. Panicker as Director & Head of Refinery of the Company.
2021	September 15, 2021	2:30 p.m.	Held through VC / OAVM *	1. For payment of remuneration to Ms. Naina Lal Kidwai, Independent Director. 2. For payment of remuneration to Mr. Deepak Kapoor, Independent Director

* *Considering the COVID 19 pandemic, the Ministry of Corporate Affairs ("MCA") had vide General Circular nos. 14/2020 (dated April 8, 2020), 17/2020 (dated April 13, 2020), 20/2020 (dated May 5, 2020), 02/2021 (dated January 13, 2021) (collectively referred to as "MCA Circulars") permitted holding of the Annual General Meeting ("AGM") through VC / OAVM, without physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013, ("Act") and MCA Circulars, the AGM of the Company for the years 2020 and 2021 were held through VC / OAVM.*

b) Postal ballot

During the financial year 2021-22, by postal ballot notice dated April 7, 2021, the Company has obtained approval of its members by passing following special resolution in accordance with the provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 read with the General Circular No. 14/2020 dated April 8, 2020, the General Circular No. 17/2020 dated April 13, 2020, the General Circular No. 22/2020 dated June 15, 2020, the General Circular No. 33/2020 dated September 28, 2020 and the General Circular No. 39/2020 dated December 31, 2020 issued by MCA ("MCA Circulars") and other applicable provisions.

The details of voting pattern is as under:

Date of Postal Ballot notice	Date of declaration of result for postal ballot	Purpose	Outcome (percentage)	
			In favour	Against
April 7, 2021	May 13, 2021	Special resolution passed for appointment of Dr. Alois Virag as Chief Executive Officer of the Company	100% (rounded off) 988,970,175 shares	0% (rounded off) 3,718 shares

The Board of Directors had appointed Ms. Kala Agarwal (ICSI Membership No. FCS – 5976), Practicing Company Secretary as Scrutinizer for conducting postal ballot process through remote e-voting in a fair and transparent manner and in accordance with the applicable laws.

Due to the massive outbreak of COVID-19 pandemic, the MCA by issuing MCA Circulars advised Companies to take all decisions requiring members' approval, other than items of ordinary business or business where any person has a right to be heard, by way of postal ballot through remote e-voting mechanism.

In accordance with the provisions of the Companies Act, 2013, read with Rules 18 and 22 of the Companies (Management and Administration) Rules, 2014 and MCA Circulars, the Postal Ballot Notice dated April 7, 2021 along with the explanatory statement and draft resolution, was sent only by email to those members who had registered their email addresses with their Depository Participants (in case of shares held in demat form) or with the Company's Registrar and Share Transfer Agent (in case of shares held in physical form) holding shares as on April 2, 2021 ("Cut-off Date"). The Notice also explained procedure of registration of e-mail id for shareholders holding shares in physical and demat form and provided the instructions of e-voting. The Board of Directors had authorized the Company Secretary to conduct the postal ballot process and issue the notice to the shareholders and others entitled thereto.

The Notice informed the members about voting on the resolution only by way of remote e-voting facility ("e-voting") provided by the National Securities Depository Limited ("NSDL") in compliance of provisions of Section 108 and 110 of the Act read with the Companies (Management and Administration) Rules, 2014 and the MCA Circulars. The e-voting facility was available from 8:00 a.m. on April 13, 2021 till 5:00 p.m. of May 12, 2021.

In accordance with provisions of the Act, the advertisement giving details of the Postal Ballot was published in English language in Financial Express newspaper all editions and with Gujarati translation in Jai Hind newspaper circulating in Rajkot, Gujarat on April 13, 2021.

The scrutinizer submitted its report on May 13, 2021 to the Chairman Mr. Charles Anthony Fountain and the Chairman, declared and confirmed that the resolution was duly passed by the Members of the Company with requisite majority on Wednesday, May 12, 2021 being the last date of remote e-voting. The results of Postal Ballot through e-voting were displayed on the notice board at the Registered and Corporate Office of the Company. The results were also uploaded on the website of the Company and website of NSDL.

The Company, as on date of this report, is not proposing / considering to pass any special resolution through postal ballot.

5. MEANS OF COMMUNICATION

During the year under review, the quarterly / half yearly financial results were filed with the BSE Limited in accordance with the Listing Regulations (since the Listing Regulations became applicable to the Company) and published in all editions of English national daily newspaper, Financial Express. The said results are also made available at the Company's website, www.nayaraenergy.com. Official news releases, if any, made to media are displayed on the Company's website.

Further, no presentations were made to the institutional investors or analysts.

6. GENERAL SHAREHOLDER INFORMATION

A. General meeting information

i.	Corporate Identification Number	U11100GJ1989PLC032116	
ii.	AGM date, time and venue	September 30, 2022 at 2:30 PM (IST) through VC / OAVM	
iii.	Financial Year	The Financial year covers the period from April 1, 2021 to March 31, 2022	
iv.	Tentative Financial calendar	Approval of the results for the quarter ending June 30, 2022; September 30, 2022; and December 31, 2022.	Within 45 days of the end of quarter
		Audited annual results for the year ending March 31, 2023	Before May 30, 2023
v	Cutoff date for remote e-voting	Friday, September 23, 2022	
vi.	Remote e-voting period	Commencement of remote e-voting :	From 8.00 a.m. of Sunday, September 25, 2022
		End of remote e-voting :	Up to 5.00 p.m. of Thursday, September 29, 2022
vii.	Date of Book closure	Not Applicable	
viii.	Dividend payment date	The Company has not recommended any dividend during the FY 2021-22. Therefore, no dividend is due for payment.	

B. Listing of securities of the Company on stock exchanges

- As mentioned above, the Listed NCDs of the Company, issued in a dematerialized form, on private placement basis are listed on BSE Limited w.e.f August 17, 2021. The Company has paid the annual listing fees for the financial year 2021-22 to BSE Limited. The address of BSE Limited is P J Towers, Dalal Street, Mumbai-400 001.

C. Stock Codes

9%* Non Convertible Debentures

Scrip Code: BSE Limited	973384
ISIN with NSDL and CDSL :	
Non-Convertible Debentures:	
22,850 Secured, Listed, Rated, Redeemable Non-Convertible Debentures ('Listed NCDs') of the face value of ₹ 10,00,000 (9%* coupon rate)	INE011A07115

* *The coupon rate at the time of issuance and listing was 8.75% p.a. However, pursuant to terms of issue of Listed NCDs the interest rate was revised to 9% p.a. effective from March 17, 2022.*

D. Stock market price data for the financial year 2021-22

The Company is a high value debt listed entity and the equity shares of the Company are not listed on any of the stock exchanges. There was no trading in Listed NCDs on BSE Limited during the period under review since listing of the Listed NCDs on August 17, 2021.

E. Performance of share price in comparison to BSE SENSEX

The Company is a high value debt listed entity and the equity shares of the Company are not listed. Accordingly, this requirement is not applicable on the Company,

F. Suspension of trading by Stock Exchange:

The BSE Limited did not suspend trading in Listed NCDs of the Company during the FY 2021-22.

G. Share Transfer Agent

M/s. Link Intime India Private Limited is the Share Transfer Agent of the Company. The Share Transfer Agent acknowledges and executes transfers of securities and arranges for issue of interest / redemption warrants on debentures. The Share Transfer Agent also accepts, deals with and resolves requests, queries and complaints of share/debenture holders.

H. Share Transfer System

The Listed NCDs of the Company were issued in dematerialized form. Therefore, the trading in Listed NCDs was also possible only in dematerialized form.

I. Distribution of shareholding as on March 31, 2022

The category wise distribution of Listed NCDs as on March 31, 2022 is given below:

Sr. No.	Category	Number of NCDs held	Percentage of holding
1	Insurance Companies	1,700	7.44
2	Mutual Funds	5,500	24.07
3	Nationalised Banks	8,900	38.95
4	Non-nationalised Banks	4,250	18.60
5	Other Bodies Corporate	2,500	10.94
	Total	**22,850**	**100.00**

J. Dematerialisation of securities

The Listed NCDs were issued by the Company in electronic form and are currently held by all the Debenture holders in dematerialized form only.

K. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company is a high value debt listed entity within the meaning of Regulation 15 of the Listing Regulations having listed its Non-Convertible Debentures issued on private placement basis on BSE Limited. No other securities including the equity shares of the Company are listed on any stock exchanges. Accordingly, this report has been prepared in respect of Listed NCDs and information pertaining to equity shares and depository programme thereunder is not forming part of this report.

L. Commodity Price Risks or Foreign Exchange risk and hedging activities

Forex Hedging:

The Company's major payables and receivables are in foreign currencies and due to fluctuation in foreign exchange rate, it is subject to foreign exchange risks. The Company has in place robust risk management framework for identification, monitoring and mitigation of foreign exchange risk. The risks are monitored on regular basis and mitigation strategies are adopted within the ambit of Board approved Price and Market Risk Management Policy.

Commodity Hedging:

Risk management policy with respect to commodities including hedging:

Nayara Energy Limited is subject to various commodity price risks such as fluctuation in prices of crude oil, coal & gas, variation in refining margins, risk of value erosion in inventory valuation due to price variation, risk of higher crude prices on crude consumed in refining system, etc.

The Company assesses these risks and appropriate hedge positions are executed using hedging instruments permitted under laws in India to monitor and manage risks.

This risk management activity undertaken at Nayara Energy is governed by Board approved 'Price and Market Risk Management Policy.' The Board approved policy inter alia covers various exposures pertaining to commodities, commodities risk and hedged exposures.

Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:

a) Total estimated exposure of the Company to commodities price risk

The value of total inventory held by the Company for raw material, work in progress, traded goods & finished goods as on March 31 2022 was Rs. 114,978 mn.

b) Exposure of the listed entity to material commodities

Commodity Name	Exposure in INR towards the particular commodity	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
	Rs. Million	Million barrels	OTC	Exchange	OTC	Exchange	
Refinery Margin	57,232.87	45.23	Nil	Nil	3.04%	Nil	3.04%
Inventory	73,681.71	9.25	Nil	Nil	79.01%	Nil	79.01%
Basis Hedge	1,879.35	9.47	Nil	Nil	62.46%	Nil	62.46%
TOTAL	**132,793.94**	**63.95**					

c) Commodity risks faced by the Company during the year and how they have been managed.

The Company imports crudes from varied geographies across the globe and sells products in the domestic markets as well as international markets. Besides, it also imports coal for its captive power plant at Vadinar.

There is a time lag between the time when the crude is purchased, processed and products are sold into the various markets.

Due to the volatility in commodity prices, the Company's business faces the following key risks:

1. Outright price risks which impact the inventory valuations
2. Margin risks which impact the Gross Refinery Margins
3. Basis risks which impact the relative value of crude or products vis-à-vis natural marker thus impacting the Gross Refinery Margins

The Company has instituted a strong governance mechanism to monitor and review all derivative transactions to provide comfort to all stakeholders in the business.

M. Plant Location

The Refinery of the Company is located at Khambhalia, Post Box no. 24, Dist. Devbhumi Dwarka – 361305, Gujarat. Further, the Company has three depots which are located at following address:

- Village-Chotila, Sawaipura Road, District-Pali, Pali 306421, Rajasthan, India
- Near Dahegoan Railway Station, Village - Neemgoan, Wardha 442001, Maharashtra, India
- Khasra no. 385, Village – Paldi (M), NH 14, Tehsil – Shivganj, Sirohi – 307043, Rajasthan, India.

N. Address for communication

For any assistance, request or instruction regarding transfer or transmission of Listed NCDs, dematerialization / rematerialzation, change of address, the holders of Listed NCDs may write to their respective depositary participants.

For queries relating to non-receipt of Annual Report, annual interest payment and any other query relating to the Listed NCDs of the Company, please write to the following address: 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

For any assistance, holders of Listed NCDs may also write to the Company at the following email ID exclusively designated for the purpose: investors@nayaraenergy.com.

O. Credit Ratings

The credit rating obtained from CARE Ratings for various long term bank facilities availed by the Company and 8% unlisted non-convertible debentures was CARE AA (Double A) at the beginning of the year. During the year, the rating was revised to CARE AA- (Double A Minus). As on March 31, 2022, the credit rating stood at CARE AA-.

The credit rating for the listed 9% Non-convertible Debentures ("NCDs") of the Company obtained from CARE Ratings at the time of issue of the NCDs was

CARE AA (Double A). During the year, credit rating was revised to CARE AA- (Double A Minus). As on March 31, 2022, the credit rating stood at CARE AA-.

The credit rating for short term bank facilities was reaffirmed at Care A1+ (A One Plus).

7. DISCLOSURES

i) The Company has not entered into any material related party transactions during the FY 2021-22 that may have potential conflict with the interest of the Company at large.

ii) There were no instances of non-compliance on any matter related to the capital markets and the Stock Exchange(s), the SEBI or any other Statutory Authorities have not imposed any strictures, penalties during the last three years.

iii) The Company has adopted a Hotline Whistle Blower Policy as per the requirements of the Listing Regulations and the Companies Act, 2013 that provides a mechanism to any of the employees to report genuine concerns or any violation. During the year, no personnel has been denied access to the Audit Committee.

iv) Compliance with Mandatory and Discretionary requirements:

The Company is a high value debt listed entity as defined in Regulation 15 of the Listing Regulations. The provisions of Regulation 15 to 27 of Chapter IV of the Listing Regulations, 2015 have become applicable to the Company within 6 months of September 7, 2021 on a "comply or explain basis" upto March 31, 2023. The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance applicable to a high value debt listed entities on comply or explain basis for the financial year ended on March 31, 2022. In respect of the following matters, the Company has provided explanation to the BSE Limited in the corporate governance report for the quarter and year ended March 31, 2022:

- **Board Composition**

Pursuant to Regulation 17 of the Listing Regulations, the Company is required to reconstitute the Board comprising of 50% Independent Directors. The Company presently has 2 Independent Directors in due compliance with the provisions of the Companies Act, 2013. The Company has filed a representation to SEBI seeking exemptions from certain corporate governance requirements. The detailed explanation regarding non- compliance with the requirement of appointing 50% Independent Directors is provided in the quarterly corporate governance report filed with the BSE Limited for the quarter ended March 31, 2022.

- **Making Committee members aware about their powers, roles and responsibilities**

The Board Committees were is existence prior to listing of the Listed NCDs. Committee members were made aware about the terms of reference at the time of formation of the Committee or at the time of joining the Committees which ever was later. Post introduction of amendments in the Listing Regulations to high value debt listed entities, the roles and responsibilities of the Committees under the Listing Regulations have been communicated to the members of the respective committees in month of April 2022 i.e. after end of financial year 2021-22. The Company is now fully compliant with this requirement.

- **Preparation of various Policies, Code of Conduct**

The Company has in place Ethics Code (Code of Conduct). All Directors and employees of the Company affirm compliance with this Code on annual basis. The Company needs to incorporate duties of Independent Directors in the Ethics Code.

The Company is in process of seeking approval of the Board of Directors for amendments in the Ethics Code and adopting Policy on Material Related Party Transactions. Post March 31, 2022, the Company has prepared Policy on Material Subsidiaries and the same has been uploaded on the website of the Company.

- **Reporting of Risk Assessment and Minimization**

Risk Assessment and Minimization is being reported to the Risk & HSE Committee (Risk Management Committee). Reporting to the Board is being initiated in FY 2022-23.

In addition to complying with the mandatory requirements, the Company has adopted following discretionary requirements of the Listing Regulations:

- **Unmodified Audit Opinion:**

During the year under review, the auditors have given an unmodified opinion on the standalone and consolidated financial statements of the Company. The Company has adopted best practices to ensure a regime of financial statements with unmodified opinion.

- **Reporting of internal auditor:**

The Chief Internal Audit Officer of the Company directly reports to the Audit Committee of the Board.

v) The Company is in the process of seeking approval of the Board of Directors on 'Policy on material related party transactions and dealing with related party transactions'. The 'Policy for determining 'material' subsidiary(ies)' is uploaded on the website of the Company at https://www.nayaraenergy.com/investors/information.

vi) The proceeds of the issue of Non-Convertible Debentures amounting to INR 2285 crore, issued on private placement basis, and listed on BSE Limited, have been fully utilised for the objects stated in the offer document and the purpose for which these proceeds were raised has been achieved. We further confirm that there is no deviation in the use of the proceeds of the issue.

vii) Certificate from M/s Parikh, Parekh & Associates certifying that none of the Directors on the Board of the Company as on March 31, 2022 have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority, is annexed to this Report as Annexure- A.

viii) During the year under review, there were no such recommendations made by the Committee of the Board that were mandatorily required but not accepted by the Board.

ix) Total fees paid to the statutory auditors:

The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is stated below:

Particulars	Amount in Million (INR)
Audit Fees	23
Other Services	22
Reimbursement of expenses	1
TOTAL	46

x) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year: 1

b. number of complaints disposed of during the financial year: 1

c. number of complaints pending as on end of the financial year: Nil

xi) During the financial year 2021-22, the Company or any of its subsidiaries did not provide any loans and advances to firm / companies in which Directors are interested.

xii) Non-compliance of any requirement of corporate governance report under Schedule V

The detailed explanation is provided in clause (iv) above under the heading "Compliance with Mandatory and Discretionary Requirements".

xiii) Compliance of Corporate Governance Requirement specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i)

The detailed explanation is provided in clause (iv) above under the heading "Compliance with Mandatory and Discretionary Requirements".

PARIKH PAREKH & ASSOCIATES
COMPANY SECRETARIES

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of,
NAYARA ENERGY LIMITED

We have examined the compliance of the conditions of Corporate Governance by Nayara Energy Limited ('the Company') for the year ended on March 31, 2022, as stipulated under Regulations 17 to 27, clauses (a) to (i) of sub-regulation (1A) of Regulation 62 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and as made applicable to the Company effective September 7, 2021 on a comply or explain basis until March 31, 2023, and 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.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations 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 certify that the Company has complied with the conditions of Corporate Governance on comply or explain basis as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2022.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Parikh Parekh & Associates
Practising Company Secretaries

P.N. Parikh
Partner
FCS: 327 CP: 1228
UDIN: F000327D000395469
PR No.: 723/2020
Mumbai, 27.05.2022

PARIKH PARIKH & ASSOCIATES
COMPANY SECRETARIES

CERTIFICATE

(pursuant to Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
NAYARA ENERGY LIMITED
Khambhalia,
Post Box No-24,
District Devbhumi Dwarka,
Gujarat -361305

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Nayara Energy Limited having CIN U11100GJ1989PLC032116 and having registered office at Khambhalia, Post Box No-24, District Devbhumi Dwarka, Gujarat- 361305 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers 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 certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of Appointment in Company *
1.	Ms. Naina Lal Kidwai	00017806	09/10/2017
2.	Mr. Deepak Kapoor	00162957	18/12/2017
3.	Mr. Prasad Krishna Panicker	06476857	17/02/2020
4.	Mr. Krzysztof Zielicki Antoni	07692730	19/08/2017
5.	Mr. Chin Hwee Tan	07703660	19/08/2017
6.	Mr. Jonathan Kollek	07710920	19/08/2017
7.	Mr. Charles Anthony Fountain	07719852	19/08/2017
8.	Mr. Alexander Romanov	07731508	19/08/2017
9.	Ms. Victoria Cunningham	08595967	30/01/2020
10.	Mr. Alexey Lizunov	08670188	30/01/2020
11.	Ms. Avril Mary Anne Conroy	08740726	23/05/2020

* *the date of appointment is as per the MCA Portal.*

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Parikh Parekh & Associates
Practising Company Secretaries

P.N. Parikh
Partner
FCS: 327 CP: 1228
UDIN: F000327D000395535
PR No.: 723/2020
Mumbai, 27.05.2022

Financial Statements


82%
68%
81%
44%
62%
81%
March
10

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 2022, 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, 2022, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of goodwill *(as described in Note 48 of the standalone financial statements)*	
The Company performed an impairment assessment as of March 31, 2022 of Goodwill and other non-financial assets, as required under Ind AS 36, to determine whether the recoverable value of the Cash Generating Unit (CGU) to which they belong is above the carrying amount or not. Impairment assessment of goodwill has been identified as a key audit matter due to: • The significance of the carrying value of CGU being assessed.	Our audit procedures included the following: • We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to impairment review processes. • We evaluated the Company's valuation methodology applied in determining the recoverable amount. In making this assessment, we also assessed the objectivity and independence of Company's specialists involved in the process and held discussions with such specialists.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key audit matters	How our audit addressed the key audit matter
• Determination of recoverable amount of the Company's CGUs involves significant management judgements such as future cash flow forecasts, projected Gross Refining Margins (GRM) and the discount rate to be applied.	• We evaluated the reasonability of the assumptions around the key drivers of the cash flow forecasts including projected GRMs, cost of debt, cost of equity, discount rates, etc. that is applied. • We engaged valuation specialists to assist us in evaluating management's determination of value in use. • We also obtained and assessed the sensitivity analysis performed by the management on key assumptions of GRM and discount rates used in determining the recoverable value. We discussed potential changes in key drivers as compared to previous year to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. • We tested the arithmetical accuracy of the model. • We also assessed the disclosures given in the standalone financial statements for compliance with disclosure requirements under the accounting standards.

We have determined that there are no other key audit matters to be communicated in our report.

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.

Responsibilities of Management for the Standalone Financial Statements

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

INDEPENDENT AUDITOR'S REPORT (Contd.)

Changes in Equity dealt with by this Report are in agreement with the books of account;

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

(e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, 2022 has been paid / provided by the Company to its non-executive directors is in excess of the amount permissible under the provisions of section 197 read with Schedule V to the Act (refer note 44) by INR 42 million. As stated in such note, the Company proposes to obtain necessary shareholders' approval at the ensuing annual general meeting;

(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 21 and 26 to the standalone financial statements;

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

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 that were 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.

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

per Naman Agarwal
Partner
Membership Number: 502405
UDIN: 22502405AJSLBQ7077

Place of Signature: New Delhi
Date: May 27, 2022

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 fixed assets 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, 2022.

(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 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 INR five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the 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 INR million)
Aggregate amount granted/ provided during the year	
- Subsidiary	146
- Others	582
Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiary	623
- Others	593

(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 45 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 (In INR million)		
- Repayable on demand	623	623
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, service 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* (INR million)	Period to which the amount relates	Forum where the dispute is pending
Gujarat Value Added Tax Act, 2003	Sales tax & interest	40,698	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 Tribunal
The West Bengal Value Added Tax Act, 2003.		3	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	12,158	2008-09 to 2016-17	Jt. Commissioner (Appeal), Rajkot
		163	2010-11 & 2011-12	Guwahati High Court

Name of the Statute	Nature of dues	Amount* (INR million)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs duty, interest, fine & penalty	1,935	2009-10 to 2012-13, 2017-18	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
		459	2007-08, 2008-09	Deputy Commissioner, Custom
		2,941	2009-10, 2007-08, 2013-14	Supreme Court
Central Excise Act, 1944	Excise duty, interest, fine and penalty	247	2006-07, 2010-11	Commissioner of Central Excise
		1,901	2006-07 to 2011-12, 2013-14 to 2017-18	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
		897	2006-07 to 2009-10	Gujarat High Court
Central Goods and Services Tax Act, 2017	Goods and Services Tax	39	2018-19	Deputy Commissioner, CGST Jamnagar
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	327	2003-04	Bombay High Court
		69	2010-11, 2014-15, 2015-16	Commissioner of Income Tax (Appeals)

*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 ₹ 2,739 million was raised towards the end of the year March 31, 2022 and hence have not been utilised by the end of the year. This matter has been disclosed in note 13 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 46 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, and considering the Company's current liabilities exceeds the current assets as disclosed on note 49 to the financial statements, nothing has come to our attention, which causes us to believe 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: 22502405AJSLBQ7077

Place of Signature: New Delhi
Date: May 27, 2022

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, 2022 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, 2022, 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: 22502405AJSLBQ7077

Place of Signature: New Delhi
Date: May 27, 2022

STANDALONE BALANCE SHEET
AS AT MARCH 31, 2022

(₹ in million)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
1) Non-current assets			
(a) Property, plant and equipment	6	418,562	431,611
(b) Capital work-in-progress	6	22,711	8,985
(c) Goodwill	6	108,184	108,184
(d) Other Intangible assets	6	238	280
(e) Intangible assets under development	6	18	11
(f) Right-of-use assets	6	33,649	35,251
(g) Financial assets			
(i) Investments	7	27	4
(ii) Loans	8	376	62
(iii) Other financial assets	9	2,362	2,589
(h) Other non-current assets	10	5,978	2,847
(i) Non-current tax assets (net)		2,513	4,738
Total non-current assets		**594,618**	594,562
2) Current assets			
(a) Inventories	11	123,503	93,448
(b) Financial assets			
(i) Trade receivables	12	50,866	19,679
(ii) Cash and cash equivalents	13	11,640	33,186
(iii) Bank balances other than (ii) above	14	11,646	8,511
(iv) Loans	15	840	537
(v) Other financial assets	16	13,196	10,346
(c) Other current assets	17	4,294	4,615
Total current assets		**215,985**	170,322
TOTAL ASSETS		**810,603**	764,884
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	18	15,072	15,072
(b) Other equity	19	202,410	191,779
Total Equity		**217,482**	206,851
LIABILITIES			
1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	75,072	72,559
(ia) Lease liabilities	39	43,385	42,665
(ii) Other financial liabilities	21	117,925	72,693
(b) Deferred tax liabilities (net)	22	54,451	51,528
(c) Other non-current liabilities	23	-	12,296
Total non-current liabilities		**290,833**	251,741
2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	24,756	56,620
(ia) Lease liabilities	39	1,912	2,135
(ii) Trade payables	25		
- Total Outstanding dues of micro and small enterprises		233	177
- Total Outstanding dues of creditors other than micro and small enterprises		169,852	117,372
(iii) Other financial liabilities	26	68,174	71,295
(b) Other current liabilities	27	35,247	57,037
(c) Provisions	28	1,035	961
(d) Current tax liabilities (net)		1,079	695
Total current liabilities		**302,288**	306,292
TOTAL EQUITY AND LIABILITIES		**810,603**	764,884

See accompanying notes to the standalone financial statements

As per our report of even date
For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Naman Agarwal
Partner
Membership No. 502405
New Delhi, May 27, 2022

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
DIN : 07719852
Devbhumi Dwarka

Prasad K. Panicker
Director
DIN : 06476857
Devbhumi Dwarka

Alois Virag
Chief Executive Officer
Devbhumi Dwarka

Anup Vikal
Chief Financial Officer
Devbhumi Dwarka

Mayank Bhargava
Company Secretary
Thane, India
May 27, 2022

STANDALONE STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	29	1,196,894	875,006
Other income	30	3,134	10,555
Total Income		1,200,028	885,561
Expenses			
Cost of raw materials consumed		704,371	430,464
Excise duty		258,014	247,596
Purchases of stock-in-trade		165,135	137,408
Changes in inventory of finished goods, stock-in-trade and work-in-progress	31	(31,569)	(8,786)
Employee benefits expense	32	7,607	6,702
Finance costs	33	17,832	20,853
Depreciation and amortisation expense	6	19,353	19,183
Other expenses	34	45,795	34,896
Total expenses		1,186,538	888,316
Profit / (Loss) before tax		13,490	(2,755)
Tax expense:	22		
(a) Current tax expenses		379	-
(b) Deferred tax expense / (reversal)		2,812	(7,420)
Total tax expense / (reversal)		3,191	(7,420)
Profit for the year		10,299	4,665
Other comprehensive income			
Items that will not be reclassified to profit and loss		(1)	25
Remeasurement (loss) / income on defined benefit plans		(1)	33
Income tax effect		0	(8)
		(1)	25
Items that will be reclassified to profit and loss		333	12,490
Effective portion of cash flow hedges (net)		375	16,605
Income tax effect		(94)	(4,179)
		281	12,426
Foreign currency monetary item translation difference account		69	86
Income tax effect		(17)	(22)
		52	64
Other comprehensive Income for the year, net of tax		332	12,515
Total comprehensive income for the year		10,631	17,180
(comprising profit and other comprehensive Income for the year)			
Earnings per share (Face value ₹ 10 per share)	35		
Basic and Diluted (in ₹)		6.91	3.13

See accompanying notes to the standalone financial statements

As per our report of even date
For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firm Registration No. 301003E/E300005

per Naman Agarwal
Partner
Membership No. 502405
New Delhi, May 27, 2022

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
DIN : 07719852
Devbhumi Dwarka

Prasad K. Panicker
Director
DIN : 06476857
Devbhumi Dwarka

Alois Virag
Chief Executive Officer
Devbhumi Dwarka

Anup Vikal
Chief Financial Officer
Devbhumi Dwarka

Mayank Bhargava
Company Secretary
Thane, India
May 27, 2022

Standalone Statement of Changes in Equity

for the year ended March 31, 2022

a. Equity Share Capital

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
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, 2020 to March 31, 2021

(₹ 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, 2020	**609**	**78,014**	**596**	**117,573**	**(22,005)**	**(188)**	**174,599**
Profit for the year	-	-	-	4,665	-	-	4,665
Other Comprehensive Income for the year	-	-	-	25	12,426	64	12,515
Total Comprehensive income for the year	**-**	**-**	**-**	**4,690**	**12,426**	**64**	**17,180**
Balance as at March 31, 2021	**609**	**78,014**	**596**	**122,263**	**(9,579)**	**(124)**	**191,779**

Standalone Statement of Changes in Equity (Contd.)

for the year ended March 31, 2022

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**

* A net loss for the year of ₹ 27,591 million (net of tax) (Previous year ₹ 20,432 million) was 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
New Delhi, May 27, 2022

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Chief Financial Officer

Devbhumi Dwarka

Mayank Bhargava
Company Secretary
Thane, India
May 27, 2022

STATEMENT OF STANDALONE CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A	**Cash flow from operating activities**		
	Profit / (loss) before tax	**13,490**	**(2,755)**
	Adjustments for:		
	Interest income	**(1,499)**	(2,898)
	Depreciation and amortisation expense	**19,353**	19,183
	Loss on disposal / discard of property, plant and equipment (net)	**53**	84
	Gain on investment / financial assets measured at FVTPL	**(26)**	-
	Export obligation deferred income	**(11)**	(100)
	Unrealised foreign exchange differences (net)	**1,357**	(938)
	Mark to market (gain) / loss on derivative contracts (net)	**(1,479)**	6,358
	Expected credit loss (net)	**633**	106
	Provision for doubtful debts/ doubtful debt written off	**129**	24
	Trade payable written back	**-**	(851)
	Finance costs	**17,832**	20,853
	Operating profit before working capital changes	**49,832**	**39,066**
	Adjustments for working capital changes:		
	(Increase) in inventories	**(30,055)**	(34,167)
	(Increase) / decrease in trade and other receivables	**(29,548)**	6,630
	Increase in trade and other payables	**55,375**	2,400
	Cash generated from operating activities	**45,604**	**13,929**
	Income tax refund (net) (including interest)	**2,684**	4,416
	Net cash generated from operating activities	**48,288**	**18,345**
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)	**(16,884)**	(7,958)
	Proceed from sale of Mutual fund (net)	**26**	-
	Investment in equity share of subsidiary	**(23)**	(4)
	(Placement) / Encashment of short term bank deposits (net)	**(3,123)**	2,607
	Placement of inter corporate deposits	**(146)**	(162)
	Refund of inter corporate deposits	**11**	31
	Interest received	**934**	1,230
	Net cash (used in) investing activities	**(19,205)**	**(4,256)**
C	**Cash flow from financing activities**		
	Proceeds from long-term borrowings	**29,720**	15,428
	Repayment of long-term borrowings	**(53,926)**	(18,516)
	Proceeds from short-term borrowings	**3,500**	22,297
	Repayment of short-term borrowings	**(17,273)**	(15,297)
	Proceed from short term borrowings of less than 3 months (net)	**6,740**	7,443
	Payment of principal portion of lease liabilities	**(2,274)**	(2,173)
	Payment of interest on lease liabilities	**(3,020)**	(3,034)
	Finance cost paid	**(14,761)**	(16,637)
	Net cash (used in) financing activities	**(51,294)**	**(10,489)**

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net (decrease) / increase in cash and cash equivalents	**(22,211)**	3,600
Net exchange differences on foreign currency bank balances	**-**	54
Cash and cash equivalents at the beginning of the year	**33,200**	29,600
Cash and cash equivalents at the end of the year	**10,989**	33,254
Composition of Cash and cash equivalents included in the statement of cash flows comprise of the following balance sheet amounts:		
Cash and cash equivalents as per the balance sheet (refer note 13)	**11,640**	33,186
Add: Earmarked bank balances (refer note 14)	**92**	78
Less: Bank overdraft (refer note 24)	**(743)**	(10)
Total	**10,989**	33,254

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

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

Particulars	As at April 1, 2020	Cash changes (net)	Non cash changes (net)	As at March 31, 2021
Long term borrowings (including current maturities classified in short term borrowing)	106,710	(3,088)	2,231	105,853
Short term borrowings* (excluding current maturities classified in short term borrowing)	8,773	14,443	110	23,326

*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 ₹ 39,188 million (Nil for the year ended March 31, 2021) 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
New Delhi, May 27, 2022

For and on behalf of the Board of Directors

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Mayank Bhargava
Company Secretary
Thane, India
May 27, 2022

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 over 6,500 operational outlets and more than 1,300 outlets at various stages of completion. 9% Non-convertible Debentures amounting to ₹ 22,850 million issued by the Company on private placement basis are listed on BSE Limited.

The financial statements of Nayara Energy Limited for the year ended March 31, 2022 were authorised for issue in accordance with a resolution of the directors on May 27, 2022.

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.

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.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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 42)
- Quantitative disclosures of fair value measurement hierarchy (refer note 42)
- Financial instruments (including those carried at amortised cost) (refer note 42)

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 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 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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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 or the lease period. Right to use trademark lease is amortised on straight line basis over the usage period of 20 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 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 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, generally on delivery of the goods. 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:

- 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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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.

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 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.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

(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.

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 42(C).

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

N. Borrowing Costs

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

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

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

O. Taxes

(i) Current Income tax

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

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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.

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.

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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) Duty drawback

Income on duty draw-back is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company claims drawback of National Calamity Contingent Duty (NCCD) and Basic Custom Duty (BCD) on exports in line with duty drawback rules and recognizes the same as revenue. Refer note 38 (A) for details.

iii) Impairment of non-financial assets

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. 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 48 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.

B. New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 1, 2021. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective:

(i) Interest Rate Benchmark Reform-Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

(ii) Conceptual framework for financial reporting under Ind AS issued by ICAI

(iii) Ind AS 116: COVID-19 related rent concessions

(iv) Ind AS 103: Business combination

(v) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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, 2020	Additions (refer note 2 and 3 below)	Deductions/ Remeasurement	As at March 31, 2021	As at April 01, 2020	During the year	Deductions	As at March 31,2021	As at March 31,2021
A) Property, plant and equipment									
Land (Freehold) (refer note 1 below)	52,865	-	-	52,865	-	-	-	-	52,865
Buildings	17,178	98	-	17,276	4,495	721	-	5,216	12,060
Plant and machinery	451,473	3,688	2,787	452,374	74,896	14,670	2,703	86,863	365,511
Furniture and fixtures	274	22	2	294	151	21	1	171	123
Office equipments	1,744	413	20	2,137	783	373	19	1,137	1,000
Vehicles	140	5	6	139	84	9	6	87	52
Total Property, plant and equipment	**523,674**	**4,226**	**2,815**	**525,085**	**80,409**	**15,794**	**2,729**	**93,474**	**431,611**
B) Capital Work In Progress									
Capital work-in-progress (refer note 4 below)	-	-	-	-	-	-	-	-	**8,985**
C) Goodwill									
Goodwill	**108,184**	**-**	**-**	**108,184**	**-**	**-**	**-**	**-**	**108,184**
D) Other intangible assets									
Softwares & licenses	**1,311**	**63**	**-**	**1,374**	**980**	**114**	**-**	**1,094**	**280**
E) Intangible assets under development									
Intangible assets under development	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11**
F) Right-of-Use assets (refer note - 39)									
Tangible Assets									
Land	7,504	772	31	8,245	331	375	-	706	7,539
Building	1,618	52	7	1,663	253	228	3	478	1,185
Plant & machinery	1,800	862	-	2,662	305	516	-	821	1,841
Vehicles (including vessels)	366	1,268	39	1,595	9	699	-	708	887
Total Tangible Assets	**11,288**	**2,954**	**77**	**14,165**	**898**	**1,818**	**3**	**2,713**	**11,452**
Intangible Assets									
Trademark	27,053	-	327	26,726	1,470	1,457	-	2,927	23,799
Total Right-of-use assets	**38,341**	**2,954**	**404**	**40,891**	**2,368**	**3,275**	**3**	**5,640**	**35,251**
Total (A+B+C+D+E+F)	**671,510**	**7,243**	**3,219**	**675,534**	**83,757**	**19,183**	**2,732**	**100,208**	**584,322**

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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

Capital Work-In-Progress Ageing schedule as at March 31, 2021

(₹ 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	4,207	2,247	59	121	6,634
Projects temporarily suspended*	-	-	-	2,351	2,351
Grand Total	**4,207**	**2,247**	**59**	**2,472**	**8,985**

Capital Work-In-Progress schedule over run as at March 31, 2021

(₹ 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	860	1,026	-		1,886
Projects temporarily suspended*	-	-	-	2,351	2,351
Grand Total	**860**	**1,026**	**-**	**2,351**	**4,237**

Intangible assets under development as at March 31, 2021

(₹ 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	9	2	-	-	11
Grand Total	**9**	**2**	**-**	**-**	**11**

* 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 (Contd.)

For the year ended March 31, 2022

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 2 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) (refer note 1 below)	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 4 below)	-	-	-	-	-	-	-	-	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	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18**
F) Right-of-Use assets (refer note - 39)									
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)	**675,534**	**4,904**	**880**	**679,558**	**100,208**	**19,353**	**636**	**118,925**	**583,362**

for details of assets pledge as security, refer note 20 and 24.

Notes:
1. Land and building having carrying value of ₹ NIL (Previous year ₹ 2,676 million) has been pledged for a loan taken by a third party.
2. 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 ₹ 211 million (Previous year net off gain of ₹ 356 million).
3. In line with its refinery turnaround practices, the Company had completed turnaround activities of its refinery during the year ended March 31, 2021. The Company incurred total cost of ₹ 3,577 million which includes catalyst and materials consumption of ₹ 1,915 million, salary of ₹ 125 million and other expense of ₹ 1,537 million on the major maintenance activity which have been capitalised to the plant and machinery.
4. The Company incurred total cost of ₹ 663 million as Expenditure During Construction (including salary of ₹ 421 million and other expense of ₹ 242 million) (Previous year ₹ 1,067 million as Expenditure During Construction (including salary of ₹ 302 million and other expense of ₹ 765 million)) for petrochemical project and ₹ 50 million as borrowing cost which is included in Capital work-in-progress.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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.

7 Investments (Non Current) (Unquoted)

(₹ in million)

Particulars		As at March 31, 2022	As at March 31, 2021
(1)	**Investment in equity shares of subsidiaries - At cost**		
	Nil (Previous year 100) equity shares of USD 1 each of Nayara Energy Global Limited #	-	0
	360,000 (Previous year 60,000) equity shares of USD 1 each of Nayara Energy Singapore Pte. Ltd.	27	4
	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**	**4**

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Investment at cost	27	4
Investment at fair value through profit and loss account	-	-
Total	**27**	**4**

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Aggregate amount of unquoted investments	27	4
Total	**27**	**4**

* Investments are fair valued at Zero.

@ companies are under liquidation.

Nayara Energy Global Limited (NEGL) has been liquidated with effect from August 24, 2021.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

8 Loans (Non Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Loan to retail outlet franchisee	376	62
Total	376	62

9 Other Financial Assets (Non Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2022	As at March 31, 2021
Security deposits	(A)	302	309
Other receivables			
Export incentive receivables {refer note 38(A)}		1,285	1,285
Others {refer note 38(B)}			
- Considered good		615	790
- Significant increase in credit risk		772	423
- Less: Expected credit loss {refer note 42(C)(v)}		(772)	(423)
	(B)	1,900	2,075
Bank Deposits with remaining maturity of more than twelve months	(C)	159	157
Interest accrued on bank deposits	(D)	1	1
Derivative Assets	(E)	-	47
Total ((A)+(B)+(C)+(D)+(E))		2,362	2,589

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

10 Other non-current assets

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses (refer note 44)	598	310
Capital advances	3,179	280
Claims / other receivables		
- Considered good	2,201	2,257
- Considered doubtful	366	303
Less: Provision for doubtful debt	(366)	(303)
Total	5,978	2,847

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

11 Inventories

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials {including in transit ₹ 21,797 million (Previous year ₹ 17,923 million)}	**43,934**	45,751
Work-in-progress	**41,274**	20,423
Finished goods {including in transit ₹ 7,675 million (Previous year ₹ 5,892 million)}	**29,585**	19,051
Stock-in-trade	**185**	-
Stores and spare parts {including in transit ₹ 14 million (Previous year ₹ 4 million)}*	**6,090**	5,907
Other consumables	**2,435**	2,316
Total	**123,503**	93,448

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

Refer note 3(G) for basis of valuation.

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

12 Trade receivables

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables		
Secured, considered good	**19,660**	14,821
Unsecured, considered good	**31,206**	4,858
Trade receivables - credit impaired	**23**	11
	50,889	19,690
- Less: Expected credit loss {refer note 42(C)(v)}	**(23)**	(11)
Total	**50,866**	19,679

For the Company's exposure to credit and currency risks, and loss allowances related to trade receivables, refer note 42(C)(v).

For amounts due from related parties, refer note 44.

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

For details of bills discounting not meeting derecongnition criteria, refer note 24.

The Company has discounted bill receivables amounting to ₹ 7,720 million (As at March 31, 2021 ₹ 15,920 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 (Contd.)

For the year ended March 31, 2022

12A Ageing of Trade Receivables

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

As at March 31, 2021 :

(₹ 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	18,904	775	-	-	-	-	19,679
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	7	0	1	3	-	11
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
Total	18,904	782	0	1	3	-	19,690

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

13 Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks in:		
-Current accounts#	3,888	3,162
-Exchange earners' foreign currency (EEFC) accounts	-	16,906
-Deposits with original maturities less than 3 months*	7,752	13,118
Cash on hand	0	0
Total	11,640	33,186

includes unutilised amount of term loans of ₹ 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.

14 Bank balances other than Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Earmarked bank balances #	92	78
Margin deposits*	11,553	8,388
Other deposits	1	45
Total	11,646	8,511

Earmarked bank balances mainly includes :

(a) ₹ 32 million (Previous year ₹ 68 million) payable as purchase consideration to NRI shareholders of Vadinar Oil Terminal Limited (formerly a subsidiary of the company) pursuant to its merger.

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

* 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.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

15 Loans (Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Inter Corporate Deposits to a related party (refer note 44)	623	488
Loan to retail outlet franchisee	217	49
Total	840	537

16 Other Financial Assets (Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2022	As at March 31, 2021
Security deposits	(A)	38	24
Other receivables			
Export incentive receivables {refer note 38(A)}		2,373	4,372
-Others			
- Considered good		539	998
- significant increase in credit risk		921	649
- Less: Expected credit loss {refer note 42(C)(v)}		(921)	(649)
	(B)	2,912	5,370
Interest accrued on bank deposits	(C)	61	87
Derivative assets	(D)	10,185	4,865
	Total ((A)+(B)+(C)+(D))	13,196	10,346

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

17 Other Current assets

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2022	As at March 31, 2021
Advances recoverable in cash or in kind or for value to be received		691	955
Prepaid expenses (refer note 44)		2,956	2,717
Balances with government authorities		486	353
	(A)	4,133	4,025
Claims / other receivables			
- Considered good		161	590
	(B)	161	590
	Total ((A)+(B))	4,294	4,615

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

18 Equity Share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	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, 2022		As at March 31, 2021	
	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	-	-	-	-
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 Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% of shares	Number of shares	% of shares
3,109,359 (3,109,359 as at March 31, 2021) 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.

19 Other equity

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
General reserve	596	596
Retained earnings	132,561	122,263
Other Comprehensive Income:		
Cash flow hedge reserve	(9,298)	(9,579)
Foreign currency monetary item translation difference account	(72)	(124)
Other Reserves:		
Capital reserve	609	609
Securities premium	78,014	78,014
Total	**202,410**	191,779

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

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

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

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

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

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

20 Borrowings

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured Borrowings - At amortised cost		
Debentures		
Non convertible debentures	**25,418**	26,548
Term loans*		
From banks	**57,027**	76,086
From financial institutions	**-**	3,219
Current maturities of long term debt included under short term borrowings (refer note 24)	**(7,373)**	(33,294)
Total	**75,072**	72,559

* refer note 42(C)(ii)for borrowings outstanding in foreign currencies.

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

(₹ in million)

Sr No	Particulars	As at March 31, 2022	As at March 31, 2021
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	7,857
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.	32,688	34,158
iii)	9.5% Non convertible debentures are secured by first charge, ranking pari- passu with other lenders on the fixed assets (movable and immovable except certain leased out assets and fixed assets of power plant and port), both present and future of the Company in relation to Project, Second charge, pari- passu with other term lenders on the current assets of the Company, first charge by way of assignment or security interest over insurance policy.	-	23,980
iv)	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	-
v)	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 Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

(₹ in million)

Sr No	Particulars	As at March 31, 2022	As at March 31, 2021
vi)	Rupee and foreign currency term 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.	10,749	26,889
vii)	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 earmarked for port, power, township & Polypropylene Project. Second charge, pari- passu with other term lenders on the current assets of the Company.	6,439	4,429
viii)	Rupee term loans are secured by first pari passu charge over both movable and immovable fixed assets of power plant of the Company, both present and future, Second charge, pari- passu with other term lenders on the current assets of the Company.	-	5,972
ix)	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.	4,332	-
	Total	**82,445**	**105,853**

(B) **Repayment and other terms:**

(₹ in million)

Sr No	Particulars	As at March 31, 2022	As at March 31, 2021
i)	ECB Loan carry interest rate of 6 months LIBOR + margin 3.60% p.a. are repayable in unequal instalments ending on March 2023.	2,819	7,857
ii)	Rupee loan and USD Loan from various lenders carry interest of respective lenders rate of 3/6 month MCLR/ 3 months USD LIBOR + spread ranging from 25 bps to 360 bps and is repayable in unequal instalments starting from March 2018 and ending to September 2038.	32,688	34,158
iii)	Non-convertible debentures carry fixed interest of 9.50% p.a., repaid fully during financial year 2021-22.	-	23,980
iv)	Non-convertible debentures carry fixed interest of 9.00% p.a. is repayable in a single bullet in August 2024.	22,850	-
v)	Non-convertible debentures carry fixed interest of 8.00% p.a. is repayable in a single bullet in December 2025.	2,568	2,568
vi)	Rupee and foreign currency term loan carry an interest rate of 6M MCLR + spread 0.80% p.a. and repayable in unequal quarterly instalments ending on September 2027 .	10,749	26,889
vii)	Rupee term loan facility from banks carry interest rate at bank's 3M/1Y MCLR + spread ranging from zero to 0.70% is repayable in structured quarterly instalments ending to December 2027.	6,439	4,429
viii)	Rupee term loan facility from banks carry interest rate at bank's 1Y MCLR + 1.17% is repayable in 30 structured quarterly instalments beginning March 31, 2020 and originally ending to September 2027, prepaid in full during financial year 2021-22.	-	5,972
ix)	The project term loan facility from banks carry interest rate of 6 months MCLR + margin ranging from 1.80% to 2.30% throughout the period of loan and is repayable in structured quarterly instalments from June 2024 until March 2036.	4,332	-
	Total	**82,445**	105,853

21 Other financial liabilities (Non-Current)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	209	193
Derivative Liabilities	2,174	2,798
Advances received from customers (refer note 44)	115,542	69,702
Total	117,925	72,693

22 Taxation

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax liabilities (Net)	54,451	51,528
Total	54,451	51,528

(A) Income tax expense / (benefit)

Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	**(A)**	379	-
Deferred tax expense / (reversal)	(B)	2,812	(7,420)
Total tax charged / (reversed) in statement of profit and loss	(A+B)	3,191	(7,420)
Deferred tax charged to other comprehensive income		111	4,209

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit / (Loss) before tax	13,490	(2,755)
Statutory tax rate	25.17%	25.17%
Expected income tax expense / (reversal) at statutory rate	3,395	(693)
Items giving rise to difference in tax		
Deferred tax (asset) not recognised (net)	178	191
Effect of change in indexed cost of land	(481)	(456)
Impact on account of merger (refer (F) below)	-	(6,969)
Effect of settlement of tax disputes under Vivaad Se Vishwas scheme (refer (G) below)	-	1,098
Effect of change in tax rate on Goodwill	-	(583)
Disallowances on tax assessment	379	-
Utilisation of previously unrecognised tax (asset)/liabilities (refer (E) below)	(290)	-
Others	10	(8)
Total Income tax expense / (reversal)	3,191	(7,420)
Effective tax rate	23.65%	269.33%

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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

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**

Deferred tax balance in relation to	As at April 01, 2020	Recognised through profit and loss	Recognised in other comprehensive income	As at March 31, 2021
Difference in Property, plant and equipment and intangibles	87,949	(6,088)	-	81,861
Carried forward unabsorbed depreciation	(17,900)	2,058	-	(15,842)
Carried forward Business Loss	(446)	(135)	-	(581)
Effect of mark to market accounting	(623)	(5,522)	4,209	(1,936)
Lease Accounting	(10,743)	(533)	-	(11,276)
Inventory- Provision	(2,976)	2,976	-	-
Others	(522)	(176)	-	(698)
Total	**54,739**	**(7,420)**	**4,209**	**51,528**

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

Nature of loss	As at March 31, 2022	As at March 31, 2021	Last day till which loss can be set off
Long term capital loss	840	840	March 31, 2029
Short term capital loss	5,707	5,707	March 31, 2026

(E) The Company had not created deferred tax asset amounting to ₹ 290 million till March 31, 2021 on the disallowance of interest expenditure made by the Company under section 94B of the Income-tax Act, 1961 in absence of reasonable certainty towards its future claim. Based on tax advise obtained, the Company has claimed the deduction of interest expenditure which was disallowed in earlier year under section 94B(4) in the return of income filed for FY 2020-21.

(F) Consequent to the merger of VOTL, the carrying value of Property, Plant and Equipment (PPE) and Goodwill under the tax laws were changed leading to a one-time deferred tax credit of ₹ 6,969 million getting recognised during the year ended March 31, 2021 in the statement of profit and loss.

(G) During the year ended March 31, 2021, the Company had opted for settlement of eligible Income-tax disputes through Vivad se Vishwas Scheme, 2020 introduced by the Government of India. Accordingly, during the year ended March 31, 2021, deferred tax asset of ₹ 1,098 million was reversed as a result of the same. Further, based on tax advice obtained, the Company is entitled to claim certain expenditures (which are in the nature of timing difference) settled under this scheme in its future tax returns / assessments and continues to recognise deferred tax assets of ₹ 2,649 million on the same.

(H) The Income tax department has not considered the additional allowances made by the Company, which were voluntarily disallowed under VSV scheme in earlier years. Further, department has also disallowed certain expenses including consultancy charges paid to related parties. The Company is challenging the same at appropriate levels and believes that outcome will be favourable to the Company. Company does not expect any material cash outflows, if the tax department position is upheld, as its carried forward unabsorbed depreciation would decrease leading to increase in deferred tax liabilities by ₹ 2,048 million (Previous year Nil).

23 Other non-current liabilities

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance received from customers	-	12,296
Total	-	12,296

24 Short term borrowings

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured Borrowings		
Bank overdraft	743	10
Working capital demand loans from banks	-	7,273
Short term loans from banks	-	6,495
Buyers' credits and bills discounting @*	16,640	9,548
Current maturities of long term debt (refer note 20)	7,373	33,294
Total	24,756	56,620

Security for short term borrowing:

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
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.	743	10
b) Working Capital Demand loan from bank is secured by first charge on all current assets both present and future including all receivables ranking pari passu basis among lenders, second charge on fixed assets both present and future (except land parcels and fixed assets of power, port and township divisions on pari passu with other lenders. These loans carries fixed interest rate of 7.15% p.a to 7.25% p.a and 3 months marginal cost of funds based lending rate (MCLR) i.e 7.30% p.a. These loans are repayable on demand.	-	7,273
c) Short Term Loan from bank is secured by first charge on entire current assets of the company (existing and future) on a pari passu basis among lenders; second charge on fixed assets both present and future (except land parcels and fixed assets of power, port and township divisions) on a pari passu with other lender,. The loan carries an interest rate of 6 months marginal cost of funds based lending rate (MCLR) plus spread of 1.25% p.a and is repayable within 9 months of being drawn.	-	6,495
d) 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 1.52% p.a to 1.65% p.a and are repayable within 60 to 90 days of being drawn.	7,247	9,548
e) Current Maturities of long term debt (refer note 20)	7,373	33,294
f) *The Company has discounted trade receivable on full recourse basis. Accordingly, the monies received on this account are shown as borrowings as the trade receivable does not meet de-recognition criteria. The related trade receivables have been disclosed under note 12	9,393	-
Total	24,756	56,620

@ refer note 42(C)(ii) for borrowings outstanding in foreign currencies

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

25 Trade Payables

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of Micro and small enterprises (MSME) (refer note 40)	233	177
Total outstanding dues of creditors other than Micro and small enterprises (refer note 44)	169,852	117,372
Total	170,085	117,549

(a) Trade payables includes suppliers' credit of ₹ 15,269 million (Previous year ₹ 13,428 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, 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

As at March 31, 2021 :

(₹ 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	-	166	11	-	-	-	177
(ii) Undisputed dues - Others	3,002	86,156	24,173	25	3,945	14	117,315
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	31	26	-	-	57
Total	3,002	86,322	24,215	51	3,945	14	117,549

* 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, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	1,488	1,729
Capital creditors	3,915	1,258
Security deposits	433	301
Unclaimed debenture interest and principal (secured)#	59	10
Advances received from customers (refer note 44)	47,454	62,820
Derivative Liabilities	2,492	1,929
Other liabilities	12,333	3,248
Total	68,174	71,295

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

27 Other Current liabilities

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	11,386	14,383
Advances received from customers	23,856	42,638
Export Obligation*	5	16
Total	35,247	57,037

* In respect of unfulfilled export obligation of ₹ 7,677 million (Previous year ₹ 28,931 million).

28 Provisions (Current)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Compensated absences	577	512
Gratuity (refer note 43)	458	449
Total	1,035	961

29 Revenue from operations

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from sale of products #		
Sale of manufactured products	1,025,164	727,016
Sale of traded goods	169,965	146,264
Other operating revenues {refer note 38(A)} *	1,765	1,726
Total	1,196,894	875,006

Comprises of revenue from contracts with customers of ₹ 1,343,338 million (Previous year : ₹ 848,090 million) recognised at a point in time and ₹ 148,209 million pertaining to hedging loss (Previous year ₹ 25,190 million pertaining to hedging gain) 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 ₹ 852 million (Previous year ₹ 614 million) and export obligation fulfilment income of ₹ 34 million (Previous year ₹ 109 million).

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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, 2022	For the year ended March 31, 2021
Export sales	416,764	194,961
Domestic Oil marketing companies	329,752	186,981
Retail outlets	511,692	425,716
Others	85,130	40,432
Total revenue from contracts with customers	**1,343,338**	**848,090**

(₹ in million)

Contract balances	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Trade receivables *	50,866	19,679	12,703
Contract liabilities	186,852	187,456	222,309

* Trade receivables are non-interest bearing and are generally on terms of 0 to 45 days. As on March 31, 2022, ₹ 23 million (Previous year ₹ 11 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, 2022	For the year ended March 31, 2021
Revenue recognised out of contract liabilities outstanding at the beginning of the year	109,503	92,827

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, 2022	For the year ended March 31, 2021
Revenue as per contracted price	1,349,058	851,414
Adjustments		
Discount and incentives	(5,720)	(3,324)
Revenue from contract with customers	**1,343,338**	**848,090**

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, 2022	For the year ended March 31, 2021
Interest income		
- Bank deposits (carried at amortised cost)	828	1,096
- Other financial assets (carried at amortised cost) (refer note 38)	166	1,396
- Interest on income tax refund	505	408
	1,499	2,900
Other gains (net)		
- Net gain on derivative instruments- carried at FVTPL	575	4,904
- Net gain on investments carried at FVTPL	26	-
Trade payable written back	-	851
Other non-operating income	1,034	1,900
Total	3,134	10,555

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

(₹ in million)

Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
Opening inventories:			
- Finished goods		19,052	13,540
- Work-in-progress		20,423	17,149
	(A)	39,475	30,689
Closing inventories:			
- Finished goods		29,585	19,052
- Work-in-progress		41,274	20,423
- Stock-in-trade		185	-
	(B)	71,044	39,475
Net (Increase) in Inventory	Total ((A)-(B))	(31,569)	(8,786)

32 Employee benefits expense*

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	6,729	5,962
Contribution to provident and other funds (refer note 43)	475	418
Staff welfare expenses	403	322
Total	7,607	6,702

* net of ₹ 421 million (Previous year ₹ 302 million) petrochemical project related expense capitalised (refer note 6).

* net of Nil (Previous year ₹ 125 million) capitalised during turnaround (refer note 6).

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

33 Finance costs

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest (at amortised cost)		
a) On debentures	**2,241**	2,334
b) On term loans	**5,122**	5,884
c) On lease liabilities (refer note 39)	**3,279**	3,273
d) On others	**3,780**	5,838
Exchange differences regarded as an adjustment to borrowing costs	**58**	-
Other finance charges	**3,352**	3,524
Total	**17,832**	20,853

34 Other expenses*

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumption of chemical, catalyst, stores and spare parts	**2,718**	2,437
Product handling charges	**1,094**	528
Consumption of power, fuel and electricity [excludes fuel consumed out of own production ₹ 26,951 million (Previous year ₹ 12,187 million)]	**14,966**	8,346
Freight and Forwarding Charges	**11,751**	11,241
Rent, rates and taxes	**3,096**	3,699
Insurance	**1,496**	1,269
Legal and professional fees {refer note (a) below}	**3,138**	2,449
Repairs and maintenance	**1,981**	1,865
Debit balance / doubtful debts written off (net of provision)	**129**	21
Loss on disposal / discard of property, plant and equipment (net)	**53**	84
Exchange differences (net)	**2,546**	641
Expected credit loss [refer note 42(C)(v)]	**633**	109
Sundry expenses {refer note (b) below}	**2,194**	2,207
Total	**45,795**	34,896

Notes:

* Net of ₹ 242 million (Previous year ₹ 765 million) petrochemical project related expense capitalised (refer note 6).

* Net of Nil (Previous year ₹ 3,452 million) 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, 2022	For the year ended March 31, 2021
Statutory audit fee	**23**	20
Fee for review of interim financial information	**14**	11
Fee for tax audit and transfer pricing and other certifications	**2**	2
Fee for the audit of special purpose financial statements	**5**	1
Fee for other Services	**1**	1
Out of pocket expenses	**1**	0
Total	**46**	**35**

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

i) The Company has incurred an amount of ₹ 125 million (Previous year ₹ 192 million) towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 and is included in other expenses:

(₹ in million)

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	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)	103	22	145	47
Total	**103**	**22**	145	47

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

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 2021-22	34	34	13	13
	FY 2020-21	11	11	34	34

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 2021-22				
(i) Construction / acquisition of assets		-	-	-	-
(ii) On purposes other than (i) above (for CSR projects)		192	-	125	317
Excess / (Short) CSR spent amount on	FY 2020-21				
(i) Construction / acquisition of assets		-	-	-	-
(ii) On purposes other than (i) above (for CSR projects)		-	-	192	192

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

35 Earnings per share

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

Particulars		Year ended March 31, 2022	Year ended March 31, 2021
Profit attributable to ordinary equity share holders for basic and diluted earnings (₹ in million)	(A)	10,299	4,665
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)	**6.91**	3.13

36 Contingent liabilities

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
(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.	472	425
(ii) There was a dispute with one of the supplier which has been resolved pursuant to an order passed by the Arbitration Tribunal during FY 2021-22. Refer note 37(B)(ii)	-	19,423
(iii) Other claims against the Company	2,671	1,878
(B) Other money for which the company is contingently liable		
(i) In respect of income tax demands on various issues	950	284
(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 ₹ 40,731 million (as at March 31, 2021 ₹ 38,051 million)}	53,499	50,049
(iii) Other demands of Sales tax /VAT	846	841
(iv) In respect of custom duty / excise duty / service tax mainly relating to classification of products sold, allowability of cenvat credit	8,533	6,957
(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, 2022	As at March 31, 2021
(A)	**Capital commitments :**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**29,189**	41,994

(B) Other commitments

(i) 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. The Company has 66 number of retail outlets to be setup as on the balance sheet date and 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 ₹ 4,380 million (Previous year ₹ 7,470 million) in respect of obligation towards remote area retail outlets.

(ii) Pursuant to an order passed by an Arbitration Tribunal during FY 2021-22, the Company is obligated to pay a sum of approximately ₹ 6,158 million including interest to a supplier and will receive specified quantity of Natural Gas in lieu of the same. The Management is of the opinion that based on the current market value of the Natural Gas, it does not anticipate any material loss to the Company on account of the same.

38

(A) Revenue from operations includes ₹ 522 million (Previous year: ₹ 328 million) towards duty drawback on National Calamity Contingent Duty (NCCD) paid on imported crude which was recognised based on a favourable order passed by the Hon'ble Gujarat High Court. The Department in its notification dated May 12, 2020, fixed the brand rate on duty drawback of NCCD, and eventually commenced the process of assessing the refund applications filed by the Company. During the financial year 2021-22, the Company received a refund of ₹ 2,386 million (Previous year: ₹ 564 million) for the NCCD duty drawback related to the direct imports. The Department has allowed the Company to claim NCCD duty drawback refund on indigenous crude oil which is procured from a domestic supplier on provision of additional documentation in support of such refund applications, and the Company is in the process of filing an Revision Application to the Principal Commissioner (RA), Mumbai. Accordingly, the Company has considered the total receivables of ₹ 2,357 million (as at March 31, 2021: ₹ 4,221 million) as good of recovery and classified as current. Further, the Company has recognised receivable of interest accrued on NCCD duty drawback amounting to ₹ 1,285 million (as at March 31, 2021: ₹ 1,285 million) based on the merits of the case supported by a legal opinion.

(B) The Hon'ble Supreme Court of India in July 2015 had ordered a customer to pay ₹ 1,821 million (including interest of ₹1,387 million). Basis this order the Company has a recognised receivable of ₹ 1,068 million (As at March 31, 2021 ₹ 990 million) from the customer. The Company has assessed the recoverability of the same as highly probable and hence has considered them as good of recovery.

39 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 other equipment generally have lease terms between 5 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.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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, 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	-	-
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)**

Particulars	As at March 31, 2021			
	Right of use assets	Lease liabilities	Charged to Profit & loss Account	Impact on statement of Cash flows
Long Term Leases				
As at April 01,2020	35,973	45,084	-	-
Additions	2,955	2,955	-	-
Deletion/discarded/Retirement	(36)	(44)	(8)	-
Remeasurement on account of change in term of agreement	(366)	(366)	-	-
Depreciation expense	(3,275)	-	3,275	-
Interest accruals	-	3,273	3,273	-
Unrealised foreign exchange gain	-	(895)	-	-
Payments	-	(5,207)	-	-
As at March 31, 2021	**35,251**	**44,800**	**6,540**	**-**
Current lease liabilities	-	**2,135**	-	-
Non-current lease liabilities	-	**42,665**	-	-

Particulars	As at March 31, 2021			
	Right of use assets	Lease liabilities	Charged to Profit & loss Account	Impact on statement of Cash flows
Cash flow - Lease payments				
- Towards Principal	-	-	-	(2,173)
- Towards Interest	-	-	-	(3,034)
Total	**-**	**-**	**-**	**(5,207)**
Other Leases (included in other expenses)				
Short term leases	-	-	60	-
Low value leases	-	-	191	-
Variable leases	-	-	70	-
Total	**-**	**-**	**321**	**-**
As at March 31, 2021	**35,251**	**44,800**	**6,861**	**(5,207)**

40 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, 2022	As at March 31, 2021
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	**233**	177
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**0**	0
3	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**0**	0
4	Payments made beyond the appointed day during the year	**102**	112
5	Interest due and payable for the period of delay	**0**	0
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	**0**	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	**0**	0
8	Principal amount remaining unpaid to any supplier as at the end of the accounting year included in capital creditors	**111**	-

41 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, 2022.

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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, 2022	As at March 31, 2021
Long term borrowings (refer note 20)	75,072	72,559
Short term borrowings (refer note 24)	24,756	56,620
Upfront fees	474	848
Total debt	**100,302**	**130,027**
Less : Cash and cash equivalents (refer note 13)	(11,640)	(33,186)
Less : Bank balances (refer note 14)	(11,646)	(8,511)
Total cash and bank balances	**(23,286)**	**(41,697)**
Net debt (a)	**77,016**	**88,330**
Equity share capital (refer note 18)	15,072	15,072
Other equity (refer note 19)	202,410	191,779
Total equity	**217,482**	**206,851**
Equity and underlying net debt (b)	**294,498**	**295,181**
Gearing ratio (a/b)	26.15%	29.92%

42 Financial Instruments

A) Categories of financial instruments :

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, 2022 :

(₹ in million)

Particulars	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	353	9,832	-	10,185	10,185
Other financial assets*	-	-	5,373	5,373	5,373
Total	**353**	**9,832**	**80,741**	**90,926**	**90,926**
Financial Liabilities					
Long-term borrowings#*	-	5,125	77,320	82,445	81,116
Short-term borrowings*	-	7,247	10,136	17,383	17,383
Trade payables*	-	122,750	47,335	170,085	170,085
Derivatives	364	4,302	-	4,666	4,666
Other financial liabilities*	-	162,996	18,437	181,433	181,433
Total	**364**	**302,420**	**153,228**	**456,012**	**454,683**

As at March 31, 2021 :

(₹ in million)

Particulars	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*	-	-	599	599	599
Trade receivables*	-	-	19,679	19,679	19,679
Cash and cash equivalent*	-	-	33,186	33,186	33,186
Bank balances other than cash and cash equivalent*	-	-	8,511	8,511	8,511
Derivatives	147	4,765	-	4,912	4,912
Other financial assets*	-	-	8,023	8,023	8,023
Total	**147**	**4,765**	**69,998**	**74,910**	**74,910**
Financial Liabilities					
Long-term borrowings#*	-	5,263	100,590	105,853	105,313
Short-term borrowings*	-	9,548	13,778	23,326	23,326
Trade payables*	-	65,565	51,984	117,549	117,549
Derivatives	103	4,624	-	4,727	4,727
Other financial liabilities*	-	132,522	6,739	139,261	139,261
Total	**103**	**217,522**	**173,091**	**390,716**	**390,176**

including current maturities of long-term borrowings

* The management 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. For fair value of long term borrowings, refer below level wise disclosure.

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

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021	Level	Valuation techniques and key inputs
Foreign currency forward exchange contracts-Assets	**25**	147	II	Interest rate swaps, foreign exchange forward / option contracts and commodity forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.
Foreign currency forward exchange contracts-Liabilities	**227**	70	II	
Foreign currency option contracts-Liabilities	**-**	33	II	
Commodity Derivative Contracts -Assets	**9,089**	4,107	II	
Commodity Derivative Contracts -Liabilities	**1,819**	1,557	II	
Currency swap contracts -Assets	**1,071**	658	II	
Currency swap contracts -Liabilities	**2,620**	2,675	II	
Interest rate swap contracts -Liabilities	**-**	392	II	

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021	Level	Valuation techniques and key inputs
Other financial liabilities*	**162,996**	132,522	II	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.
Trade Payables	**153,428**	89,104	II	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.
Long term borrowings (including current maturities)	**81,116**	105,313	II	Long-term fixed-rate and variable-rate borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and the risk characteristics of the financed project. The fair value is determined using the discounted cash flow method. The future cash flows are based on terms of the borrowing. These cash flows are discounted at a rate that reflects current market rate and the current market risk.

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

C) Financial risk management objectives

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

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

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

i) Commodity price risk

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

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

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

Particulars	Qty. in Barrels (000)		Fair value of assets/(liabilities) (₹ in million)	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Designated as cash flow hedges				
Crude oil				
Buy Positions				
Less than 1 year	5,912	8,117	(637)	(348)
Sell Positions				
Less than 1 year	(38)	(83)	(97)	11
Petroleum products				
Buy Positions				
Less than 1 year	61,115	59,000	7,695	3,403
More than 1 year	-	3,600	-	47
Sell Positions				
Less than 1 year	(1,741)	(5,397)	117	(801)
Total (A)	**65,248**	**65,237**	**7,078**	**2,312**
Not designated as cash flow hedges				
Petroleum products				
Buy Positions				
Less than 1 year	(409)	5,400	252	237
More than 1 year	-	-	-	-
Sell Positions				
Less than 1 year	389	-	(60)	-
Total (B)	**(20)**	**5,400**	**192**	**237**
Total (A + B)	**65,228**	**70,637**	**7,270**	**2,549**

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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

Credit balance in cash flow hedge reserve of ₹ 7,078 million as at March 31, 2022 (credit balance of ₹ 2,312 million as at March 31, 2021) on commodity derivative (gross of tax) contracts have been recognised in other comprehensive income.

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

The following table details sensitivity to a 5% increase in the price of respective commodity. A positive number below indicates an increase in equity 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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Crude oil				
Buy Positions				
Less than 1 year	**25**	16	**-**	-
Sell Positions				
Less than 1 year	**(11)**	(14)	**-**	-
Petroleum products				
Buy Positions				
Less than 1 year	**339**	462	**(109)**	9
More than 1 year	**-**	2	**-**	-
Sell Positions				
Less than 1 year	**(65)**	(744)	**73**	-
Total	**288**	**(278)**	**(36)**	**9**

ii) Foreign currency risk management:

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

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

As at March 31, 2022 :

Particulars	Assets		Liabilities*	
	₹ in million	FC in million	₹ in million	FC in million
USD	49,140	648	396,867	5,235
EURO	26	0	4,911	58
Other Currencies	2	0	3	1
TOTAL	**49,168**		**401,781**	

As at March 31, 2021 :

Particulars	Assets		Liabilities*	
	₹ in million	FC in million	₹ in million	FC in million
USD	32,068	436	353,961	4,815
EURO	43	0	5,048	59
Other Currencies	3	0	4	0
TOTAL	**32,114**		**359,013**	

* includes borrowings in foreign currency USD 201 million (₹ 15,234 million) {(Previous year USD 428 million (₹ 31,448 million)}.

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

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

Not designated in hedging relationship

Particulars	Notional amounts (in Foreign Currency million)		Fair value of assets/(liabilities) (₹ in million)	
	As at March 31, 2022	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021
Forward Contracts:				
Buy US$				
Less than 3 months	**597**	810	**(219)**	77
Buy EUR Sell US$				
Less than 3 months	**39**	-	**17**	-
Options:				
Buy Call / Sell Put US$				
Less than 3 months	**-**	111	**-**	(33)

Sensitivity to a 5% increase in foreign currency rate is ₹ 1,581 million (Previous year ₹ 2,532 million) (net of tax). A positive number indicates an increase in profit and negative number would be an inverse impact on profit.

c) The management has designated certain financial liabilities in foreign currency as cash flow hedges against highly probable future forecast sales. Such designation help the Company to reduce/ mitigate foreign exchange risk of related liabilities and highly probable sales as gain/ loss on restatement of liabilities is recognised in other comprehensive income. As at March 31, 2022 the Company has restated such liabilities amounting to ₹ 329,606 million equal to USD 4,348 million (Previous year ₹ 244,168 million equal to USD 3,322 million) at closing exchange rate and has taken the resultant loss to cash flow hedge reserve. There are no significant hedge ineffectiveness on the these designated liabilities during the reporting periods.

d) Unhedged currency risk position:

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

As at March 31, 2022:

Currency	Assets		Liabilities	
	₹ in million	**FC in million**	**₹ in million**	**FC in million**
USD	49,140	648	67,260	887
EURO	26	0	4,911	58
Other Currencies	2	0	3	1
Total	**49,168**		**72,174**	

As at March 31, 2021 :

Currency	Assets		Liabilities	
	₹ in million	**FC in million**	**₹ in million**	**FC in million**
USD	32,068	436	101,620	1,382
EURO	43	0	5,048	59
Other Currencies	3	0	4	0
Total	**32,114**		**106,672**	

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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

(₹ in million)

Particulars	Impact on Profit (net of taxes)		Impact on Equity (net of taxes)	
	As at March 31, 2022	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021
Receivables				
USD	**1,839**	1,200	**-**	-
EURO	**1**	2	**-**	-
Other Currencies	**0**	0	**-**	-
Payables				
USD	**(2,517)**	(3,802)	**(12,332)**	(9,136)
EUR	**(184)**	(189)	**-**	-
Other Currencies	**(0)**	(0)	**-**	-

e) **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, 2022	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021
Less than 1 year	216	22	600	844
1 year to 2 years	215	65	(1,393)	46
2 years to 5 years	141	279	(756)	(2,737)
More than 5 years	-	14	-	(223)
Total	**572**	380	**(1,549)**	(2,070)

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 ₹ 2,564 million as at March 31, 2022 (debit balance of ₹ 1,594 million as at March 31, 2021) (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 ₹ 1,621 million (Previous year ₹ 1,148 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 LIBOR rates. Hedging activities are evaluated regularly to align with interest rate views and define risk appetite, ensuring that the most cost effective hedging strategies are applied.

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

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed rate borrowings *	**31,628**	31,405
Floating rate borrowings	**68,674**	98,623
Lease liabilities (refer note 39)	**45,297**	44,800
Export advances having original maturities for more than 1 year (current and non-current portion) (refer note 21 and 26)	**177,485**	138,297
Total	**323,084**	313,125
Less: Upfront fee	**(474)**	(848)
Total	**322,610**	312,277

* Includes borrowings of ₹ 4,370 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, 2022 would decrease / increase by ₹ 921 million (Previous year ₹ 887 million) (net of tax). This is mainly attributable to the Company's exposure to interest rates on its variable rate liabilities.

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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Less than 1 year	-	6	-	(59)
1 year to 2 years	-	7	-	(42)
2 years to 5 years	-	11	-	(16)
Total	-	24	-	(117)

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

Balance in cash flow hedge reserve of Nil as at March 31, 2022 (debit balance of ₹ 60 million as at March 31, 2021) 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 Nil (Previous year : ₹ 12 million) (net of tax) increase (decrease) in equity.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

Not 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, 2022	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021
Less than 1 year	-	6	-	(191)
1 year to 2 years	-	114	-	(84)
2 years to 5 years	-	-	-	-
Total	**-**	120	**-**	(275)

A 50 basis points increase (decrease) in interest rate and all other variables held constant would result in Nil (Previous year: ₹ 46 million) (net of tax) increase (decrease) in profit.

iv) Liquidity Risk

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

(₹ in million)

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**

(₹ in million)

As at March 31, 2021 :	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings #	40,546	55,649	47,422	143,617
Short term Borrowings #	23,865	-	-	23,865
Trade payables	117,549	-	-	117,549
Lease liabilities #	5,283	18,733	54,989	79,005
Other financial liabilities including export advance #	71,260	72,642	-	143,902
Derivatives	1,929	2,798	-	4,727
Total	**260,432**	**149,822**	**102,411**	**512,665**

including future interest

The Company has undrawn committed facilities as at March 31, 2022 of ₹ 62,551 million (₹ 57,086 million as at March 31, 2021) 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 30 days with or without security. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information.The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The history of trade receivables shows a negligible allowance for bad and doubtful debts. Refer note 12A for ageing of trade receivable.

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

Investments, cash and bank balances and derivatives

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

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

Movement in the expected credit loss allowance

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	1,083	974
Expected credit loss recognised (net)	633	109
Balance at the end of the year	**1,716**	1,083

The Company's maximum exposure to the credit risk for the components of the balance sheet as at March 31, 2022 and March 31, 2021 is the carrying amounts mentioned in note 9, note 12, and note 16.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

43 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, 2022	As at March 31, 2021
A	**Net assets / liability recognised in the balance sheet**		
i	Present value of defined benefit obligation	**1,033**	926
ii	Fair value of plan assets	**575**	477
iii	Funded status - deficit (iii = ii-i)	**(458)**	(449)
iv	Net assets / (liability) recognised in the balance sheet	**(458)**	(449)
B	**Expenses recognised in profit and loss for the year**		
i	Service Cost	**85**	82
ii	Net Interest cost	**26**	24
	Components of defined benefit costs recognised in Profit and loss	**111**	106
i	Actuarial losses - experience	**23**	(50)
ii	Actuarial losses/(gains) - assumptions	**(24)**	12
iii	Return on plan assets greater than discount rate	**2**	2
	Components of defined benefit costs recognised in Other Comprehensive Income	**1**	(36)
	Total expenses	**112**	70
C	**Change in obligation and assets**		
i	**Change in defined benefit obligation**		
	a Defined benefit obligation at beginning of the year	**926**	853
	b Current Service cost	**85**	82
	c Interest cost	**59**	53
	d Acquisition adjustment / Transfer Out @	**-**	3
	e Actuarial losses - experience	**23**	(50)
	f Actuarial losses - demographic assumptions	**-**	12
	g Actuarial losses/(gains) - financial assumptions	**(24)**	-
	h Benefit payments	**(36)**	(28)
	i Defined Benefit obligation at the end of the year	**1,033**	926
ii	**Change in fair value of assets**		
	a Fair value of plan assets at the beginning of the year	**477**	467
	b Acquisition adjustment / Transfer Out@	**-**	5
	c Interest income on plan assets	**33**	29
	d Contributions made	**103**	6
	e Return on plan assets lesser than discount rate	**(2)**	(2)
	f Benefits payments	**(36)**	(28)
	g Fair value of plan assets at the end of the year	**575**	477

(₹ in million)

Sr. No.	Particulars		Gratuity (Funded)	
			As at March 31, 2022	As at March 31, 2021
D	**Actuarial assumptions**			
	1	Discount rate (per annum)	**6.80%**	6.50%
	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) Ult. Modified**	
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**		93	71

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

- Figures in bracket indicates negative value.

Notes: Weighted average duration of the defined benefit obligation is 8 years as at March 31, 2022 (7 years as at March 31, 2021).

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, 2022 as follows:

(₹ 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

(₹ in million)

Particulars	**March 31, 2021**
As at March 31	
2022	71
2023	86
2024	96
2025	107
2026	100
March 31, 2027 to March 31, 2031	606

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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, 2022	As at March 31, 2021
		Increase/(decrease) in DBO	
A)	**Discount Rate**		
	Defined benefit obligation	1,033	926
	Discount rate	6.80%	6.50%
	1. Effect on DBO due to 0.5% increase in Discount Rate	(38)	(36)
	2. Effect on DBO due to 0.5% decrease in Discount Rate	41	39
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	(18)	(27)
	2. Effect on DBO due to 5.00% decrease in Withdrawal Rate	27	45

(ii) Provident Fund :

Based on actuarial valuation in accordance with Ind AS 19 for interest rate guarantee of exempted provident fund liability of employees, there is no interest shortfall in the funds managed by the trust and hence there is no further liability as at March 31, 2022 and March 31, 2021. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

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

The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has provided a valuation for provident fund liabilities using the deterministic approach guidance issued by Actuarial Society of India. The present value of benefit obligation as at March 31, 2022 is ₹ 5,230 million (₹ 4,352 million as at March 31, 2021) as per the actuarial report and the fair value of plan assets is higher than the same as at each reporting date. Hence, there is no shortfall as at March 31, 2022 and March 31, 2021.

Key assumptions used in determining the present value obligation of the interest rate guarantee are the Government of India (GOI) bond yield 6.80% (March 31, 2021 6.50%), Remaining term to maturity of portfolio 3 years (March 31, 2021: 4 years) and Expected guaranteed interest rate 8.10% (March 31, 2021 8.50%) . The Company contributed ₹ 238 million and ₹ 202 million during the years ended March 31, 2022 and March 31, 2021, respectively. The same has been recognized in the Standalone Statement of Profit and Loss under the head employee benefit expense.

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

2 **Defined Contribution plans :**

Company's contribution to superannuation fund and pension fund aggregating to ₹ 40 million and ₹ 117 million (Previous year ₹ 25 million and ₹ 104 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.

44 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

UCP Group comprises UCP PE Investments Limited and entities under common control

Subsidiaries

Coviva Energy Terminals Limited (CETL)

Nayara Energy Global Limited ((Liquidated on August 24, 2021)

Nayara Energy Singapore Pte Limited (incorporated on September 15, 2020)

Vadinar Oil Terminal Limited (VOTL) (Up to December 14, 2020)

Other related party

Nayara Energy Limited Employees Provident Fund

A. Transaction with related parties

(₹ in million)

Nature of transactions	Enterprises having significant influence		Subsidiaries		Total	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Advance received from customers						
Trafigura Group	-	5,843	-	-	-	5,843
Nayara Energy Singapore Pte Limited	-	-	27,595	-	27,595	-
Total	-	5,843	27,595	-	27,595	5,843
Export advance novated						
Trafigura Group %	-	8,561	-	-	-	8,561
Sale of products (refer note (i) below)						
Trafigura Group #	58,396	59,233	-	-	58,396	59,233
Rosneft Group	9,482	-	-	-	9,482	-
Nayara Energy Singapore Pte Limited	-	-	8,750	-	8,750	-
Total	67,878	59,233	8,750	-	76,628	59,233
Interest income						
Coviva Energy Terminals Limited	-	-	-	2	-	2
Purchase of raw material (refer note (i) below) / Other consumable						
Trafigura Group	52,085	17,885	-	-	52,085	17,885
Rosneft Group	12,842	-	-	-	12,842	-
Nayara Energy Singapore Pte Limited	-	-	7,125	-	7,125	-
Total	64,927	17,885	7,125	-	72,052	17,885
Other consultancy services						
Trafigura Group	228	186	-	-	228	186
UCP Group**	97	117	-	-	97	117
Total	325	303	-	-	325	303

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

(₹ in million)

Nature of transactions	Enterprises having significant influence		Subsidiaries		Total	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Receiving of freight service						
Trafigura Group	-	793	-	-	-	793
Product and raw material consultancy service (refer note (ii) below)						
Trafigura Group	793	672	-	-	793	672
Rosneft Group	791	67	-	-	791	67
Total	**1,584**	739	-	-	**1,584**	739
Interest expenses						
Trafigura Group	623	763	-	-	623	763
Nayara Energy Singapore Pte Limited	-	-	134	-	134	-
Total	**623**	763	**134**	-	**757**	763
Trade payable written back						
Rosneft Group	-	827	-	-	-	827
Reimbursement of expenses						
Trafigura Group	**2**	-	-	-	**2**	-
Inter corporate deposits given @						
Coviva Energy Terminals Limited	-	-	**146**	162	**146**	162
Inter corporate deposits refund received						
Coviva Energy Terminals Limited	-	-	**11**	31	**11**	31

including taxes wherever applicable

% During the year ended March 31, 2021, the export advance contracts backed by export performance bank guarantees by a lender worth USD 117 million (equivalent to ₹ 8,561 million) obtained by the Company were novated under a tripartite agreement between the Company, the former buyer, and Trafigura Group, whereby Trafigura Group has paid the outstanding advances to the former buyer and going forward all the supply against such advances shall be made to Trafigura Group as per delivery schedule stated in such contracts. The terms and conditions of novated contracts remain significantly unchanged.

**including ₹ 91 million capitalised during year ended March 31, 2022 (for the year ended March 31, 2021 : ₹ 91 million).

Includes sales of finished goods of ₹ 25,642 million (Previous year ₹ 13,032 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.

B. Transactions with other classes of related parties

(₹ in million)

	Nature of transactions	FY 2021-22	FY 2020-21
i)	**Key management personnel (Short term employee benefits)@**	282	312
	@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	14
iii)	**Key management personnel (Commission and Remuneration to Directors) * #**	42	78
iv)	**Contribution during the period (includes Employees' share and contribution) to the controlled trust**	575	531

* The Company has inadequacy of profits under Section 198 of the Companies Act, 2013 ("Act"), as a consequence of which the remuneration proposed to be paid to the Independent Directors for FY 2021-22 is in excess of permissible limits of Section 197 of the Act by ₹ 42 million (previous year ₹ 40 million). In compliance with the amendments introduced, inter-alia, in Section 197 and

Schedule V of the Act, which became effective from March 18, 2021, the Company had obtained an approval of the shareholders, by way of Special Resolutions for the excess remuneration paid in FY 2020-21 and is in the process of seeking a similar approval of the shareholders at the ensuing Annual General Meeting, for the remuneration proposed to be paid to the Independent Directors for FY 2021-22.

The amount of previous year is inclusive of remuneration of ₹ 38 million paid by Vadinar Oil Terminal Limited (erstwhile subsidiary of the Company and now merged with the Company effective December 14, 2020 pursuant to the Order passed by Hon'ble National Company Law Tribunal) to its directors.

C. Balances with related parties

(₹ in million)

Nature of balances	Enterprises having significant influence		Subsidiaries		Total	
	As at March 31, 2022	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021
Assets						
Financial assets						
Trade receivables (refer note (iv) A below)						
Trafigura Group # #	8,923	4,118	-	-	8,923	4,118
Rosneft Group	2,619	-	-	-	2,619	-
Total	**11,542**	**4,118**	**-**	**-**	**11,542**	**4,118**
Loans						
Inter corporate deposit						
Coviva Energy Terminals Limited	-	-	623	488	623	488
Other financial assets						
Prepaid expenses (interest and consultancy charges)						
Trafigura Group	435	363	-	-	435	363
Liabilities						
Financial liabilities						
Trade payables (refer note (iii) & (iv) B below)						
Rosneft Group	3,799	791	-	-	3,799	791
Trafigura Group	8,190	161	-	-	8,190	161
UCP Group	-	94	-	-	-	94
Nayara Energy Singapore Pte Limited	-	-	7,174	-	7,174	-
Total	**11,989**	**1,046**	**7,174**	**-**	**19,163**	**1,046**
Other financial liabilities						
Advance received from customers (refer note (iv) C below)						
Trafigura Group	21,685	31,151	-	-	21,685	31,151
Nayara Energy Singapore Pte Limited	-	-	28,049	-	28,049	-
Total	**21,685**	**31,151**	**28,049**	**-**	**49,734**	**31,151**
Interest accrued but not due						
Nayara Energy Singapore Pte Limited	-	-	134	-	134	-

Includes receivable of ₹ 5,240 million (as at March 31, 2021: ₹ 1,561 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.

D. Balances with other classes of related parties

(₹ in million)

Particulars	**As at March 31, 2022**	As at March 31, 2021
i) Commission and Remuneration payables to Key management personnel	42	40

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

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) During the financial year ended March 31, 2021, the Company had terminated its aforementioned contract with a Rosneft Group entity. Further, the said Rosneft Group entity unilaterally assigned some of its receivables from the Company under the said contract to and in favour of two entities, one of which is a Rosneft Group entity. Consequent to such assignments, the Company has to fulfil its payment obligations towards the assigned amounts to such entities, subject to necessary regulatory and other approvals.

(iv) 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.

45 Loans and advances in the nature of loan

The Company has given inter corporate deposit to related parties on repayable on demand terms

(₹ in million)

Type of borrower	As at March 31, 2022		As at March 31, 2021	
	Amount outstanding	% of Total loan	Amount outstanding	% of Total loan
Promoters	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
Related parties	**623**	**100%**	488	100%

46 Ratios*

Ratios	March 31, 2022	March 31, 2021
a) Current Ratio (number of times)	0.73	0.62
b) Debt Equity Ratio (number of times)	0.38	0.52
c) Debt Service Coverage Ratio (number of times)	1.98	1.44
d) Return On Equity (%)	4.85%	2.35%
e) Inventory turnover (number of days)	33.34	31.16
f) Trade Receivable Turnover Ratio (number of days)	11	7
g) Trade Payable Turnover Ratio (number of days)	74	74
h) Net Capital Turnover Ratio (number of times)	NA	NA
i) Net Profit margin (in %)	0.86%	0.53%
j) Return On Capital Employed (%)	12.71%	7.05%
k) Return On Investment (%)	4.23%	NA

* Revenue growth along with higher profitability has resulted into improvement in the ratios.

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)

47 The Company's current liabilities as at March 31, 2022, exceed its current assets by ₹ 86,303 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 analyzed 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.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2022

48 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 / segment, and the carrying value of the CGU as at the balance sheet date is ₹ 534,570 million (excluding ₹ 15,125 million relating to Petrochemical Project) [March 31, 2021: ₹ 545,464 million (excluding ₹ 3,596 million relating to Petrochemical Project)].

The Company performed its annual impairment test for the financial year ended March 31, 2022 as on February 28, 2022.

The recoverable amount of the CGU has been determined at ₹ 785,077 (US$ 10,400) million [March 31, 2021: ₹ 726,888 (US$ 9,889) million] based on the value in use calculation using discounted cash flow model {refer note 4(B)(iii)} based on business assumptions approved by management covering a five-year period and is in line with the business plan presented to the Board. The Company has considered forecast consensus, industry reports, economic indicators and general business conditions to make an assessment of the implications of the COVID-19 pandemic upto the date of approval of these financial statements. 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.

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$ 5.7 per bbl to US$ 7.1 per bbl during FY 2022-23 to FY 2026-27 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 ₹ 46,727 million (US$ 619 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 9.1%. An increase in the discount rate by 50 basis points leads to decline in the recoverable value by ₹ 50,879 million (US$ 674 million).

Considering the above, the management has assessed that any reasonable possible change in assumptions will not trigger recognition of impairment.

49 Segment information

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

As per our report of even date

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

per Naman Agarwal
Partner
Membership No. 502405
New Delhi, May 27, 2022

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
DIN : 07719852
Devbhumi Dwarka

Prasad K. Panicker
Director
DIN : 06476857
Devbhumi Dwarka

Alois Virag
Chief Executive Officer
Devbhumi Dwarka

Anup Vikal
Chief Financial Officer
Devbhumi Dwarka

Mayank Bhargava
Company Secretary
Thane, India
May 27, 2022

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 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditors on separate financial statement 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, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment assessment of goodwill (as described in Note 46 of the consolidated financial statements)</td></tr>
<tr><td>The Group performed an impairment assessment as of March 31, 2022 of Goodwill and other non-financial assets, as required under Ind AS 36, to determine whether the recoverable value of the Cash Generating Unit (CGU) to which they belong is above the carrying amount or not.

Impairment assessment of goodwill has been identified as a key audit matter due to:

• The significance of the carrying value of CGU being assessed.</td><td>Our audit procedures included the following:

• We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Group has in relation to impairment review processes.

• We evaluated the Group's valuation methodology applied in determining the recoverable amount. In making this assessment, we also assessed the objectivity and independence of Group's specialists involved in the process and held discussions with such specialists.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key audit matters	How our audit addressed the key audit matter
• Determination of recoverable amount of the Company's CGUs involves significant management judgements such as future cash flow forecasts, projected Gross Refining Margins (GRM) and the discount rate to be applied.	• We evaluated the reasonability of the assumptions around the key drivers of the cash flow forecasts including projected GRMs, cost of debt, cost of equity, discount rates, etc. that is applied. • We engaged valuation specialists to assist us in evaluating management's determination of value in use. • We also obtained and assessed the sensitivity analysis performed by the management on key assumptions of GRM and discount rates used in determining the recoverable value. We discussed potential changes in key drivers as compared to previous year to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. • We tested the arithmetical accuracy of the model. • We also assessed the disclosures given in the consolidated financial statements for compliance with disclosure requirements under the accounting standards.

We have determined that there are no other key audit matters to be communicated in our report.

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, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls 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 entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in

INDEPENDENT AUDITOR'S REPORT (Contd.)

our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 INR 37,437 million as at March 31, 2022, and total revenues of INR 15,944 million and net cash inflows of INR 1,997 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors., which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of 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(s) of such other auditors.

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) and which have been audited by other auditors in accordance with International Standards on Auditing (ISAs). The Holding Company's management has converted the financial statements of such subsidiary located outside India from International Financial Reporting Standards (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 auditors.

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 paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

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

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;

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

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

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 and directors of the subsidiary company 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, 2022 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, 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, 2022 has been paid / provided by the Holding Company, to their non-executive directors is in excess of the amount permissible under the provisions of section 197 read with Schedule V to the Act (refer note 44) by INR 42 million. As stated in such note, the Company proposes to obtain necessary shareholders' approval at the ensuing annual general meeting;

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

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated financial statements – Refer Note 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 21 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, 2022

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 (which are material either individually or in the aggregate) 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 has been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us 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 and subsidiary company, incorporated in India.

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

per Naman Agarwal
Partner
Membership Number: 502405
UDIN: 22502405AJSKTX5764

Place of Signature: New Delhi
Date: May 27, 2022

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 by the respective auditors 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: 22502405AJSKTX5764

Place of Signature: New Delhi
Date: May 27, 2022

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, 2022, 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 31,2022, 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: 22502405AJSKTX5764

Place of Signature: New Delhi
Date: May 27, 2022

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2022

(₹ in million)

Particulars			Notes	As At March 31, 2022	As At March 31, 2021
	ASSETS				
1)	**Non-current assets**				
	(a)	Property, plant and equipment	6	418,562	431,611
	(b)	Capital work-in-progress	6	22,711	8,985
	(c)	Goodwill	6	108,184	108,184
	(d)	Other Intangible assets	6	238	280
	(e)	Intangible assets under development	6	18	11
	(f)	Right-of-use assets	6	34,849	36,507
	(g)	Financial assets			
		(i) Investments	7	-	-
		(ii) Loans	8	376	62
		(iii) Other financial assets	9	2,592	2,821
	(h)	Deferred tax assets (net)	22	69	-
	(i)	Other non-current assets	10	6,040	2,888
	(j)	Non-current tax assets (net)		2,513	4,738
	Total non-current assets			**596,152**	596,087
2)	**Current assets**				
	(a)	Inventories	11	123,441	93,448
	(b)	Financial assets			
		(i) Trade receivables	12	50,866	19,679
		(ii) Cash and cash equivalents	13	12,126	33,191
		(iii) Bank balances other than (ii) above	14	13,162	8,511
		(iv) Loans	15	217	49
		(v) Other financial assets	16	13,196	10,346
	(c)	Other current assets	17	4,294	4,615
	Total current assets			**217,302**	169,839
	TOTAL ASSETS			**813,454**	765,926
	EQUITY AND LIABILITIES				
	EQUITY				
	(a)	Equity share capital	18	15,072	15,072
	(b)	Other equity	19	201,345	191,505
	Total equity			**216,417**	206,577
	LIABILITIES				
1)	**Non-current liabilities**				
	(a)	Financial liabilities			
		(i) Borrowings	20	112,217	72,559
		(ia) Lease liabilities	39	44,686	43,968
		(ii) Other financial liabilities	21	89,876	72,693
	(b)	Deferred tax liabilities (net)	22	54,453	51,528
	(c)	Other non-current liabilities	23	-	12,296
	Total non-current liabilities			**301,232**	253,044
2)	**Current liabilities**				
	(a)	Financial liabilities			
		(i) Borrowings	24	24,756	56,620
		(ia) Lease liabilities	39	1,916	2,138
		(ii) Trade payables	25	162,921	117,559
		(iii) Other financial liabilities	26	68,851	71,295
	(b)	Other current liabilities	27	35,247	57,037
	(c)	Provisions	28	1,035	961
	(d)	Current tax liabilities (net)		1,079	695
	Total current liabilities			**295,805**	306,305
	TOTAL EQUITY AND LIABILITIES			**813,454**	765,926

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
New Delhi, May 27, 2022

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
DIN : 07719852
Devbhumi Dwarka

Prasad K. Panicker
Director
DIN : 06476857
Devbhumi Dwarka

Alois Virag
Chief Executive Officer
Devbhumi Dwarka

Anup Vikal
Chief Financial Officer
Devbhumi Dwarka

Mayank Bhargava
Company Secretary
Thane, India
May 27, 2022

CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	29	1,196,902	875,006
Other income	30	3,146	10,650
Total Income		1,200,048	885,656
Expenses			
Cost of raw materials consumed		704,235	430,464
Excise duty		258,014	247,596
Purchases of stock-in-trade		165,135	137,408
Changes in inventory of finished goods, stock-in-trade and work-in-progress	31	(31,507)	(8,786)
Employee benefits expense	32	7,610	6,702
Finance costs	33	18,396	20,968
Depreciation and amortisation expense	6	19,411	19,238
Other expenses	34	46,544	34,901
Total expenses		1,187,838	888,491
Profit / (Loss) before tax		12,210	(2,835)
Tax expense:	22		
(a) Current tax expenses		382	3
(b) Deferred tax expense / (reversal)		2,618	(7,420)
Total tax expense / (reversal)		3,000	(7,417)
Profit for the year		9,210	4,582
Other comprehensive income			
Items that will not be reclassified to profit and loss		(1)	25
Remeasurement (loss) / income on defined benefit plans		(1)	33
Income tax effect		0	(8)
		(1)	25
Items that will be reclassified to profit and loss		631	12,489
Effective portion of cash flow hedges (net)		878	16,605
Income tax effect		(221)	(4,179)
		657	12,426
Foreign currency monetary item translation difference account		69	86
Income tax effect		(17)	(22)
		52	64
Exchange difference arising on translation of foreign operation		(78)	(1)
Income tax effect		-	-
		(78)	(1)
Other comprehensive Income for the year, net of tax		630	12,514
Total comprehensive income for the year		9,840	17,096
(comprising profit and other comprehensive Income for the year)			
Earnings per share (Face value ₹ 10 per share)	35		
Basic and Diluted (in ₹)		6.18	3.07

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
New Delhi, May 27, 2022

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
DIN : 07719852
Devbhumi Dwarka

Prasad K. Panicker
Director
DIN : 06476857
Devbhumi Dwarka

Alois Virag
Chief Executive Officer
Devbhumi Dwarka

Anup Vikal
Chief Financial Officer
Devbhumi Dwarka

Mayank Bhargava
Company Secretary
Thane, India
May 27, 2022

Consolidated Statement of Changes in Equity

for the year ended March 31, 2022

a. Equity Share Capital

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance	15,072	15,072
Closing balance	15,072	15,072

b. Other Equity

Consolidated Statement of Changes in Equity for the year April 01, 2020 to March 31, 2021

(₹ in million)

Particulars	Reserves and Surplus				Items of Other Comprehensive Income (OCI)			Attributable to owners of the Parent	Non-controlling interest#	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, 2020	**409**	**78,014**	**596**	**117,383**	**-**	**(22,005)**	**(188)**	**174,209**	**2,868**	**177,077**
Purchase of non- controlling interest (refer foot note (ii))	**200**	**-**	**-**	**-**		**-**	**-**	**200**	**(2,868)**	**(2,668)**
Profit for the year	-	-	-	4,582	-	-	-	4,582	-	4,582
Other Comprehensive income for the year	-	-	-	25	(1)	12,426	64	12,514	-	12,514
Total Comprehensive income for the year	**-**	**-**	**-**	**4,607**	**(1)**	**12,426**	**64**	**17,096**	**-**	**17,096**
Balance as at March 31, 2021	**609**	**78,014**	**596**	**121,990**	**(1)**	**(9,579)**	**(124)**	**191,505**	**-**	**191,505**

Consolidated Statement of Changes in Equity (Contd.)

for the year ended March 31, 2022

Consolidated 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)			Attributable to owners of the Parent	Non-controlling interest	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**	**-**	**191,505**
Profit for the year	-	-	-	9,210	-	-	-	9,210	-	9,210
Other Comprehensive income for the year	-	-	-	(1)	(78)	657	52	630	-	630
Total Comprehensive income for the year	**-**	**-**	**-**	**9,209**	**(78)**	**657**	**52**	**9,840**	**-**	**9,840**
Balance as at March 31, 2022	**609**	**78,014**	**596**	**131,199**	**(79)**	**(8,922)**	**(72)**	**201,345**	**-**	**201,345**

Notes:

(i) * A net loss for the year of ₹ 27,476 million (net of tax) (Previous year ₹ 20,432 million) was recycled from cash flow hedge reserve to statement of profit and loss account.

(ii) # In the course of amalgamation of Vadinar Oil Terminal Limited ("VOTL") with the Company, Non-Controlling Interest ("NCI") amounting to ₹ 2,868 million was settled by issuance of Non-Convertible debentures ("NCDs") of ₹ 2,568 million and consideration payable in cash ₹ 100 million during previous year. The differential amount of ₹ 200 million was transferred to capital reserve account during previous year.

As per our report of even date

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

per Naman Agarwal
Partner
Membership No. 502405
New Delhi, May 27, 2022

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
DIN : 07719852
Devbhumi Dwarka

Prasad K. Panicker
Director
DIN : 06476857
Devbhumi Dwarka

Alois Virag
Chief Executive Officer

Devbhumi Dwarka

Anup Vikal
Chief Financial Officer

Devbhumi Dwarka

Mayank Bhargava
Company Secretary
Thane, India
May 27, 2022

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A	**Cash flow from operating activities**		
	Profit / (loss) before tax	**12,210**	**(2,835)**
	Adjustments for:		
	Interest income	**(1,511)**	(2,912)
	Depreciation and amortisation expense	**19,411**	19,238
	Loss on disposal / discard of property, plant and equipment (net)	**53**	84
	Gain on investment / financial assets measured at FVTPL	**(26)**	-
	Other liability written back	**-**	(83)
	Export obligation deferred income	**(11)**	(100)
	Unrealised foreign exchange differences (net)	**1,781**	(938)
	Net mark to market (gain) / loss on derivative contracts	**(1,479)**	6,358
	Net expected credit loss	**633**	106
	Provision for doubtful debts/ doubtful debt written off	**353**	24
	Trade payable written back	**-**	(851)
	Finance costs	**18,396**	20,968
	Operating profit before working capital changes	**49,810**	**39,059**
	Adjustments for working capital changes:		
	(Increase) in inventories	**(29,993)**	(34,167)
	(Increase) / decrease in trade and other receivables	**(29,570)**	6,603
	Increase in trade and other payables	**20,598**	2,408
	Cash generated from operating activities	**10,845**	**13,903**
	Income tax refund (net) (including interest)	**2,681**	4,412
	Net cash generated from operating activities	**13,526**	**18,315**
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)	**(16,884)**	(7,958)
	Proceed from sale of Mutual fund (net)	**26**	-
	(Placement) / Encashment of short term bank deposits (net)	**(3,123)**	2,607
	Interest received	**947**	1,246
	Net cash (used in) investing activities	**(19,034)**	**(4,105)**
C	**Cash flow from financing activities**		
	Proceeds from long-term borrowings	**66,422**	15,428
	Repayment of long-term borrowings	**(53,926)**	(18,516)
	Proceeds from short-term borrowings	**3,500**	22,297
	Repayment of short-term borrowings	**(17,273)**	(15,297)
	Proceed from short term borrowings of less than 3 months (net)	**6,740**	7,443
	Payment of principal portion of lease liabilities	**(2,324)**	(2,173)
	Payment of interest on lease liabilities	**(3,089)**	(3,146)
	Finance cost paid	**(14,756)**	(16,642)
	Net cash (used in) financing activities	**(14,706)**	**(10,606)**
	Net (decrease) / increase in cash and cash equivalents	**(20,214)**	3,604
	Net exchange differences on foreign currency bank balances	**-**	54

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash and cash equivalents at the beginning of the year	**33,205**	29,601
Cash and cash equivalents at the end of the year	**12,991**	33,259
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 13)	**12,126**	33,191
Add: Earmarked bank balances (refer note 14)	**1,608**	78
Less: Bank overdraft (refer note 24)	**(743)**	(10)
Total	**12,991**	33,259

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

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

Particulars	As at April 1, 2020	Cash changes (net)	Non cash changes (net)	As at March 31, 2021
Long term borrowings (including current maturities classified in short term borrowing)	106,710	(3,088)	2,231	105,853
Short term borrowings* (excluding current maturities classified in short term borrowing)	8,773	14,443	110	23,326

*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 ₹ 11,139 million (Nil for the year ended March 31, 2021) 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

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
DIN : 07719852
Devbhumi Dwarka

Prasad K. Panicker
Director
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Devbhumi Dwarka

per Naman Agarwal
Partner
Membership No. 502405
New Delhi, May 27, 2022

Alois Virag
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Chief Financial Officer
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Mayank Bhargava
Company Secretary
Thane, India
May 27, 2022

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

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 over 6,500 operational outlets and more than 1,300 outlets at various stages of completion. 9% Non-convertible Debentures amounting to ₹ 22,850 million issued by the Company on private placement basis are listed on BSE Limited.

The consolidated financial statements of Nayara Energy Limited and its subsidiaries (collectively, the Group) for the year ended March 31, 2022 were authorised for issue in accordance with a resolution of the directors on May 27, 2022. Information about the Group's structure is provided as below. Information on other related party relationships of the Group is provided in note 44.

Sr. No.	Name of Subsidiaries	Principal activities	Relation	Country of Incorporation	Proportion of ownership Interest (%)	
					As at March 31, 2022	As at March 31, 2021
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)	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	100%

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

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. 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) (iii)}.

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.

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 42)
- Quantitative disclosures of fair value measurement hierarchy (refer note 42)
- Financial instruments (including those carried at amortised cost) (refer note 42)

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 and maintenance cost are depreciated over the next turnaround cycle. The estimated useful life of items of property, plant and equipment is mentioned below:

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

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 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 or the lease period. Right to use trademark lease is amortised on straight line basis over the usage period of 20 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 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 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

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer. Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The recovery of excise duty flows to the Group on its own account, revenue includes excise duty. 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.

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:

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

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For the year ended March 31, 2022

- 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 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.

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

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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 42(C).

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

N. Borrowing Costs

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

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

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

O. Taxes

(i) Current Income tax

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

Current income tax relating to items recognised outside 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.

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

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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

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) Duty drawback

Income on duty draw-back is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The Group claims drawback of National Calamity Contingent Duty (NCCD) and Basic Custom Duty (BCD) on exports in line with duty drawback rules and recognizes the same as revenue. Refer note 38 (A) for details.

iii) Impairment of non-financial assets

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

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

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 46.

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For the year ended March 31, 2022

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.

B. New and amended standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 1, 2021. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

(i) Interest Rate Benchmark Reform -Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

(ii) Conceptual framework for financial reporting under Ind AS issued by ICAI

(iii) Ind AS 116: COVID-19 related rent concessions

(iv) Ind AS 103: Business combination

(v) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

These amendments had no material impact on the financial statements of the Group.

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For the year ended March 31, 2022

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, 2020	Additions (refer note 2 and 3 below)	Deductions/ Remeasurement	As at March 31,2021	As at April 01, 2020	During the year	Deductions	As at March 31,2021	As at March 31,2021
A) Property,plant and equipment									
Land (Freehold) (refer note 1 below)	52,865	-	-	52,865	-	-	-	-	52,865
Buildings	17,178	98	-	17,276	4,495	721	-	5,216	12,060
Plant and machinery	451,473	3,688	2,787	452,374	74,894	14,670	2,701	86,863	365,511
Furniture and fixtures	274	22	2	294	151	21	1	171	123
Office equipments	1,744	413	20	2,137	783	373	19	1,137	1,000
Vehicles	140	5	6	139	84	9	6	87	52
Total Property, plant and equipment	**523,674**	**4,226**	**2,815**	**525,085**	**80,407**	**15,794**	**2,727**	**93,474**	**431,611**
B) Capital Work In Progress									
Capital work-in-progress (refer note 4 below)	-	-	-	-	-	-	-	-	**8,985**
C) Goodwill									
Goodwill	**108,184**	**-**	**-**	**108,184**	**-**	**-**	**-**	**-**	**108,184**
D) Other intangible assets									
Softwares & licenses	**1,311**	**63**	**-**	**1,374**	**980**	**114**	**-**	**1,094**	**280**
E) Intangible assets under development									
Intangible assets under development	-	-	-	-	-	-	-	-	11
F) Right-of-use assets (refer note - 39)									
Tangible Assets									
Land	9,830	772	998	9,604	390	430	-	820	8,784
Building	1,618	63	7	1,674	253	228	3	478	1,196
Plant & machinery	1,800	862	-	2,662	305	516	-	821	1,841
Vehicles (including vessels)	366	1,268	39	1,595	9	699	-	708	887
Total Tangible Assets	**13,614**	**2,965**	**1,044**	**15,535**	**957**	**1,873**	**3**	**2,827**	**12,708**
Intangible Assets									
Trademark	**27,053**	**-**	**327**	**26,726**	**1,470**	**1,457**	**-**	**2,927**	**23,799**
Total Right-of-use assets	**40,667**	**2,965**	**1,371**	**42,261**	**2,427**	**3,330**	**3**	**5,754**	**36,507**
Total (A+B+C+D+E+F)	**673,836**	**7,254**	**4,186**	**676,904**	**83,814**	**19,238**	**2,730**	**100,322**	**585,578**

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

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

Capital Work-In-Progress Ageing schedule as at March 31, 2021

(₹ 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	4,207	2,247	59	121	6,634
Projects temporarily suspended*	-	-	-	2,351	2,351
Grand Total	**4,207**	**2,247**	**59**	**2,472**	**8,985**

Capital Work-In-Progress schedule over run as at March 31, 2021

(₹ 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	860	1,026	-	-	1,886
Projects temporarily suspended*	-	-	-	2,351	2,351
Grand Total	**860**	**1,026**	**-**	**2,351**	**4,237**

Intangible assets under development as at March 31, 2021

(₹ 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	9	2	-	-	11
Grand Total	**9**	**2**	**-**	**-**	**11**

* 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 (Contd.)

For the year ended March 31, 2022

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 2 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) (refer note 1 below)	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 4 below)	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	18
F) Right-of-Use assets (refer note - 39)									
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)	**676,904**	**4,906**	**880**	**680,930**	**100,322**	**19,411**	**636**	**119,097**	**584,562**

for details of assets pledge as security, refer note 20 and 24.

Notes:
1. Land and building having carrying value of ₹ NIL (Previous year ₹ 2,676 million) has been pledged for a loan taken by a third party.
2. 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 ₹ 211 million (Previous year net off gain of ₹ 356 million).
3. In line with its refinery turnaround practices, the Group had completed turnaround activities of its refinery during the year ended March 31, 2021. The Group incurred total cost of ₹ 3,577 million which includes catalyst and materials consumption of ₹ 1,915 million, salary of ₹ 125 million and other expense of ₹ 1,537 million on the major maintenance activity which have been capitalised to the plant and machinery.
4. The Group incurred total cost of ₹ 663 million as Expenditure During Construction (including salary of ₹ 421 million and other expense of ₹ 242 million) (Previous year ₹ 1,067 million as Expenditure During Construction (including salary of ₹ 302 million and other expense of ₹ 765 million)) for petrochemical project and ₹ 50 million as borrowing cost which is included in Capital work-in-progress.

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

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.

7 Investments (Non Current) (Unquoted)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
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, 2022	As at March 31, 2021
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, 2022	As at March 31, 2021
Loan to retail outlet franchisee	**376**	62
Total	**376**	62

9 Other Financial Assets (Non Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2022	As at March 31, 2021
Security deposits	**(A)**	**303**	310
Other receivables			
Export incentive receivables {refer note 38(A)}		**1,285**	1,285
Others {refer note 38(B)}			
- Considered good		615	791
- significant increase in credit risk		772	423
- Less: Expected credit loss {refer note 42(C)(v)}		(772)	(423)
	(B)	**1,900**	2,076
Bank Deposits with remaining maturity of more than twelve months#	**(C)**	**383**	381
Interest accrued on bank deposits	**(D)**	**6**	7
Derivative Assets	**(E)**	**-**	47
Total ((A)+(B)+(C)+(D)+(E))		**2,592**	2,821

\# 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 20 and 24.

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

10 Other non-current assets

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses (refer note 44)	**598**	310
Balances with government authorities	**63**	41
Capital advances	**3,179**	280
Claims / Other Receivables		
- Considered good	**2,200**	2,257
- Considered doubtful	**366**	303
Less: Provision for doubtful debt	**(366)**	(303)
Total	**2,200**	2,257
Total	**6,040**	2,888

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

11 Inventories

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials {including in transit ₹ 21,797 million (Previous year ₹ 17,923 million)}	**43,934**	45,751
Work-in-progress	**41,233**	20,423
Finished goods {including in transit ₹ 7,671 million (Previous year ₹ 5,892 million)}	**29,564**	19,051
Stock-in-trade	**185**	-
Stores and spare parts {including in transit ₹ 14 million (Previous year ₹ 4 million)}*	**6,090**	5,907
Other consumables	**2,435**	2,316
Total	**123,441**	93,448

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

Refer note 3(G) for basis of valuation.

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

12 Trade receivables

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables		
Secured, considered good	**19,660**	14,821
Unsecured, considered good	**31,206**	4,858
Trade receivables - credit impaired	**23**	11
	50,889	19,690
- Less: Expected credit loss {refer note 42(C)(v)}	**(23)**	(11)
Total	**50,866**	19,679

For the Group's exposure to credit and currency risks, and loss allowances related to trade receivables, refer note 42(C)(v).

For amounts due from related parties, refer note 44.

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

For details of bills discounting not meeting derecongnition criteria, refer note 24.

The Group has discounted bill receivables amounting to ₹ 7,720 million (As at March 31, 2021 ₹ 15,920 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.

12A Ageing of Trade Receivables

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**

As at March 31, 2021 :

(₹ 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	18,904	775	-	-	-	-	19,679
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	7	0	1	3	-	11
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
Total	18,904	782	0	1	3	-	19,690

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

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

13 Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks in:		
-Current accounts#	4,374	3,167
-Exchange earners' foreign currency (EEFC) accounts	-	16,906
-Deposits with original maturities less than 3 months*	7,752	13,118
Cash on hand	0	0
Total	12,126	33,191

includes unutilised amount of term loans of ₹ 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.

14 Bank balances other than Cash and cash equivalents

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Earmarked bank balances #	1,608	78
Margin deposits*	11,553	8,388
Other deposits	1	45
Total	13,162	8,511

Earmarked bank balances mainly includes :

(a) ₹ 32 million (Previous year ₹ 68 million) payable as purchase consideration to NRI shareholders of Vadinar Oil Terminal Limited (formerly a subsidiary of the company) pursuant to its merger.

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

(c) ₹ 1,516 million (Previous year Nil) represents minimum cash balance to be maintained for a period of less than 9 months from March 31, 2022 as per a loan agreement entered into by the Group (refer note 20)

* 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.

15 Loans (Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Loan to retail outlet franchisee	217	49
Total	217	49

16 Other Financial Assets (Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2022	As at March 31, 2021
Security deposits	(A)	38	24
Other receivables			
Export incentive receivables {refer note 38(A)}		2,373	4,372
-Others			
- Considered good		539	998
- significant increase in credit risk		921	649
- Less: Expected credit loss {refer note 42(C)(v)}		(921)	(649)
	(B)	2,912	5,370
Interest accrued on bank deposits	(C)	61	87
Derivative assets	(D)	10,185	4,865
	Total ((A)+(B)+(C)+(D))	13,196	10,346

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

17 Other Current assets

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars		As at March 31, 2022	As at March 31, 2021
Advances recoverable in cash or in kind or for value to be received		691	955
Prepaid expenses (refer note 44)		2,956	2,717
Balances with government authorities		486	353
	(A)	4,133	4,025
Claims / other receivables			
- Considered good		161	590
	(B)	161	590
	Total ((A)+(B))	4,294	4,615

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

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

18 Equity Share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	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, 2022		As at March 31, 2021	
	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.

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% of shares	Number of shares	% of shares
3,109,359 (3,109,359 as at March 31, 2021) 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.

19 Other equity

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
General reserve	**596**	596
Retained earnings	**131,199**	121,990
Other Comprehensive Income:		
Cash flow hedge reserve	**(8,922)**	(9,579)
Foreign currency monetary item translation difference account	**(72)**	(124)
Foreign currency translation Reserve	**(79)**	(1)
Other Reserves:		
Capital reserve	**609**	609
Securities premium	**78,014**	78,014
Total	**201,345**	191,505

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

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

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

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

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

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

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

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.

20 Borrowings

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured Borrowings - At amortised cost		
Debentures		
Non convertible debentures	25,418	26,548
Term loans*		
From banks	57,027	76,086
From financial institutions	-	3,219
Current maturities of long term debt included under short term borrowings (refer note 24)	(7,373)	(33,294)
(A)	75,072	72,559
Unsecured Borrowings* - At amortised cost		
Long term borrowings (refer note 44)	37,145	-
(B)	37,145	-
Total	112,217	72,559

* refer note 42(C)(ii)for borrowings outstanding in foreign currencies.

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

(₹ in million)

Sr No	Particulars	As at March 31, 2022	As at March 31, 2021
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	7,857
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.	32,688	34,158
iii)	9.5% Non convertible debentures are secured by first charge, ranking pari-passu with other lenders on the fixed assets (movable and immovable except certain leased out assets and fixed assets of power plant and port), both present and future of the Company in relation to Project, Second charge, pari-passu with other term lenders on the current assets of the Company, first charge by way of assignment or security interest over insurance policy.	-	23,980

(₹ in million)

Sr No	Particulars	As at March 31, 2022	As at March 31, 2021
iv)	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	-
v)	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
vi)	Rupee and foreign currency term 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.	10,749	26,889
vii)	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 earmarked for port, power, township & Polypropylene Project. Second charge, pari- passu with other term lenders on the current assets of the Company.	6,439	4,429
viii)	Rupee term loans are secured by first pari passu charge over both movable and immovable fixed assets of power plant of the Company, both present and future, Second charge, pari- passu with other term lenders on the current assets of the Company.	-	5,972
ix)	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.	4,332	-
	Total	**82,445**	**105,853**

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

(B) Repayment and other terms:

(₹ in million)

Sr No	Particulars	As at March 31, 2022	As at March 31, 2021
i)	ECB Loan carry interest rate of 6 months LIBOR + margin 3.60% p.a. are repayable in unequal instalments ending on March 2023.	2,819	7,857
ii)	Rupee loan and USD Loan from various lenders carry interest of respective lenders rate of 3/6 month MCLR/ 3 months USD LIBOR + spread ranging from 25 bps to 360 bps and is repayable in unequal instalments starting from March 2018 and ending to September 2038.	32,688	34,158
iii)	Non-convertible debentures carry fixed interest of 9.50% p.a., repaid fully during financial year 2021-22.	-	23,980
iv)	Non-convertible debentures carry fixed interest of 9.00% p.a. is repayable in a single bullet in August 2024.	22,850	-
v)	Non-convertible debentures carry fixed interest of 8.00% p.a. is repayable in a single bullet in December 2025.	2,568	2,568
vi)	Rupee and foreign currency term loan carry an interest rate of 6M MCLR + spread 0.80% p.a. and repayable in unequal quarterly instalments ending on September 2027 .	10,749	26,889
vii)	Rupee term loan facility from banks carry interest rate at bank's 3M/1Y MCLR + spread ranging from zero to 0.70% is repayable in structured quarterly instalments ending to December 2027.	6,439	4,429
viii)	Rupee term loan facility from banks carry interest rate at bank's 1Y MCLR + 1.17% is repayable in 30 structured quarterly instalments beginning March 31, 2020 and originally ending to September 2027, prepaid in full during financial year 2021-22.	-	5,972
ix)	The project term loan facility from banks carry interest rate of 6 months MCLR + margin ranging from 1.80% to 2.30% throughout the period of loan and is repayable in structured quarterly instalments from June 2024 until March 2036.	4,332	-
x)	Unsecured long term borrowing carrying interest rate 6.80% p.a. is repayable in single bullet payment in December 2026.	37,145	-
	Total	**119,590**	105,853

21 Other financial liabilities (Non-Current)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	**209**	193
Derivative Liabilities	**2,174**	2,798
Advances received from customers (refer note 44)	**87,493**	69,702
Total	**89,876**	72,693

22 Taxation

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	69	-
Deferred tax liabilities (Net)	54,453	51,528

(A) Income tax (benefit) / expense

Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	(A)	382	3
Deferred tax	(B)	2,618	(7,420)
Total tax charged / (reversed) in statement of profit and loss	**(A+B)**	3,000	(7,417)
Deferred tax charged to other comprehensive income		238	4,209

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit / (Loss) before tax	12,210	(2,835)
Statutory tax rate	25.17%	25.17%
Expected income tax expense at statutory rates	3,073	(714)
Items giving rise to difference in tax		
Deferred tax (asset)/ liabilities not recognised (net)	277	213
Effect of change in indexed cost of land	(481)	(456)
Impact on account of merger (refer (F) below)	-	(6,969)
Effect of settlement of tax disputes under Vivaad Se Vishwas scheme (refer (G) below)	-	1,098
Effect of change in tax rate on Goodwill	-	(583)
Disallowances on tax assessment	379	-
Different tax rates in different jurisdiction	32	-
Utilisation of previously unrecognised tax (asset)/liabilities (refer (E) below)	(290)	-
Others	10	(6)
Total Income tax charged / (reversal)	3,000	(7,417)
Effective tax rate	24.57%	261.62%

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

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

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):

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)

Deferred tax balance in relation to	As at April 01, 2020	Recognised through profit and loss	Recognised in other comprehensive income	As at March 31, 2021
Difference in Property, plant and equipment and intangibles	87,949	(6,088)	-	81,861
Carried forward unabsorbed depreciation	(17,900)	2,058	-	(15,842)
Carried forward Business Loss	(446)	(135)	-	(581)
Effect of mark to market accounting	(623)	(5,522)	4,209	(1,936)
Lease Accounting	(10,743)	(533)	-	(11,276)
Inventory- Provision	(2,976)	2,976	-	-
Others	(522)	(176)	-	(698)
Total	**54,739**	**(7,420)**	**4,209**	**51,528**

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

Nature of loss	As at March 31, 2022	As at March 31, 2021	Last day till which loss can be set off
Long term capital loss	840	840	March 31, 2029
Short term capital loss	5,707	5,707	March 31, 2026

(E) The Group had not created deferred tax asset amounting to ₹ 290 million till March 31, 2021 on the disallowance of interest expenditure made by the Group under section 94B of the Income-tax Act, 1961 in absence of reasonable certainty towards its future claim. Based on tax advise obtained, the Group has claimed the deduction of interest expenditure which was disallowed in earlier year under section 94B(4) in the return of income filed for FY 2020-21.

(F) Consequent to the merger of VOTL, the carrying value of Property, Plant and Equipment (PPE) and Goodwill under the tax laws were changed leading to a one-time deferred tax credit of ₹ 6,969 million getting recognised during the year ended March 31, 2021 in the statement of profit and loss.

(G) During the year ended March 31, 2021, the Group had opted for settlement of eligible Income-tax disputes through Vivad se Vishwas Scheme, 2020 introduced by the Government of India. Accordingly, during the year ended March 31, 2021, deferred tax asset of ₹ 1,098 million was reversed as a result of the same. Further, based on tax advice obtained, the Group is entitled to claim certain expenditures (which are in the nature of timing difference) settled under this scheme in its future tax returns / assessments and continues to recognise deferred tax assets of ₹ 2,649 million on the same.

(H) The Income tax department has not considered the additional allowances made by the Group, which were voluntarily disallowed under VSV scheme in earlier years. Further, department has also disallowed certain expenses including consultancy charges paid to related parties. The Group is challenging the same at appropriate levels and believes that outcome will be favourable to the Group. Group does not expect any material cash outflows, if the tax department position is upheld, as its carried forward unabsorbed depreciation would decrease leading to increase in deferred tax liabilities by ₹ 2,048 million (Previous year Nil).

23 Other non-current liabilities

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Advances received from customers	-	12,296
Total	-	12,296

24 Short term borrowings

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured Borrowings		
Bank overdraft	743	10
Working capital demand loans from banks	-	7,273
Short term loans from banks	-	6,495
Buyers' credits and bills discounting @*	16,640	9,548
Current maturities of long term debt (refer note 20)	7,373	33,294
Total	24,756	56,620

Security for short term borrowing:

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
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.	743	10
b) Working Capital Demand loan from bank is secured by first charge on all current assets both present and future including all receivables ranking pari passu basis among lenders, second charge on fixed assets both present and future (except land parcels and fixed assets of power, port and township divisions on pari passu with other lenders. These loans carries fixed interest rate of 7.15% p.a to 7.25% p.a and 3 months marginal cost of funds based lending rate (MCLR) i.e 7.30% p.a. These loans are repayable on demand.	-	7,273
c) Short Term Loan from bank is secured by first charge on entire current assets of the company (existing and future) on a pari passu basis among lenders; second charge on fixed assets both present and future (except land parcels and fixed assets of power, port and township divisions) on a pari passu with other lender,. The loan carries an interest rate of 6 months marginal cost of funds based lending rate (MCLR) plus spread of 1.25% p.a and is repayable within 9 months of being drawn.	-	6,495
d) 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 1.52% p.a to 1.65% p.a and are repayable within 60 to 90 days of being drawn.	7,247	9,548

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

(₹ in million)

Particulars		As at March 31, 2022	As at March 31, 2021
e)	Current Maturities of long term debt (refer note 20)	7,373	33,294
f)	*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 12	9,393	-
	Grand Total	**24,756**	**56,620**

@ refer note 42(C)(ii) for borrowings outstanding in foreign currencies

25 Trade Payables

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Payables (refer note 44)	**162,921**	117,559
Total	**162,921**	117,559

(a) Trade payables includes suppliers' credit of ₹ 15,269 million (Previous year ₹ 13,428 million).

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

25A Trade Payables Ageing

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**

As at March 31, 2021 :

(₹ 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	3,009	86,325	24,184	25	3,945	14	117,502
(ii) Disputed dues - Others	-	-	31	26	-	-	57
Total	**3,009**	**86,325**	**24,215**	**51**	**3,945**	**14**	**117,559**

* 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, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	**1,941**	1,729
Capital creditors	**3,915**	1,258
Security deposits	**433**	301
Unclaimed debenture interest and principal (secured) #	**59**	10
Advances received from customers (refer note 44)	**47,454**	62,820
Derivative Liabilities	**2,492**	1,929
Other liabilities	**12,557**	3,248
Total	**68,851**	71,295

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

27 Other Current liabilities

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	11,386	14,383
Advances received from customers	23,856	42,638
Export Obligation*	5	16
Total	**35,247**	57,037

* In respect of unfulfilled export obligation of ₹ 7,677 million (Previous year ₹ 28,931 million).

28 Provisions (Current)

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Compensated absences	**577**	512
Gratuity (refer note 43)	**458**	449
Total	**1,035**	961

29 Revenue from operations

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from sale of products #		
Sale of manufactured products	**1,025,164**	727,016
Sale of traded goods	**169,973**	146,264
Other operating revenues {refer note 38(A)} *	**1,765**	1,726
Total	**1,196,902**	875,006

Comprises of revenue from contracts with customers of ₹ 1,343,346 million (Previous year ₹ 848,090 million) recognised at a point in time and ₹ 148,209 million pertaining to hedging loss (Previous year ₹ 25,190 million pertaining to hedging gain) 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 ₹ 852 million (Previous year ₹ 614 million) and export obligation fulfilment income of ₹ 34 million (Previous year ₹ 109 million).

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

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, 2022	For the year ended March 31, 2021
Export sales	416,764	194,961
Domestic Oil marketing companies	329,752	186,981
Retail outlets	511,692	425,716
Others	85,138	40,432
Total revenue from contracts with customers	**1,343,346**	848,090

(₹ in million)

Contract balances	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Trade receivables *	50,866	19,679	12,703
Contract liabilities	158,803	187,456	222,309

* Trade receivables are non-interest bearing and are generally on terms of 0 to 45 days. As on March 31, 2022, ₹ 23 million (Previous year ₹ 11 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, 2022	For the year ended March 31, 2021
Revenue recognised out of contract liabilities outstanding at the beginning of the year	109,503	92,827

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, 2022	For the year ended March 31, 2021
Revenue as per contracted price	1,349,066	851,414
Adjustments		
Discount and incentives	(5,720)	(3,324)
Revenue from contract with customers	**1,343,346**	848,090

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, 2022	For the year ended March 31, 2021
Interest income		
- Bank deposits (carried at amortised cost)	**840**	1,110
- Other financial assets (carried at amortised cost) {refer note 38}	**166**	1,394
- Interest on income tax refund	**505**	408
	1,511	2,912
Other gains (net)		
- Net gain on derivative instruments- carried at FVTPL	**575**	4,904
- Net gain on investments carried at FVTPL	**26**	-
Trade payable written back	**-**	851
Other non-operating income	**1,034**	1,983
Total	**3,146**	10,650

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

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening inventories:		
- Finished goods	**19,052**	13,540
- Work-in-progress	**20,423**	17,149
(A)	**39,475**	30,689
Closing inventories:		
- Finished goods	**29,564**	19,052
- Work-in-progress	**41,233**	20,423
- Stock-in-trade	**185**	-
(B)	**70,982**	39,475
Net (Increase) in Inventory **Total ((A)-(B))**	**(31,507)**	(8,786)

32 Employee benefits expense*

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	**6,732**	5,962
Contribution to provident and other funds (refer note 43)	**475**	418
Staff welfare expenses	**403**	322
Total	**7,610**	6,702

* net of ₹ 421 million (Previous year ₹ 302 million) petrochemical project related expense capitalised (refer note 6).

* net of Nil (Previous year ₹ 125 million) capitalised during turnaround (refer note 6).

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

33 Finance costs

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest (at amortised cost)		
a) On debentures	**2,241**	2,334
b) On term loans	**5,122**	5,884
c) On lease liabilities (refer note 39)	**3,395**	3,388
d) On others	**3,650**	5,838
Exchange differences regarded as an adjustment to borrowing costs	**58**	-
Other finance charges	**3,930**	3,524
Total	**18,396**	20,968

34 Other expenses*

(₹ in million)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumption of chemical, catalyst, stores and spare parts	**2,718**	2,437
Product handling charges	**1,094**	528
Consumption of power, fuel and electricity [excludes fuel consumed out of own production ₹ 26,951 million (Previous year ₹ 12,187 million)]	**14,966**	8,346
Freight and Forwarding Charges	**11,751**	11,241
Rent, rates and taxes	**3,097**	3,699
Insurance	**1,496**	1,269
Legal and professional fees	**3,156**	2,451
Repairs and maintenance	**1,981**	1,865
Debit balance / doubtful debts written off (net of provision)	**353**	21
Loss on disposal / discard of property, plant and equipment (net)	**53**	84
Exchange differences (net)	**3,049**	641
Expected credit loss (net) [refer note 42(C)(v)]	**633**	109
Sundry expenses	**2,197**	2,210
Total	**46,544**	34,901

Notes:

* Net of ₹ 242 million (Previous year ₹ 765 million) petrochemical project related expense capitalised (refer note 6).

* Net of Nil (Previous year ₹ 3,452 million) capitalised during refinery turnaround (refer note 6).

35 Earnings per share

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

Particulars		Year ended March 31, 2022	Year ended March 31, 2021
Profit attributable to ordinary equity holders of the parent for basic & diluted earnings (₹ in million)	(A)	**9,210**	4,582
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)	**6.18**	3.07

36 Contingent liabilities

(₹ in million)

Particulars		As at March 31, 2022	As at March 31, 2021
(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.	**472**	425
(ii)	There was a dispute with one of the supplier which has been resolved pursuant to an order passed by the Arbitration Tribunal during FY 2021-22. Refer note 37(B)(ii)	**-**	19,423
(iii)	Other claims against the Group	**3,628**	3,181
(B)	**Other money for which the Group is contingently liable**		
(i)	In respect of income tax demands on various issues	**950**	284
(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 ₹ 40,731 million (as at March 31, 2021 ₹ 38,051 million)}	**53,499**	50,049
(ii)	Other demands of Sales tax /VAT	**846**	841
(iv)	In respect of custom duty / excise duty / service tax mainly relating to classification of products sold, allowability of cenvat credit	**8,533**	6,957
(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 (Contd.)

For the year ended March 31, 2022

37 Capital and other commitments

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
(A) Capital commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**29,192**	41,994

(B) Other commitments

(i) 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. The Group has 66 number of retail outlets to be setup as on the balance sheet date and 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 ₹ 4,380 million (Previous year ₹ 7,470 million) in respect of obligation towards remote area retail outlets.

(ii) Pursuant to an order passed by an Arbitration Tribunal during FY 2021-22, the Group is obligated to pay a sum of approximately ₹ 6,158 million including interest to a supplier and will receive specified quantity of Natural Gas in lieu of the same. The Management is of the opinion that based on the current market value of the Natural Gas, it does not anticipate any material loss to the Group on account of the same.

38

(A) Revenue from operations includes ₹ 522 million (Previous year: ₹ 328 million) towards duty drawback on National Calamity Contingent Duty (NCCD) paid on imported crude which was recognised based on a favourable order passed by the Hon'ble Gujarat High Court. The Department in its notification dated May 12, 2020, fixed the brand rate on duty drawback of NCCD, and eventually commenced the process of assessing the refund applications filed by the Group. During the financial year 2021-22, the Group received a refund of ₹ 2,386 million (Previous year: ₹ 564 million) for the NCCD duty drawback related to the direct imports. The Department has allowed the Group to claim NCCD duty drawback refund on indigenous crude oil which is procured from a domestic supplier on provision of additional documentation in support of such refund applications, and the Group is in the process of filing an Revision Application to the Principal Commissioner (RA), Mumbai. Accordingly, the Group has considered the total receivables of ₹ 2,357 million (as at March 31, 2021: ₹ 4,221 million) as good of recovery and classified as current. Further, the Group has recognised receivable of interest accrued on NCCD duty drawback amounting to ₹ 1,285 million (as at March 31, 2021: ₹ 1,285 million) based on the merits of the case supported by a legal opinion.

(B) The Hon'ble Supreme Court of India in July 2015 had ordered a customer to pay ₹ 1,821 million (including interest of ₹1,387 million). Basis this order the Group has a recognised receivable of ₹ 1,068 million (As at March 31, 2021 ₹ 990 million) from the customer. The Group has assessed the recoverability of the same as highly probable and hence has considered them as good of recovery.

39 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 other equipment generally have lease terms between 5 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, 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)

Particulars	As at March 31, 2021			
	Right of use assets	Lease liabilities	Charged to Profit & loss Account	Impact on statement of Cash flows
Long Term Leases				
As at April 01,2020	38,240	47,342	-	-
Additions	2,965	2,965	-	-
Deletion/discarded/Retirement	(36)	(44)	(8)	-
Remeasurement on account of change in term of agreement	(1,332)	(1,332)	-	-
Depreciation expense	(3,330)	-	3,330	-
Interest accruals	-	3,388	3,388	-
Unrealised foreign exchange gain	-	(894)	-	-
Payments	-	(5,319)	-	-
Others	-	-	-	-
As at March 31, 2021	**36,507**	**46,106**	**6,710**	**-**

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

Particulars	As at March 31, 2021			
	Right of use assets	Lease liabilities	Charged to Profit & loss Account	Impact on statement of Cash flows
Current lease liabilities	-	**2,138**	-	-
Non-current lease liabilities	-	**43,968**	-	-
Cash flow - Lease payments				
- Towards Principal	-	-	-	(2,173)
- Towards Interest	-	-	-	(3,146)
Total	**-**	**-**	**-**	**(5,319)**
Other Leases (included in other expenses)				
Short term leases	-	-	60	-
Low value leases	-	-	191	-
Variable leases	-	-	70	-
Total	**-**	**-**	**321**	**-**
As at March 31, 2021	**36,507**	**46,106**	**7,031**	**(5,319)**

40 Segment information

Identification of Segments:

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Management Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 Operating Segments), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

According to the management, the Group with all its subsidiaries are engaged in the single business of refining of crude oil and marketing of petroleum products in domestic and overseas market (refining business). The management believes that activities such as operation of crude oil terminal, power plant and construction & leasing of township, etc., are supporting the refining business. Hence, the management views operations of the entire Group as one activity for measuring performance. Basis this, the management has decided that the entire Group is a single segment entity.

Information about major customers:

One customer in the Refining and Marketing segment contributed revenues (including excise duty) aggregating to ₹ 201,932 million, (for the year ended March 31, 2021 : One customer in the Refining and Marketing segment contributed revenues aggregating to ₹ 107,694 million).

No other customer contributed 10% or more, to the total revenue for both the year ended March 31, 2022 and March 31, 2021.

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	Year ended March 31, 2022	Year ended March 31, 2021
Within India (i)	780,138	680,045
Outside India:		
Singapore	50,799	35,897
Mozambique	43,834	21,537
UAE	97,279	24,302
South Africa	26,876	21,501
Australia	42,224	11,752
Other Countries	155,752	79,972
Total (ii)	416,764	194,961
Grand Total (i) + (ii)	1,196,902	875,006

The revenue information above is based on the locations of the customers.

(₹ in million)

Non current assets (excluding financial assets, deferred tax assets and non current tax assets)	As at March 31, 2022	As at March 31, 2021
Within India	590,595	588,456
Outside India	7	10

41 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, 2022.

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, 2022	As at March 31, 2021
Long term borrowings (refer note 20)	112,217	72,559
Short term borrowings (refer note 24)	24,756	56,620
Upfront fees	474	848
Total debt	**137,447**	**130,027**
Less : Cash and cash equivalents (refer note 13)	(12,126)	(33,191)
Less : Bank balances (refer note 14)	(13,162)	(8,511)
Total cash and bank balances	**(25,288)**	**(41,702)**

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Net debt (a)	**112,159**	**88,325**
Equity share capital (refer note 18)	15,072	15,072
Other equity (refer note 19)	201,345	191,505
Total equity	**216,417**	**206,577**
Equity and underlying net debt (b)	**328,576**	**294,902**
Gearing ratio (a/b)	34.13%	29.95%

42 Financial Instruments

A) Categories of financial instruments :

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

As at March 31, 2022 :

(₹ in million)

Particulars	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					
Loans*	-	-	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	353	9,832	-	10,185	10,185
Other financial assets*	-	-	5,603	5,603	5,603
Total	**353**	**9,832**	**82,350**	**92,535**	**92,535**
Financial Liabilities					
Long-term borrowings#*	-	5,125	114,465	119,590	118,261
Short-term borrowings*	-	7,247	10,136	17,383	17,383
Trade payables*	-	115,576	47,345	162,921	162,921
Derivatives	364	4,302	-	4,666	4,666
Other financial liabilities*	-	134,947	19,114	154,061	154,061
Total	**364**	**267,197**	**191,060**	**458,621**	**457,292**

As at March 31, 2021 :

(₹ in million)

Particulars	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					
Loans*	-	-	111	111	111
Trade receivables*	-	-	19,679	19,679	19,679
Cash and cash equivalent*	-	-	33,191	33,191	33,191
Bank balances other than cash and cash equivalent*	-	-	8,511	8,511	8,511
Derivatives	147	4,765	-	4,912	4,912
Other financial assets*	-	-	8,255	8,255	8,255
Total	**147**	**4,765**	**69,747**	**74,659**	**74,659**
Financial Liabilities					
Long-term borrowings#*	-	5,263	100,590	105,853	105,313
Short-term borrowings*	-	9,548	13,778	23,326	23,326
Trade payables*	-	65,565	51,994	117,559	117,559
Derivatives	103	4,624	-	4,727	4,727
Other financial liabilities*	-	132,522	6,739	139,261	139,261
Total	**103**	**217,522**	**173,101**	**390,726**	**390,186**

including current maturities of long-term borrowings.

* The management 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. For fair value of long term borrowings, refer below level wise disclosure.

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

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021	Level	Valuation techniques and key inputs
Foreign currency forward exchange contracts-Assets	**25**	147	II	Interest rate swaps, foreign exchange forward / option contracts and commodity forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.
Foreign currency forward exchange contracts-Liabilities	**227**	70	II	
Foreign currency option contracts-Liabilities	**-**	33	II	
Commodity Derivative Contracts -Assets	**9,089**	4,107	II	
Commodity Derivative Contracts -Liabilities	**1,819**	1,557	II	
Currency swap contracts -Assets	**1,071**	658	II	
Currency swap contracts -Liabilities	**2,620**	2,675	II	
Interest rate swap contracts -Liabilities	**-**	392	II	

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021	Level	Valuation techniques and key inputs
Other financial liabilities*	**134,947**	132,522	II	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.
Trade Payables	**146,254**	89,104	II	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 Group's raw materials, as it operates in active and freely traded commodity markets.
Long term borrowings (including current maturities)	**118,261**	105,313	II	Long-term fixed-rate and variable-rate borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, credit risk and the risk characteristics of the financed project. The fair value is determined using the discounted cash flow method. The future cash flows are based on terms of the borrowing. These cash flows are discounted at a rate that reflects current market rate and the current market risk.

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

(C) Financial risk management objectives

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

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

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

i) Commodity price risk

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

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

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

Particulars	Qty. in Barrels ('000)		Fair value of assets/(liabilities) (₹ in million)	
	As at March 31, 2022	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021
Designated as cash flow hedges				
Crude oil				
Buy Positions				
Less than 1 year	5,912	8,117	(637)	(348)
Sell Positions				
Less than 1 year	(38)	(83)	(97)	11
Petroleum products				
Buy Positions				
Less than 1 year	61,115	59,000	7,695	3,403
More than 1 year	-	3,600	-	47
Sell Positions				
Less than 1 year	(1,741)	(5,397)	117	(801)
Total (A)	**65,248**	**65,237**	**7,078**	**2,312**
Not designated as cash flow hedges				
Petroleum products				
Buy Positions				
Less than 1 year	(409)	5,400	252	237
More than 1 year	-	-	-	-
Sell Positions				
Less than 1 year	389	-	(60)	-
Total (B)	**(20)**	**5,400**	**192**	**237**
Total (A + B)	**65,228**	**70,637**	**7,270**	**2,549**

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

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

Credit balance in cash flow hedge reserve of ₹ 7,078 million as at March 31, 2022 (credit balance of ₹ 2,312 million as at March 31, 2021) on commodity derivative (gross of tax) contracts have been recognised in other comprehensive income.

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

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

(₹ in million)

Particulars	Impact on Equity (net of taxes)		Impact on Profit (net of taxes)	
	As at March 31, 2022	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021
Crude oil				
Buy Positions				
Less than 1 year	**25**	16	**-**	-
Sell Positions				
Less than 1 year	**(11)**	(14)	**-**	-
Petroleum products				
Buy Positions				
Less than 1 year	**339**	462	**(109)**	9
More than 1 year	**-**	2	**-**	-
Sell Positions				
Less than 1 year	**(65)**	(744)	**73**	-
Total	**288**	**(278)**	**(36)**	**9**

ii) Foreign currency risk management:

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

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

As at March 31, 2022 :

Particulars	Assets		Liabilities*	
	₹ in million	FC in million	₹ in million	FC in million
USD	51,143	675	399,255	5,267
EURO	26	0	4,911	58
Other Currencies	2	0	3	1
TOTAL	**51,171**		**404,169**	

As at March 31, 2021 :

Particulars	Assets		Liabilities*	
	₹ in million	FC in million	₹ in million	FC in million
USD	32,072	436	353,961	4,815
EURO	43	0	5,048	59
Other Currencies	3	0	17	0
TOTAL	**32,118**		**359,026**	

* includes borrowings in foreign currency USD 691 million (₹ 52,383 million) {(Previous year USD 428 million (₹ 31,448 million)}.

b) Outstanding foreign currency forward exchange and option contracts

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

Not designated in hedging relationship

Particulars	Notional amounts (in Foreign Currency million)		Fair value of assets/(liabilities) (₹ in million)	
	As at March 31, 2022	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021
Forward Contracts:				
Buy US$				
Less than 3 months	**597**	810	**(219)**	77
Buy EUR Sell US$				
Less than 3 months	**39**	-	**17**	-
Options:				
Call US$				
Less than 3 months	**-**	111	**-**	(33)

Sensitivity to a 5% increase in foreign currency rate is ₹ 1,581 million (Previous year ₹ 2,532 million) (net of tax). A positive number indicates an increase in profit and negative number would be an inverse impact on profit.

c) The management has designated certain financial liabilities in foreign currency as cash flow hedges against highly probable future forecast sales. Such designation help the Group to reduce/ mitigate foreign exchange risk of related liabilities and highly probable sales as gain/ loss on restatement of liabilities is recognised in other comprehensive income. As at March 31, 2022 the Group has restated such liabilities amounting to ₹ 294,382 million equal to USD 3,883 million (Previous year ₹ 244,168 million equal to USD 3,322 million) at closing exchange rate and has taken the resultant loss to cash flow hedge reserve. There are no significant hedge ineffectiveness on the these designated liabilities during the reporting periods.

d) Unhedged currency risk position:

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

As at March 31, 2022:

Currency	Assets		Liabilities	
	₹ in million	**FC in million**	**₹ in million**	**FC in million**
USD	51,143	675	104,875	1,383
EURO	26	0	4,911	58
Other Currencies	2	0	3	1
Total	**51,171**		**109,789**	

As at March 31, 2021 :

Currency	Assets		Liabilities	
	₹ in million	**FC in million**	**₹ in million**	**FC in million**
USD	32,072	436	101,620	1,382
EURO	43	0	5,048	59
Other Currencies	3	0	17	0
Total	**32,118**		**106,685**	

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

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

(₹ in million)

Particulars	Impact on Profit (net of taxes)"		Impact on Equity (net of taxes)	
	As at March 31, 2022	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021
Receivables				
USD	**1,914**	1,200	**-**	-
EURO	**1**	2	**-**	-
Other Currencies	**0**	0	**-**	-
Payables				
USD	**(3,924)**	(3,802)	**(11,014)**	(9,136)
EUR	**(184)**	(189)	**-**	-
Other Currencies	**(0)**	(0)	**-**	-

e) **Currency swap contracts**

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

Designated as cash flow hedges

Sell US$	Notional amounts (in USD million)		Fair value of assets / (liabilities) (net) (₹ in million)	
	As at March 31, 2022	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021
Less than 1 year	216	22	600	844
1 year to 2 years	215	65	(1,393)	46
2 years to 5 years	141	279	(756)	(2,737)
More than 5 years	-	14	-	(223)
Total	**572**	380	**(1,549)**	(2,070)

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 ₹ 2,564 million as at March 31, 2022 (debit balance of ₹ 1,594 million as at March 31, 2021) (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 ₹ 1,621 million (Previous year ₹ 1,148 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 LIBOR rates. Hedging activities are evaluated regularly to align with interest rate views and define risk appetite, ensuring that the most cost effective hedging strategies are applied.

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

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed rate borrowings *	**68,774**	31,405
Floating rate borrowings	**68,674**	98,623
Lease liabilities (refer note 39)	**46,602**	46,106
Export advances having original maturities for more than 1 year (current and non-current portion) (refer note 21 and 26)	**149,436**	138,297
Total	**333,486**	314,431
Less: Upfront fee	**(474)**	(848)
Total	**333,012**	313,583

* Includes borrowings of ₹ 4,370 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, 2022 would decrease / increase by ₹ 816 million (Previous year ₹ 887 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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Less than 1 year	-	6	-	(59)
1 year to 2 years	-	7	-	(42)
2 years to 5 years	-	11	-	(16)
Total	-	24	-	(117)

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

Balance in cash flow hedge reserve of Nil as at March 31, 2022 (debit balance of ₹ 60 million as at March 31, 2021) 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 Nil (Previous year : ₹ 12 million) (net of tax) increase (decrease) in equity.

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

Not designated in hedging relationship

Outstanding Contracts (Floating to Fixed)

Particulars	Notional amounts (in USD million)		Fair value of liabilities (₹ in million)	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Less than 1 year	-	6	-	(191)
1 year to 2 years	-	114	-	(84)
2 years to 5 years	-	-	-	-
Total	-	120	-	(275)

A 50 basis points increase (decrease) in interest rate and all other variables held constant would result in Nil (Previous year: ₹ 46 million) (net of tax) increase (decrease) in profit.

iv) Liquidity Risk

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

(₹ in million)

As at March 31, 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**

(₹ in million)

As at March 31, 2021 :	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings #	40,546	55,649	47,422	143,617
Short Term Borrowings #	23,865	-	-	23,865
Trade payables	117,559	-	-	117,559
Lease Liabilities #	5,404	19,223	57,674	82,301
Other financial liabilities including export advance #	71,260	72,642	-	143,902
Derivatives	1,929	2,798	-	4,727
Total	**260,563**	**150,312**	**105,096**	**515,971**

including future interest

The Group has undrawn committed facilities as at March 31, 2022 of ₹ 67,099 million (₹ 57,086 million as at March 31, 2021) with maturities ranging from one to two years.

v) **Credit risk**

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

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

Trade receivables:

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

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

The credit period on sale of goods ranges from 0 to 30 days with or without security. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information.The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The history of trade receivables shows a negligible allowance for bad and doubtful debts. Refer note 12A for ageing of trade receivable.

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

Investments, cash and bank balances and derivatives

The 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, 2022**	As at March 31, 2021
Balance at the beginning of the year	1,083	974
Expected credit loss recognised (net)	633	109
Balance at the end of the year	**1,716**	1,083

The Group's maximum exposure to the credit risk for the components of the balance sheet as at March 31, 2022 and March 31, 2021 is the carrying amounts mentioned in note 9, note 12 and note 16.

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

43 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, 2022	As at March 31, 2021
A		**Net assets / liability recognised in the balance sheet**		
i		Present value of defined benefit obligation	**1,033**	926
ii		Fair value of plan assets	**575**	477
iii		Funded status - deficit (iii = ii-i)	**(458)**	(449)
iv		Net assets / (liability) recognised in the balance sheet	**(458)**	(449)
B		**Expenses recognised in profit and loss for the year**		
i		Service Cost	**85**	82
ii		Net Interest cost	**26**	24
		Components of defined benefit costs recognised in Profit and loss	**111**	106
i		Actuarial losses - experience	**23**	(50)
ii		Actuarial losses/(gains) - assumptions	**(24)**	12
iii		Return on plan assets greater than discount rate	**2**	2
		Components of defined benefit costs recognised in Other Comprehensive Income	**1**	(36)
		Total expenses	**112**	70
C		**Change in obligation and assets**		
i		**Change in defined benefit obligation**		
	a	Defined benefit obligation at beginning of the year	**926**	853
	b	Current Service cost	**85**	82
	c	Interest cost	**59**	53
	d	Acquisition adjustment / Transfer Out @	**-**	3
	e	Actuarial losses - experience	**23**	(50)
	f	Actuarial losses - demographic assumptions	**-**	12
	g	Actuarial losses/(gains) - financial assumptions	**(24)**	-
	h	Benefit payments	**(36)**	(28)
	i	Defined Benefit obligation at the end of the year	**1,033**	926
ii		**Change in fair value of assets**		
	a	Fair value of plan assets at the beginning of the year	**477**	467
	b	Acquisition adjustment / Transfer Out@	**-**	5
	c	Interest income on plan assets	**33**	29
	d	Contributions made	**103**	6
	e	Return on plan assets lesser than discount rate	**(2)**	(2)
	f	Benefits payments	**(36)**	(28)
	g	Fair value of plan assets at the end of the year	**575**	477

(₹ in million)

Sr. No.	Particulars		Gratuity (Funded)	
			As at March 31, 2022	As at March 31, 2021
D	**Actuarial assumptions**			
	1	Discount rate (per annum)	**6.80%**	6.50%
	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)Ult. Modified**	
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**		93	71

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

- Figures in bracket indicates negative value.

Notes: Weighted average duration of the defined benefit obligation is 8 years as at March 31, 2022 (7 years as at March 31, 2021).

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, 2022 as follows:

(₹ 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

(₹ in million)

Particulars	**March 31, 2021**
As at March 31	
2022	71
2023	86
2024	96
2025	107
2026	100
March 31, 2027 to March 31, 2031	606

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

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, 2022	As at March 31, 2021
		Increase/(decrease) in DBO	
A)	**Discount Rate**		
	Defined benefit obligation	**1,033**	926
	Discount rate	**6.80%**	**6.50%**
	1. Effect on DBO due to 0.5% increase in Discount Rate	**(38)**	(36)
	2. Effect on DBO due to 0.5% decrease in Discount Rate	**41**	39
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	**(18)**	(27)
	2. Effect on DBO due to 5.00% decrease in Withdrawal Rate	**27**	45

(ii) Provident Fund :

Based on actuarial valuation in accordance with Ind AS 19 for interest rate guarantee of exempted provident fund liability of employees, there is no interest shortfall in the funds managed by the trust and hence there is no further liability as at March 31, 2022 and March 31, 2021. Having regard to the assets of the Fund and the return on the investments, the Group does not expect any deficiency in the foreseeable future.

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

The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has provided a valuation for provident fund liabilities using the deterministic approach guidance issued by Actuarial Society of India. The present value of benefit obligation as at March 31, 2022 is ₹ 5,230 million (₹ 4,352 million as at March 31, 2021) as per the actuarial report and the fair value of plan assets is higher than the same as at each reporting date. Hence, there is no shortfall as at March 31, 2022 and March 31, 2021.

Key assumptions used in determining the present value obligation of the interest rate guarantee are the Government of India (GOI) bond yield 6.80% (March 31, 2021 6.50%), Remaining term to maturity of portfolio 3 years (March 31, 2021: 4 years) and Expected guaranteed interest rate 8.10% (March 31, 2021 8.50%) . The Group contributed ₹ 238 million and ₹ 202 million during the years ended March 31, 2022 and March 31, 2021, respectively. The same has been recognized in the Standalone Statement of Profit and Loss under the head employee benefit expense.

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

2 **Defined Contribution plans :**

Group's contribution to superannuation fund and pension fund aggregating to ₹ 40 million and ₹ 117 million (Previous year ₹ 25 million and ₹ 104 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.

44 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

UCP Group comprises UCP PE Investments Limited and entities under common control

Other related party — Nayara Energy Limited Employees Provident Fund

A. Transaction with related parties

(₹ in million)

Nature of transactions	Enterprises having significant influence	
	FY 2021-22	FY 2020-21
Advance received from customers		
Trafigura Group	-	5,843
Long term borrowing received		
Rosneft Group	36,703	-
Export advance novated		
Trafigura Group %	-	8,561
Sale of products (refer note (i) below)		
Trafigura Group #	58,396	59,233
Rosneft Group	9,482	-
Total	67,878	59,233
Purchase of raw material (refer note (i) below) / Other consumable		
Trafigura Group	52,085	17,885
Rosneft Group	12,842	-
Total	64,927	17,885
Other consultancy services		
Trafigura Group	228	186
UCP Group**	97	117
Total	325	303
Receiving of freight service		
Trafigura Group	-	793
Product and raw material consultancy service (refer note (ii) below)		
Trafigura Group	793	672
Rosneft Group	791	67
Total	1,584	739
Interest expenses		
Trafigura Group	623	763
Rosneft Group	575	-
Total	1,198	763

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

(₹ in million)

Nature of transactions	Enterprises having significant influence	
	FY 2021-22	FY 2020-21
Reimbursement of expenses		
Trafigura Group	2	-
Trade payable written back		
Rosneft Group	-	827
Lease rent paid		
Rosneft Group	4	1

including taxes wherever applicable

% During the year ended March 31, 2021, the export advance contracts backed by export performance bank guarantees by a lender worth USD 117 million (equivalent to ₹ 8,561 million) obtained by the Company were novated under a tripartite agreement between the Company, the former buyer, and Trafigura Group, whereby Trafigura Group has paid the outstanding advances to the former buyer and going forward all the supply against such advances shall be made to Trafigura Group as per delivery schedule stated in such contracts. The terms and conditions of novated contracts remain significantly unchanged.

**including ₹ 91 million capitalised during year ended March 31, 2022 (for the year ended March 31, 2021 : ₹ 91 million).

Includes sales of finished goods of ₹ 25,642 million (Previous year ₹ 13,032 million) pursuant to long term arrangements entered between the Company and a third party and the said third party and Trafigura Pte. Ltd.

B. Transactions with other classes of related parties

(₹ in million)

	Nature of transactions	FY 2021-22	FY 2020-21
i)	**Key management personnel (Short term employee benefits)@**	282	312
	@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	14
iii)	**Key management personnel (Commission and Remuneration to Directors) ***	42	78
iv)	**Contribution during the period (includes Employees' share and contribution) to the controlled trust**	575	531

* The Company has inadequacy of profits under Section 198 of the Companies Act, 2013 ("Act"), as a consequence of which the remuneration proposed to be paid to the Independent Directors for FY 2021-22 is in excess of permissible limits of Section 197 of the Act by ₹ 42 million (previous year ₹ 40 million). In compliance with the amendments introduced, inter-alia, in Section 197 and Schedule V of the Act, which became effective from March 18, 2021, the Company had obtained an approval of the shareholders, by way of Special Resolutions for the excess remuneration paid in FY 2020-21 and is in the process of seeking a similar approval of the shareholders at the ensuing Annual General Meeting, for the remuneration proposed to be paid to the Independent Directors for FY 2021-22.

C. Balances with related parties

(₹ in million)

Nature of balances	Enterprises having significant influence	
	As at March 31, 2022	As at March 31, 2021
Assets		
Financial assets		
Trade receivables (refer note (iv) A below)		
Trafigura Group # #	8,923	4,118
Rosneft Group	2,619	-

(₹ in million)

Nature of balances	Enterprises having significant influence	
	As at March 31, 2022	As at March 31, 2021
Total	11,542	4,118
Other financial assets		
Prepaid expenses (interest and consultancy charges)		
Trafigura Group	435	363
Liabilities		
Financial liabilities		
Long term borrowings		
Rosneft Group	37,145	-
Trade payables (refer note (iii) & (iv) B below)		
Rosneft Group	3,799	791
Trafigura Group	8,190	161
UCP Group	-	94
Total	11,989	1,046
Lease liabilities		
Rosneft Group	7	10
Advance received from customers (refer note (iv) C below)		
Trafigura Group	21,685	31,151
Interest accrued but not due on long term borrowings		
Rosneft Group	**585**	-

Includes receivable of ₹ 5,240 million (as at March 31, 2021: ₹ 1,561 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.

D. Balances with other classes of related parties

(₹ in million)

Particulars	**As at March 31, 2022**	As at March 31, 2021
i) Commission and Remuneration payables to Key management personnel	42	40

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) During the financial year ended March 31, 2021, the Group had terminated its aforementioned contract with a Rosneft Group entity. Further, the said Rosneft Group entity unilaterally assigned some of its receivables from the Group under the said contract to and in favour of two entities, one of which is a Rosneft Group entity. Consequent to such assignments, the Group has to fulfil its payment obligations towards the assigned amounts to such entities, subject to necessary regulatory and other approvals.

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

(iv) 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."

45 The Group's current liabilities as at March 31, 2022, exceed its current assets by ₹ 78,503 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 analyzed 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.

46 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 / segment and the carrying value of the CGU as at the balance sheet date is ₹ 534,588 million (excluding ₹ 15,125 million relating to Petrochemical Project) [March 31, 2021: ₹ 545,475 million (excluding ₹ 3,596 million relating to Petrochemical Project)].

The Group performed its annual impairment test for the financial year ended March 31, 2022 as on February 28, 2022.

The recoverable amount of the CGU has been determined at ₹ 785,077 (US$ 10,400) million [March 31, 2021: ₹ 726,888 (US$ 9,889) million] based on the value in use calculation using discounted cash flow model {refer note 4(B)(iii)} based on business assumptions approved by management covering a five-year period and is in line with the business plan presented to the Board. The Group has considered forecast consensus, industry reports, economic indicators and general business conditions to make an assessment of the implications of the COVID-19 pandemic upto the date of approval of these financial statements. 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$ 5.7 per bbl to US$ 7.1 per bbl during FY 2022-23 to FY 2026-27 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 ₹ 46,727 million (US$ 619 million).

Discount rates

Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. Accordingly, the Group has estimated a discount rate of 9.1%. An increase in the discount rate by 50 basis points leads to decline in the recoverable value by ₹ 50,879 million (US$ 674 million).

Considering the above, the management has assessed that any reasonable possible change in assumptions will not trigger recognition of impairment.

47 Additional information as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as Subsidiaries

(₹ in million)

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)	-0.80%	(5)	-3.42%	(336)
Inter Group Elimination and Consolidation Adjustments	-0.04%	(90)	-3.95%	(364)	48.10%	303	-0.62%	(61)
Grand Total	100.00%	216,417	100.00%	9,210	100.00%	630	100.00%	9,840

Notes to Consolidated Financial Statements (Contd.)

For the year ended March 31, 2022

(₹ in million)

Name of Entity	FY 2020-21							
	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	100.13%	206,851	101.81%	4,665	100.01%	12,515	100.49%	17,180
Subsidiaries:-								
Coviva Energy Terminals Limited	-0.13%	(270)	-1.79%	(82)	0.00%	-	-0.48%	(82)
Nayara Energy Global Limited	0.00%	0	0.00%	-	0.00%	(0)	0.00%	(0)
Nayara Energy Singapore Pte. Limited	0.00%	2	-0.02%	(1)	-0.01%	(1)	-0.01%	(2)
Intergroup Elimination and Consolidation Adjustments	0.00%	(6)	0.00%	-	0.00%	(0)	0.00%	0
Grand Total	100.00%	206,577	100.00%	4,582	100.00%	12,514	100.00%	17,096

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
New Delhi, May 27, 2022

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
DIN : 07719852
Devbhumi Dwarka

Prasad K. Panicker
Director
DIN : 06476857
Devbhumi Dwarka

Alois Virag
Chief Executive Officer

Devbhumi Dwarka

Anup Vikal
Chief Financial Officer

Devbhumi Dwarka

Mayank Bhargava
Company Secretary
Thane, India
May 27, 2022

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

(₹ in million)

Name of the subsidiary	(₹ in million)	Amt in USD	
	Coviva Energy Terminals Limited (CETL)	Nayara Energy Singapore Pte. Limited	
Reporting period	31-03-2022	31-03-2022	
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.	INR	USD	INR USD/INR Exchange Rate Closing:₹ 75.8071 Average: ₹ 74.5061
Share capital	1	360,000	27
Reserves & surplus	(664)	(4,458,685)	(338)
Total assets	1,486	493,845,563	37,437
Total liabilities	2,150	497,948,081	37,748
Investments	-	-	-
Turnover	-	212,210,812	15,811
Profit before taxation	(391)	(5,341,844)	(398)
Provision for taxation	3	(911,235)	(68)
Profit after taxation	(394)	(4,429,167)	(330)
Proposed dividend	100%		100%
% of shareholding			
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	Nayara Energy Global Limited (liquidated)		

Charles Anthony Fountain
Executive Chairman
DIN : 07719852
Devbhumi Dwarka

Prasad K. Panicker
Director
DIN : 06476857
Devbhumi Dwarka

Alois Virag
Chief Executive Officer
Devbhumi Dwarka

Anup Vikal
Chief Financial Officer
Devbhumi Dwarka

Mayank Bhargava
Company Secretary
Thane, India
May 27, 2022

Corporate Information

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Email: investors@nayaraenergy.com
Website: www.nayaraenergy.com
/Nayara Energy

Corporate Identity Number

U11100GJ1989PLC032116

Equity ISIN

INE011A01019

Statutory Auditors

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

Share Transfer Agents

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Bankers

Axis Bank Limited

Canara Bank

Central Bank of India

Deutsche Bank

Exim Bank

Federal Bank

ICICI Bank Limited

IDBI Bank

IDFC First Bank Limited

IndusInd Bank Limited

Karnataka Bank

MUFG Bank Limited

Punjab National Bank

SBM Bank India

Sumitomo Mitsui Banking Corporation

State Bank of India

UCO Bank

Union Bank of India

Yes Bank Limited

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