Notes to Standalone Financial Statements
For the year ended March 31, 2020

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 5,700 operational outlets and more than 2,200 outlets at various stages of completion.

The financial statements of Nayara Energy Limited for the year ended March 31, 2020 were authorised for issue in accordance with a resolution of the directors on June 30, 2020.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between

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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 43)
- Quantitative disclosures of fair value measurement hierarchy (refer note 43)
- Financial instruments (including those carried at amortised cost) (refer note 43)

B. Property, Plant and Equipment

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

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

Depreciation

Depreciation on PPE is provided, pro-rata for the period of use, by 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 cycle. The estimated useful life of items of property, plant and equipment is mentioned below:

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

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

De-recognition

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

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C. 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.

D. Impairment of non-financial assets

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

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

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

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

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

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- 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 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.

E. Leases (also refer note 5(i))

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

Company as a lessee

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

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

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

In general, a corresponding right-of-use asset is recognised at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee adjusted for accumulated depreciation, 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.

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'.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

F. Inventories

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

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

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.

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G. Revenue recognition

(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 GST, VAT, CST 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. The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. The Company applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

H. Government grants

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

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

I. Retirement and other employee benefits

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

The Company determines the present value of the defined benefit obligation and fair value of plan assets. The net liability or assets represents the deficit or surplus in the Company's defined benefit plans. (The surplus is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans). The present value of the obligation is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each year.

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

Past service costs are recognised in the statement of profit and loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognises related restructuring costs;

- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under the head 'employee benefit expense' in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

- Net interest expense or income

J. Foreign currencies

Transaction and balances

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

Exchange difference arising on settlement/ restatement of long-term foreign currency monetary items recognized

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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.

K. Financial Instruments

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

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

(i) Financial Assets

a) Initial Recognition and measurement

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

b) Classification of financial assets

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

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

Financial assets other than equity investment measured at amortised cost:

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

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to deposits, trade and other receivables.

Financial assets other than equity investment at FVTOCI:

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

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

Financial assets other than equity investment at FVTPL:

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

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

c) Equity Investments

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

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

d) Derecognition of financial assets

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

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

e) Impairment of financial assets

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

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

(ii) Financial liabilities / debt and equity instruments

a) Classification as financial liability / debt or equity

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

b) Financial liabilities / debt

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

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

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

c) Equity instruments

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

d) Financial liabilities:

The 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.

e) Derecognition of financial liabilities:

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

(iii) Financial guarantee contracts

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

L. 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.

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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.

M. 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.

N. 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.

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

(ii) Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

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

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

(iii) Sales tax (includes value added tax and Goods and 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.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

O. 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.

P. Cash and short-term deposits

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

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

Q. Exceptional items

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

A. Critical accounting judgements

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

i) Determination of functional currency

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

ii) Impairment of Investment

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

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

B. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystalizing or cannot be quantified reliably are treated as contingent liabilities. Among other matters, such determination require involvement of legal and other subject matter experts. Depending on materiality, the Company may involve internal and/ or external experts to make such assessment. Contingent liabilities are disclosed in the notes but are not recognized. refer note 37.

ii) Fair value measurements of financial instruments

When the fair values of financial assets or financial liabilities recognised or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 43 for further disclosures.

iii) Duty drawback

Income on duty draw-back is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. The Company claims draw-back of National Calamity Contingent duty (NCCD) on exports in line with duty drawback rules and recognizes the same as revenue. The Company is confident of recovery and continues to recognise the duty draw-back claim {refer note 39 (A)}.

iv) Impairment of non-financial assets

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

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

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

5. CHANGES IN ACCOUNTING POLICIES AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

i. Changes in accounting policies

A. Ind AS 116 - Leases

Effective April 1, 2019, the Company adopted Ind AS 116 – Leases ("Ind As 116) and applied to all lease contract, identified as lease under Ind AS 17 -Leases ("Ind AS 17"), existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the transition date.

All operating lease contracts, with limited exceptions, were recognised on the balance sheet by recognizing right-of-use assets and corresponding lease liabilities at the transition date. Company applied the modified retrospective transition method, and consequently

Notes to Standalone Financial Statements (Contd.)
For the year ended March 31, 2020

comparative information is not restated. As a practical expedient, no reassessment was performed of contracts that were previously identified as leases and contracts that were not previously identified as containing a lease applying Ind AS 17 Determining whether an Arrangement contains a Lease. At the adoption date, additional lease liabilities were recognised for leases previously classified as operating leases applying Ind AS 17. These lease liabilities were measured at the present value of the remaining lease payments and discounted using entity-specific incremental borrowing rates at April 1, 2019.

In general, a corresponding right-of-use asset was recognised for an amount equal to each lease liability, adjusted by the accumulated depreciation, amount of any prepaid or accrued lease payments relating to the specific lease contract, as recognised on the balance sheet at March 31, 2019.

The Company also applied the available practical expedients wherein company has:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

All the commitments existing as on the date of initial recognition of Ind AS 116 were taken in to account while calculating ROU Assets and Lease liabilities.

At the transition date, the remaining lease payments were discounted, as required under the transition approach chosen, using the incremental borrowing rate as per the transition date of April 1, 2019. To determine the incremental borrowing rate for each lease contract, a risk-free rate at transition date was applied, adjusted for other factors such as the credit rating of the entity that entered into the lease contract, a country risk premium, the impact of currency, an asset specific element and the term the lease contract. The incremental borrowing rates applied upon transition were in range of 6% to 9%. Refer note 40 for disclosure of lease accounting under Ind-AS 116.

On adoption of Ind AS 116 on date of transition, April 1, 2019, the Company has recognised ROU assets of ₹ 68,326 million, lease liabilities of ₹ 72,429 million, reversal of opening prepaid expenses of ₹ 308 million and reversal of embedded derivatives assets on such contracts of ₹ 2,699 million. Net impact of ₹ 4,626 million (net of tax credit of ₹ 2,483 million) has been adjusted in the retained earnings on the date of transition.

B. In addition, the below amendments have also became effective for the Company from financial year beginning April 1, 2019. However, the management has evaluated and determined that the adoption of these amendments will not have any material impact on the financial statements since there are no such transactions or the Company's existing policies are aligned to these amendments:

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

6 PROPERTY, PLANT AND EQUIPMENT, CAPITAL-WORK-IN-PROGRESS, GOODWILL AND OTHER INTANGIBLE ASSETS

(₹ in million)

Description of the assets	Gross block (I)				Depreciation / amortisation (II)				Net block (III) = (I - II)
	As at April 01, 2018	Additions (refer note 3)	Deductions	As at March 31, 2019	As at April 01, 2018	During the year	Deductions	As at March 31, 2019	As at March 31, 2019
A) Property, Plant & Equipment -Owned									
Land (Freehold)	52,811	3	-	52,814	-	-	-	-	52,814
Buildings	11,199	842	1	12,040	2,791	396	-	3,187	8,853
Plant and machinery	387,486	18,057	7,707	397,836	44,764	14,820	7,697	51,887	345,949
Furniture and fixtures	181	89	2	268	113	22	1	134	134
Office equipments	760	188	6	942	474	111	5	580	362
Vehicles	121	8	9	120	77	9	8	78	42
Total (I)	**452,558**	**19,187**	**7,725**	**464,020**	**48,219**	**15,358**	**7,711**	**55,866**	**408,154**
Property, Plant & Equipment obtained on finance lease									
Land	2	-	2	-	2	-	2	-	-
Plant and machinery	24	-	24	-	23	-	23	-	-
Total (II)	**26**	-	**26**	-	**25**	-	**25**	-	-
Total Property, Plant and Equipment (I+II)	**452,584**	**19,187**	**7,751**	**464,020**	**48,244**	**15,358**	**7,736**	**55,866**	**408,154**
B) Capital Work In Progress									
Capital work-in-progress									**4,761**
C) Goodwill									
Goodwill	10,324	-	-	10,324	-	-	-	-	**10,324**
D) Other intangible assets									
Softwares & licenses	1,058	65	-	1,123	728	131	-	859	**264**
Total (A+B+C+D)	**463,966**	**19,252**	**7,751**	**475,467**	**48,972**	**15,489**	**7,736**	**56,725**	**423,503**

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

6 PROPERTY, PLANT AND EQUIPMENT, CAPITAL-WORK-IN-PROGRESS, GOODWILL, OTHER INTANGIBLE ASSETS 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, 2019	Additions (refer note 3 & 5 below)	Deductions/ Remeasurement	As at March 31, 2020	As at April 01, 2019	During the year	Deductions	As at March 31, 2020	As at March 31, 2020
A) Property,Plant & Equipment -Owned									
Land (Freehold)	52,814	48	-	52,862	-	-	-	-	52,862
Buildings	12,040	237	-	12,277	3,187	366	-	3,553	8,724
Plant and machinery	397,836	3,607	217	401,226	51,887	15,974	55	67,806	333,420
Furniture and fixtures	268	11	8	271	134	21	7	148	123
Office equipments	942	857	60	1,739	580	258	57	781	958
Vehicles	120	22	2	140	78	8	2	84	56
Total Property, Plant and Equipment	**464,020**	**4,782**	**287**	**468,515**	**55,866**	**16,627**	**121**	**72,372**	**396,143**
B) Capital Work In Progress									
Capital work-in-progress									**5,145**
C) Goodwill									
Goodwill	10,324	-	-	10,324	-	-	-	-	**10,324**
D) Other intangible assets									
Softwares & licenses	**1,123**	**187**	**1**	**1,309**	**859**	**121**	**1**	**979**	**330**
E) Right-of-Use assets (refer note - 40)									
Tangible Assets									
Land	-	7,463	101	7,362	-	315	-	315	**7,047**
Building	-	1,618	-	1,618	-	253	-	253	**1,365**
Plant & machinery	-	33,946	-	33,946	-	11,020	-	11,020	**22,926**
Total Tangible Assets	-	**43,027**	**101**	**42,926**	-	**11,588**	-	**11,588**	**31,338**
Intangible Assets									
Trademark	-	27,138	85	27,053	-	1,470	-	1,470	**25,583**
Total Right-of-use assets	-	**70,165**	**186**	**69,979**	-	**13,058**	-	**13,058**	**56,921**
Total (A+B+C+D+E)	**475,467**	**75,134**	**474**	**550,127**	**56,725**	**29,806**	**122**	**86,409**	**468,863**

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

Notes:
1. Land having carrying value of ₹ 22,969 million (Previous year ₹ 22,969 million) has been given on operating lease which are being used for principal business activities of the Company. A charge has been created on this land in favour of the lenders of the Company's subsidiary.
2. Land and building having carrying value of ₹ 2,676 million (Previous year ₹ 2,676 million) has been pledged for a loan taken by a third party. The Company is in discussion with the lender for release of the pledge.
3. Additions to plant and machinery include exchange loss on long-term foreign currency borrowing taken to finance property plant and equipment (refer note 3(J)) amounting to ₹ 1,507 million (Previous year loss of ₹ 1,774 million) and borrowing cost of Nil (Previous year ₹ 176 million).
4. In line with its major maintenance practices, the Company had completed major maintenance of its refinery and all other plant and machinery during turnaround activity. The Company incurred total cost of ₹ 324 million under other expenses (previous year ₹ 9,460 million - including raw materials consumption of ₹ 1,202 million, salary of ₹ 242 million and other expense of ₹ 3,119 million) on the major maintenance activity which have been capitalised to the plant and machinery.
5. Additions to ROU assets includes ₹ 68,326 million accounted for on April 1, 2019 on implementation of Ind AS 116.
6. The Company incurred total cost of ₹ 1,809 million (including salary of ₹ 264 million and other expense of ₹ 1,545 million) for petrochemical project which is included in Capital work in progress.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

7 INVESTMENTS (NON CURRENT) (UNQUOTED)

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
(1) Investment in equity shares of subsidiaries - At cost		
314,323,454 (Previous year 314,323,454) equity shares of ₹ 10 each of Vadinar Oil Terminal Limited (VOTL)**#	**105,104**	105,104
100 (Previous year 100) equity shares of USD 1 each of Nayara Energy Global Limited {formerly known as Essar Oil Trading Mauritius Limited (EOTML)}	**0**	0
37,500 (Previous year 37,500) 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	**105,104**	105,104

Particulars	As at March 31, 2020	As at March 31, 2019
Investment at cost	**105,104**	105,104
Investment at fair value through profit and loss account	**-**	-
Total	**105,104**	105,104

Particulars	As at March 31, 2020	As at March 31, 2019
Aggregate amount of unquoted investments	**105,104**	105,104
Total	**105,104**	105,104

* Investments are fair valued at Zero.
** Includes ₹ 2,376 million (Previous year ₹ 2,376 million) representing the fair value of a financial guarantee issued in favour of the said subsidiary.
@ companies are under liquidation
# A charge has been created on investment in favour of lenders of Company and the said subsidiary as well.
For details of investments pledged as security against borrowings, refer note 20 and 24.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

8 OTHER FINANCIAL ASSETS (NON CURRENT) (UNSECURED AND CONSIDERED GOOD, UNLESS OTHERWISE STATED)

(₹ in million)

Particulars		As at March 31, 2020	As at March 31, 2019
Security deposits	**(A)**	**333**	306
Other receivables			
Export incentive receivables {refer note 39(A)}		-	4,163
From Others {refer note 39(B)}			
- Considered good		**789**	926
- significant increase in credit risk		**338**	159
- Less: Expected credit loss {refer note 43(C)(v)}		**(338)**	(159)
	(B)	**789**	5,089
Bank Deposits with remaining maturity of more than twelve months	**(C)**	**20**	-
Interest accrued on bank deposits	**(D)**	**0**	0
Derivative Assets	**(E)**	**116**	2,840
	Total (A+B+C+D+E)	**1,258**	8,235

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

9 OTHER NON-CURRENT ASSETS

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	**239**	645
Capital advances	**245**	59
Claims / other receivables		
- Considered good	**2,233**	2,377
- Considered doubtful	**280**	-
- Less: Provision for doubtful debt	**(280)**	-
Total	**2,717**	3,081

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

10 INVENTORIES

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials {including in transit ₹ 8,995 million (Previous year ₹ 31,447 million)}	**21,839**	55,560
Work-in-progress	**17,149**	18,761
Finished goods {including in transit ₹ 2,777 million (Previous year ₹ 658 million)}	**13,540**	14,497
Stores and spare parts {including in transit ₹ 8 million (Previous year ₹ 21 million)}	**5,068**	4,110
Other consumables {including in transit ₹ 662 million (Previous year ₹ 701 million)}	**1,662**	1,762
Total	**59,258**	94,690

a. Inventories are net of non-cash inventory holding loss amounting to ₹ 11,822 million (previous year ₹ Nil), refer note 35.
b. For details of inventories pledged as security against borrowings, refer note 20 and 24.
c. Refer note 3(F) for basis of valuation.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

11 INVESTMENTS (CURRENT)

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Investments in mutual funds - At FVTPL*	-	1,001
Total	-	1,001

*Aggregate amount of quoted investments and market value thereof.
For the Company's exposure to credit risks refer note 43(C)(v)

12 TRADE RECEIVABLES

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables considered good - Unsecured *	12,703	36,891
Trade Receivables - credit impaired	8	8
	12,711	36,899
- Less: Expected credit loss {refer note 43(C)(v)}	(8)	(8)
Total	12,703	36,891

* Includes ₹ 5,587 million (Previous year ₹ 2,266 million) backed by letters of credit.

For the Company's exposure to credit and currency risks, and loss allowances related to trade receivables, refer note 43(C)(v).

For amounts due from related parties, refer note 45.

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 ₹ 7,391 million (As at March 31, 2019 ₹ 4,508 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.

13 CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks in:		
- Current accounts	6,832	3,323
- Exchange earners' foreign currency (EEFC) accounts	19,137	1,446
Cheques on hand	-	8
Cash on hand	-	1
Total	25,969	4,778

14 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Earmarked bank balances (debenture / unclaimed debenture interest)	10	9
Margin deposits*	6,475	6,274
Other deposits	0	0
Total	6,485	6,283

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

15 LOANS (CURRENT)

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Inter Corporate Deposits to a related party considered good - Unsecured	15	15
Total	15	15

16 OTHER FINANCIAL ASSETS (CURRENT)

(₹ in million)

Particulars		As at March 31, 2020	As at March 31, 2019
Security deposits	(A)	221	201
Other receivables			
Export incentive receivables {refer note 39(A)}		4,614	-
- From related parties			
- Considered good		4	2
- From others			
- Considered good		13,700	2,537
- significant increase in credit risk		624	270
- Less: Expected credit loss {refer note 43(C)(v)}		(624)	(270)
	(B)	18,318	2,539
Interest accrued on bank deposits	(C)	121	143
Derivative assets	(D)	12,917	3,887
	Total (A+B+C+D)	31,577	6,770

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, 2020	As at March 31, 2019
Advances recoverable in cash or in kind or for value to be received		924	783
Prepaid expenses (refer note 45)		3,961	4,518
Balances with government authorities		359	304
	(A)	5,244	5,605
Claims / other receivables			
- Considered good		554	42
	(B)	554	42
	Total (A+B)	5,798	5,647

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

18 EQUITY SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	₹ in million	Number of shares	₹ in million
Authorised				
Equity shares of ₹ 10 each	**8,000,680,000**	**80,007**	8,000,680,000	80,007
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, 2020		As at March 31, 2019	
	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 951,463,854) underlying equity shares represented by 3,109,359 (Previous year 6,218,718) outstanding global depository shares (GDS). Each GDS represents 153 underlying equity shares.

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

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

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

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

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% of shares	Number of shares	% of shares
3,109,359 (3,109,359 as at March 31, 2019) GDS held by Kesani Enterprise Company Ltd	**475,731,927**	**31.92%**	475,731,927	31.92%
Nil (3,109,359 as at March 31, 2019) GDS held by Rosneft Singapore Pte. Limited (Formerly known as Petrol Complex Pte. Limited)	**-**	**0.00%**	475,731,927	31.92%
Equity shares held by Kesani Enterprise Company Ltd	**256,594,520**	**17.21%**	256,594,520	17.21%
Equity shares held by Rosneft Singapore Pte. Limited (Formerly known as Petrol Complex Pte. Limited)	**732,326,446**	**49.13%**	256,594,519	17.21%

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

19 OTHER EQUITY

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
General reserve	**596**	596
Retained earnings	**101,823**	91,607
Other Comprehensive Income:		
Cash flow hedge reserve	**(22,005)**	(417)
Foreign currency monetary item translation difference account	**(188)**	(230)
Other Reserves:		
Capital reserve	**409**	409
Securities premium	**78,014**	78,014
Total	**158,649**	169,979

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 as amended.

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: Capital 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 Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

20 BORROWINGS

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured Borrowings - At amortised cost		
Non convertible debentures	**23,920**	23,860
Term loans from banks*	**54,744**	73,336
Current maturities of long term debt included under other financial liabilities (refer note 26)	**(6,754)**	(7,826)
Total	**71,910**	89,370

* refer note 43(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, 2020	As at March 31, 2019
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), 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.	12,861	23,166
ii)	Rupee and USD loan availed from various banks/ financial institutions 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 certain leased out assets and fixed assets of power plant). Second charge, pari- passu with other term lenders on the current assets of the Company, first charge by way of assignment or security interest over all rights, tiles, insurance and interest in all project documents to which the Company is a party, first charge on DSRA/ margin as and when created.	35,767	36,507
iii)	Non convertible debentures are secured by first charge, ranking pari-passu with other lenders on the fixed assets (movable and immovable except certain leased out assets and fixed assets of power plant), both present and future of the Company in relation to Project, Second charge, pari- passu with other term lenders on the current assets of the Company, first charge by way of assignment or security interest over insurance policy.	23,920	23,860
iv)	Rupee Term Loans along with interest 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 Group.	6,116	13,663
	Total	**78,664**	**97,196**

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

(B) Repayment and other terms:

(₹ in million)

Sr No.	Particulars	As at March 31, 2020	As at March 31, 2019
i)	ECB Loans carry interest rate of 3 months / 6 months LIBOR + margin ranging from 3.60% p.a. to 5.00% p.a. are repayable in unequal instalments starting from March 2015 and ending in June 2024.	12,861	23,166
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 40 bps to 360 bps and is repayable in unequal instalments starting from March 2018 and ending to June 2038.	35,767	36,507
iii)	The 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 ending to September 2027.	6,116	-
iv)	The rupee term loan facility from banks carry interest rate at bank's 3M MCLR + 0.90% is repayable in 51 structured quarterly instalments beginning December 31, 2017 and ending to June 2030.	-	13,663
v)	Non-convertible debentures carry fixed interest of 9.50% p.a. is repayable in a single bullet in July 2021.	23,920	23,860
	Total	**78,664**	**97,196**

(C) In March 2017, the Company and Vadinar Power Company Limited (VPCL) (now merged with the Company) applied to one of its lenders to prepay the entire outstanding loans along with applicable interest and prepayment penalty. The said lender did not respond to the said request and subsequently in August 2017, the Company and VPCL went ahead and prepaid all their dues to the said lender aggregating to ₹ 6,037 million (including interest and prepayment penalty of ₹ 77 million). The Company has issued legal notice and filed writ petition in Hon'ble High Court of Bombay against the lender, for release of charge over assets of the Company and issue of no dues certificate, which is under consideration.

The Company has obtained legal advice on the current situation, as per which no additional liability should devolve on the Company with respect to its borrowings from the said lender and accordingly, the Company has not recorded any liability with respect to the same.

21 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	**76**	64
Lease liabilities (refer note 40)	**55,647**	-
Derivative Liabilities	**5,707**	1,296
Financial guarantee obligation liability	**788**	1,351
Advances received from customers (refer note 45)	**108,054**	68,797
Total	**170,272**	71,508

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

22 TAXATION

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities (Net)	45,094	72,661
Total	45,094	72,661

(A) Income tax (benefit) / expense

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Total tax expense (reversed) / charged to statement of profit and loss	(17,989)	1,944
Deferred tax (reversed) / charged to other comprehensive (loss) / income	(7,095)	394

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

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(Loss) / Profit before tax	(3,138)	5,386
Statutory tax rate	25.17%	34.94%
Expected income tax (reversal) / expense at statutory rate	(790)	1,882
Items giving rise to difference in tax		
Deferred tax asset not recognised (net)	113	-
Effect of change in indexed cost of land	(243)	(243)
Effect of change in tax provisions (refer note (E) below)	(17,094)	-
Others	25	305
Total Income tax (reversal) / expense	(17,989)	1,944
Effective tax rate (Excluding effect of changes in tax provisions)	28.52%	36.09%
Effective tax rate (Including effect of changes in tax provisions)	573.26%	36.09%

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

(₹ in million)

Deferred tax balance in relation to	As at March 31, 2019	Recognised through profit and loss	Recognised in other comprehensive income	Recognised in Equity (on initial adoption of Ind-AS 116)	As at March 31, 2020
Difference in Property, plant and equipment	97,025	(13,336)	-	-	83,689
Carried forward unabsorbed depreciation	(23,045)	5,162	-	-	(17,883)
Carried forward Business Loss	(512)	66	-	-	(446)
Effect of mark to market accounting	1,155	5,412	(7,095)	-	(528)
Lease Accounting	-	(14,093)		(2,483)	(16,576)
Inventory- Provision for NRV	-	(2,976)	-	-	(2,976)
Others	(308)	122	-	-	(186)
Total (A)	74,315	(19,643)	(7,095)	(2,483)	45,094
MAT credit entitlement (Total B)	(1,654)	1,654	-	-	-
Total (A+B)	72,661	(17,989)	(7,095)	(2,483)	45,094

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

(₹ in million)

Deferred tax balance in relation to	As at March 31, 2018	Recognised through profit and loss	Recognised in other comprehensive income	Impact on account of merger	As at March 31, 2019
Difference in Property, plant and equipment	93,183	3,842	-	-	97,025
Carried forward unabsorbed depreciation	(17,515)	(5,530)	-	-	(23,045)
Carried forward Business Loss	-	(512)	-	-	(512)
Effect of mark to market accounting	(25)	786	394	-	1,155
Lease Accounting	-	-	-	-	-
Others	(3,666)	3,358	-	-	(308)
Total (A)	**71,977**	**1,944**	**394**	**-**	**74,315**
MAT credit entitlement (Total B)	**(3,454)**	**-**	**-**	**1,800**	**(1,654)**
Total (A+B)	**68,523**	**1,944**	**394**	**1,800**	**72,661**

(D) The Company has not recognised deferred tax assets of ₹ 7,923 million (March 31, 2019 ₹ 7,923 million) on carried forward short term capital losses in the absence of a reasonable certainty towards their utilisation. These losses can be carried forward upto March 31, 2026.

(E) The Company has foregone its MAT Credit and opted for lower corporate tax rate of 25.17% as provided under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 and accordingly has calculated its tax charge. Further, the Company has also re-measured its deferred tax balances as at April 1, 2019 on the revised tax provisions and a net credit of ₹ 17,094 million has been accounted for on such re-measurement.

23 OTHER NON-CURRENT LIABILITIES

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance received from customers	**22,885**	35,821
Total	**22,885**	35,821

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

24 SHORT TERM BORROWINGS

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured Borrowings		
Buyers' credits and bills discounting* @	**4,523**	32,729
Bank overdraft	**-**	1,729
Short term loan from banks	**-**	14,971
Working capital demand loan from bank	**4,250**	7,973
Total	**8,773**	57,402

Security for short term borrowing:

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Buyers' credits is Secured / to be secured by first charge on entire current assets of the Company (existing and future) on a pari passu basis among lenders, second charge on Property Plant and Equipment including both present and future (except certain leased out assets and fixed assets of power plants) on a pari passu with other lenders, and certain shares of a related party on a pari passu with other lenders. The loan carries an interest rate which is determined and fixed on date of availing of the loan which is presently at 3.00% p.a. to 8.40% p.a. and are repayable within 3 months of being drawn.	4,523	32,729
b) Bank overdraft / cash credit from bank is secured by fixed deposits maintained with a bank and carries interest rate of 1% over fixed deposits rate and is repayable on demand.	-	1,729
c) Short Term Loan of from bank is secured by first charge on entire current assets of the Company (existing and future) on a pari passu basis among lenders; second charge on Property Plant and Equipment including both present and future (except fixed assets of power plants) on a pari passu with other lender, and certain shares of a related party on a pari passu with other lenders. The loan carries an interest rate of 3 months marginal cost of funds based lending rate (MCLR) plus spread of 0.60% p.a. and 6 months marginal cost of funds based lending rate (MCLR) plus spread of 0.60% p.a. i.e. 8.95% to 9.40% and is repayable within six month of being drawn.	-	14,971
d) Working Capital Demand loan from bank is secured / to be secured by i) first charge on all current assets both present and future including all receivables ranking pari passu basis among lenders, second charge by way of mortgage of immovable and movable properties, including revenues both present and future on pari passu with other lenders and certain shares of a related party on a pari passu with other lenders. These loans carries fixed interest rate of 7.2% and 3 months marginal cost of funds based lending rate (MCLR) i.e. 8.65% p.a. These loans are repayable on demand.	4,250	7,973
Total	**8,773**	57,402
* The Company has discounted trade receivable on full recourse basis. Accordingly, the monies received on this account are shown as borrowings as the trade receivable does not meet de-recognition criteria. The related trade receivables have been disclosed under note 12	-	17,165

@ refer note 43(C)(ii) for borrowings outstanding in foreign currencies

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

25 TRADE PAYABLES

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of Micro and small enterprises (refer note 41)	33	23
Total outstanding dues of creditors other than Micro and small enterprises (refer note 45)	99,607	92,695
Total	99,640	92,718

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

26 OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long term debt (refer note 20)	6,754	7,826
Interest accrued but not due on borrowings	2,352	1,779
Capital creditors	765	1,038
Security deposits	223	208
Lease liabilities (refer note 40)	12,619	-
Unclaimed debenture interest and principal (secured)#	10	10
Advances received from customers (refer note 45)	73,721	55,424
Other liabilities	1,733	3,167
Financial guarantee obligation liability	238	256
Derivative Liabilities	9,264	1,819
Total	107,679	71,527

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

27 OTHER CURRENT LIABILITIES

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues@	8,084	9,696
Advances received from customers	17,649	15,883
Export Obligation Deferred Income*	60	303
Total	25,793	25,882

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

*In respect of unfulfilled export obligation of ₹ 63,413 million (Previous year ₹ 256,993 million).

28 PROVISIONS (CURRENT)

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Compensated absences	409	367
Gratuity (refer note 44)	381	429
Total	790	796

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

29 REVENUE FROM OPERATIONS

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from sale of products #		
Sale of manufactured products	**866,696**	829,974
Sale of traded goods	**129,202**	152,746
Other operating revenues {refer note 39(A)}*	**3,513**	4,409
Total	**999,411**	987,129

Comprises of revenue from contracts with customers of ₹980,384 million (Previous year ₹ 1,005,291 million) recognised at a point in time and ₹ 15,514 million pertaining to hedging gain (Previous year ₹ 22,571 million pertaining to hedging loss) related to sales which are recycled from the cash flow hedge reserve when the underlying sales contract is executed and concluded.

* Includes duty drawback income of ₹ 1,024 million (Previous year ₹ 862 million) and export obligation fulfilment income of ₹ 305 million (Previous year ₹ 1,919 million).

Disaggregated revenue information

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

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Export sales {including deemed export of ₹ Nil million (Previous year ₹ 4,086 million)	353,551	362,478
Domestic Oil marketing companies	215,630	273,010
Retail outlets	377,019	332,967
Others	34,184	36,836
Total revenue from contracts with customers	**980,384**	1,005,291

(₹ in million)

Contract balances	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Trade receivables *	12,703	36,891	29,270
Contract liabilities	222,309	175,925	94,519

* Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days. As on March 31, 2020, ₹ 8 million (Previous year ₹ 8 million) has been recognised towards provision for expected credit losses on trade receivables."

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

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

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue recognised out of contract liabilities outstanding at the beginning of the year	72,608	25,539

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

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

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue as per contracted price	983,036	1,007,422
Adjustments		
Discount and incentives	(2,652)	(2,131)
Revenue from contract with customers	**980,384**	1,005,291

Performance obligation

The performance obligation is satisfied upon delivery of the goods and services made as per the terms agreed with customers and payment is generally due within 0 to 30 days from delivery 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, 2020	For the year ended March 31, 2019
Interest income		
- Bank deposits (carried at amortised cost)	**1,341**	708
- Other financial assets (carried at amortised cost) {refer note 39(B)}	**144**	120
- Derivative instruments - not designated as hedge	-	544
	1,485	1,372
Other non-operating income	**988**	805
Other gains (net)		
- Gain on settlement of commodity derivative - carried at FVTPL	**3,752**	13,473
- Net gain on investments carried at FVTPL	**201**	768
- Unwinding of finance guarantee obligation	**580**	769
Total	**7,006**	17,187

31 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in million)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Opening inventories:			
- Finished goods		**14,497**	13,016
- Work-in-progress		**18,761**	17,931
- Stock-in-trade		-	1
	(A)	**33,258**	30,948
Closing inventories:			
- Finished goods		**13,540**	14,497
- Work-in-progress		**17,149**	18,761
	(B)	**30,689**	33,258
Non-cash inventory holding loss (part of exceptional Item ,refer note 35)	**(C)**	**6,336**	-
Net (Increase) in Inventory	**Total (A)-(B)-(C)**	**(3,767)**	(2,310)

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

32 EMPLOYEE BENEFITS EXPENSE*

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	6,131	4,757
Contribution to provident and other funds (refer note 44)	434	311
Staff welfare expenses	316	199
Total	6,881	5,267

* ₹ 264 million (Previous year NIL) petrochemical division related expense capitalised (refer note 6).

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

33 FINANCE COSTS*

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest		
a) On debentures	2,285	1,530
b) On term loans	5,340	7,122
c) Interest expenses on lease liabilities (refer note 40).	4,667	-
d) On others	8,996	9,135
Exchange differences regarded as an adjustment to borrowing costs	-	123
Derivative instruments-carried at FVTPL	584	-
Other finance charges	3,889	4,419
Total	25,761	22,329

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

34 OTHER EXPENSES*

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of chemical, catalyst, stores and spare parts	3,846	3,248
Product and Intermediate material storage charges	3,556	14,875
Consumption of power, fuel and electricity {exclude fuel consumed out of own production ₹ 16,996 million (Previous year ₹ 16,872 million)}	9,626	9,662
Rent / Return on investment / Adhoc Compensation to retail outlets	-	671
Freight and Forwarding Charges	12,160	9,662
Rent, rates and taxes	2,928	3,400
Insurance	952	621
Legal and professional fees {refer note (a) below}	3,459	2,975
Repairs and maintenance	1,814	1,627
Debit balance / doubtful debts written off net of provision	344	4
Loss on disposal / discard of property, plant and equipment (net)	3	172
Exchange differences (net)	7,250	6,809
Trademark Fees	66	2,555
Sundry expenses {refer note (b) below}	3,828	2,556
Expected credit loss {refer note 43(C)(v)}	533	190
Total	50,365	59,027

* Net of ₹ 1,545 million (Previous year NIL) petrochemical division related expense capitalised (refer note 6).

* Net of ₹ 324 million (Previous year ₹ 3,119 million) capitalised during refinery turnaround (refer note 6).

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

Notes:

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

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Statutory audit	**20**	16
Review of interim financial information	**11**	11
Tax audit and transfer pricing and other certifications$	**1**	4
Audit and/or review of financial information for reporting to promoters	**-**	3
The audit of Special purpose historical IFRS financial statements prepared for the purpose of a proposed bond issue	**-**	30
Other Services	**2**	-
Out of pocket expenses	**2**	1
Total	**36**	65

$ Includes Nil (Previous year ₹ 3 million) towards audit of special purpose financial statements and revised tax audit prepared to give effect of the merger.

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

(b) Details of expenditure on Corporate Social Responsibility included in Sundry expenses

The Company has incurred an amount of ₹ 78 million (March 31, 2019 ₹ 90 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, 2020		Year ended March 31, 2019	
	In - cash	Yet to be paid in - cash	In - cash	Yet to be paid in - cash
(A) Gross amount required to be spent by the Company during the year	Nil		198	
(B) Amount spent on:				
(i) Construction / acquisition of assets			-	-
(ii) On purposes other than (i) above (for CSR projects)	66	12	84	6
Total	**66**	**12**	**84**	6

35 EXCEPTIONAL ITEMS

Exceptional items comprise of

(₹ in million)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A	Variation in foreign exchange fluctuation on overdue crude purchase liabilities (net of earmarked bank balances) and other related costs	**-**	1,773
B	Non cash inventory holding loss on closing inventories due to fall in oil prices*	**11,822**	-
C	Non-cash commodity derivative gains to hedge price risk - not designated as hedge	**(7,278)**	-
	Total	**4,544**	1,773

* Non cash inventory holding loss include ₹ 5,486 million on raw materials and ₹ 6,336 million on finished goods/Work-in-progress inventory.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

36 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, 2020	Year ended March 31, 2019
Profit attributable to ordinary equity share holders for basic and diluted earnings (₹ In million)	(A)	**14,851**	3,442
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)	**9.96**	2.31

37 CONTINGENT LIABILITIES

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
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.	**402**	555
ii) Pursuant to a take or pay arrangement (arising out of assignment of a contract for specified periods) for supply of Natural gas, a claim has been raised on the Company by the supplier, after adjusting an amount of ₹ 1,860 million realised by invoking the Bank Guarantee provided by the Company which has since been reimbursed by the assignor, as on March 31, 2020. The Company has disputed the entire claim and the matter is currently under arbitration. The Company on the basis of legal advice does not expect any material liability to devolve on the Company.	**19,623**	17,957
iii) Other claims against the Company	**1,888**	1,928
B. Other money for which the Company is contingently liable		
i) In respect of income tax demands on various issues	**270**	263
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 of ₹ 33,758 million (as at March 31, 2019 ₹ 31,243 million)}	**42,311**	39,204
iii) Other demands of Sales tax /VAT	**855**	818
iv) In respect of custom duty / excise duty / service tax mainly relating to classification of products sold, allowability of cenvat credit {includes likely reimbursement of ₹ Nil (as at March 31, 2019 ₹ 521 million)}	**6,915**	7,851
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 Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

38 CAPITAL AND OTHER COMMITMENTS

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
A. Capital commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**5,902**	1,779

B. Other commitments

(i) The Company has entered into an arrangement for standby bareboat charter with Essar Shipping (Cyprus) Limited (ESCL) for 3 ships at an average rate of USD 8,300 per day per ship for upto a period of 8 years ending on September 29, 2023. This bareboat charter gets implemented only if ESCL defaults in its payment with its lenders. However, ESCL has agreed to indemnify the Company against all losses, in the event of the bareboat charters becoming effective.

(ii) 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 are directly related to the outlets the Company have in the network. The Company has 211 numbers of retail outlets to be setup 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.

39 (A) Revenue from operation includes ₹ 669 million (Previous year ₹ 526 million) towards duty drawback on National Calamity Contingent Duty (NCCD) paid on imported crude which was recognised based on a favourable order of the Hon'ble Gujarat High Court. The department vide its notification dated 12th May 2020 fixed the brand rate on Duty Drawback of NCCD. Accordingly, the Company has assessed the recovery of above income as highly probable and considered the total receivables of ₹ 4,455 million (As at March 31, 2019 ₹ 4,013 million) as good of recovery and classified as current.

(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 ₹ 912 million (As at March 31, 2019 ₹ 834 million) from the customer. The Company has assessed the recoverability of both the above balances as highly probable and hence has considered them as good of recovery.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

40 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.

(₹ in million)

Particulars	As at March 31, 2020			
	Right of use assets	Lease liabilities	Charged to Profit & loss Account	Impact on statement of Cash flows
Long Term Leases				
As at April 01,2019 {refer note 5 (i)}	68,326	72,429	-	-
Additions	1,839	1,839	-	-
Deletion/discarded/Retirement	(101)	(122)	-	-
Remeasurement on account of change in term of agreement	(85)	(85)		
Depreciation expense	(13,058)	-	13,058	-
Interest accruals	-	4,667	4,667	-
Unrealised foreign exchange loss	-	4,673		
Payments	-	(15,135)	-	-
As at March 31, 2020	56,921	68,266	17,725	-
Current lease liabilities (refer note 26)	-	**12,619**	-	-
Non-current lease liabilities (refer note 21)	-	**55,647**	-	-
Cash flow - Lease payments				
- Towards Principal	-	-	-	(10,468)
- Towards Interest	-	-	-	(4,667)
Total	-	-	-	**(15,135)**
Other Leases				
Short Term Leases (included in cost of Sales)	-	-	195	-
Low value Leases (Included in Administrative expenses)	-	-	20	-
Variable leases (Included in cost of sales)	-	-	2,995	-
Total	-	-	**3,210**	-
As at March 31, 2020	56,921	68,266	20,935	(15,135)

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

41 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, 2020	As at March 31, 2019
1	Principal amount remaining unpaid to any supplier as at the end of the accounting year	33	23
2	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
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	4	13
5	Interest due and payable for the period of delay	0	0
6	The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
7	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

42 CAPITAL MANAGEMENT

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

For the purpose of the Company's capital management, capital includes issued capital, securities premium and all other equity reserves attributable to the equity holders. The Net debt comprises all long term and short term borrowings as well as export advances having original maturities for more than 1 year less cash and bank balances. 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, 2020.

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

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

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019
Long term borrowings (refer note 20)	71,910	89,370
Short term borrowings (refer note 24)	8,773	57,402
Upfront fees	800	1,047
Current maturity of long term borrowing (refer note 26)	6,754	7,826
Lease liabilities (refer note 21 and 26)	68,266	-
Export advances having original maturities for more than 1 year (current and non-current portion) (refer note 21 and 26)	194,010	124,231
Total debt	**350,513**	**279,876**
Less : Cash and cash equivalents (refer note 13)	(25,969)	(4,778)
Less : Bank balances (refer note 14)	(6,485)	(6,283)
Total cash and bank balances	**(32,454)**	**(11,061)**
Net debt (a)	**318,059**	**268,815**
Equity share capital (refer note 18)	15,072	15,072
Other equity (refer note 19)	158,649	169,979
Total equity	**173,721**	**185,051**
Equity and underlying net debt (b)	**491,780**	**453,866**
Gearing ratio (a/b)	64.68%	59.23%

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

43 FINANCIAL INSTRUMENTS

(A) Categories of financial instruments :

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

As at March 31, 2020 : (₹ in million)

Particulars	Fair value through profit or loss Fair value	Financial Assets/ Liabilities designated as cash flow hedge	Amortised Cost	Total Carrying value	Total fair value
Financial Assets					
Loan*	-	-	15	15	15
Trade receivables*	9,716	-	2,987	12,703	12,703
Cash and cash equivalent*	-	-	25,969	25,969	25,969
Bank balances other than cash and cash equivalent*	-	-	6,485	6,485	6,485
Derivatives	422	12,611	-	13,033	13,033
Other financial assets*	-	-	19,802	19,802	19,802
Total	**10,138**	**12,611**	**55,258**	**78,007**	**78,007**
Financial Liabilities					
Long-term borrowings#*	-	-	78,664	78,664	78,966
Short-term borrowings*	-	-	8,773	8,773	8,773
Trade payables*	-	30,559	69,081	99,640	99,640
Derivatives	60	14,911	-	14,971	14,971
Lease liability	-	33,081	35,185	68,266	71,956
Other financial liabilities*	-	181,775	6,185	187,960	187,960
Total	**60**	**260,326**	**197,888**	**458,274**	**462,266**

As at March 31, 2019 : (₹ in million)

Particulars	Fair value through profit or loss Fair value	Financial Assets/ Liabilities designated as cash flow hedge	Amortised Cost	Total Carrying value	Total fair value
Financial Assets					
Current investments	1,001	-	-	1,001	1,001
Loan*	-	-	15	15	15
Trade receivables*	17,236	-	19,655	36,891	36,891
Cash and cash equivalent*	-	-	4,778	4,778	4,778
Bank balances other than cash and cash equivalent*	-	-	6,283	6,283	6,283
Derivatives	3,996	2,731	-	6,727	6,727
Other financial assets*	-	-	8,278	8,278	8,278
Total	**22,233**	**2,731**	**39,009**	**63,973**	**63,973**
Financial Liabilities					
Long-term borrowings#*	-	-	97,196	97,196	97,469
Short-term borrowings*	-	-	57,402	57,402	57,402
Trade payables*	-	-	92,718	92,718	92,718
Derivatives	1,048	2,067	-	3,115	3,115
Other financial liabilities*	-	124,221	7,873	132,094	132,094
Total	**1,048**	**126,288**	**255,189**	**382,525**	**382,798**

including current maturities of long-term borrowings

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

The above do not include investments in subsidiaries of ₹ 105,104 million (Mar 31, 2019: ₹ 105,104 million) which is being carried at cost.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

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

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019	Level	Valuation techniques and key inputs
Investment in mutual funds	-	1,001	I	Net asset value declared by mutual fund
Trade receivables	9,716	17,236	II	Discounted cashflow - future cashflows are based on the terms of trade receivables. Cashflows are discounted at the current market rate reflecting current market risks.
Foreign currency forward exchange contracts-Assets	174	66	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	16	942	II	
Foreign currency option contracts-Liabilities	-	29	II	
Commodity Derivative Contracts -Assets	11,764	1,881	II	
Commodity Derivative Contracts -Liabilities	10,118	699	II	
Currency swap contracts -Assets	848	850	II	
Currency swap contracts -Liabilities	4,611	889	II	
Interest rate swap contracts -Liabilities	226	556	II	
Embedded derivative -Assets	247	3,930	II	Embedded foreign currency are measured similarly to the foreign currency forward contracts. The embedded derivatives are foreign currency forward contracts which are separated from long-term sales/ services/ lease contracts where the transaction currency differs from the functional currencies of the involved parties. The amount of future sale/ service has been determined based on the past experience and the best management estimate.
Advance received from export customers*	181,775	124,231	II	Long-term advances are evaluated based on parameters such as interest rates, specific country risk factors, credit risk and other relevant risk characteristics of the advance. The fair value is determined using the discounted cash flow method. The future cash flows are based on terms of the advance. These cash flows are discounted at a rate that reflects current market rate and the current market risk. Also, being foreign currency, amounts are restated at the closing rate.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019	Level	Valuation techniques and key inputs
Trade Payables	30,559	-	II	Trade payables are evaluated based on parameters such as specific country risk factors, credit risk and other relevant risk characteristics of the payables. The fair value is determined using the discounted cash flow method. The future cash flows are based on terms of the trade payable. 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.
Lease liabilities	71,956	-	II	Fair value of lease liabilities are determined based on discounted cash flow method 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.
Long term borrowings (including current maturities)	78,966	97,469	II	Long-term fixed-rate and variable-rate borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and the risk characteristics of the financed project. The fair value is determined using the discounted cash flow method. The future cash flows are based on terms of the borrowing. These cash flows are discounted at a rate that reflects current market rate and the current market risk.

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

(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, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Designated as cash flow hedges				
Crude oil				
Buy Positions				
Less than 1 year	8,062	6,350	(1,662)	157
Sell Positions				
Less than 1 year	(65)	-	86	-

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

Particulars	Qty. in Barrels ('000)		Fair value of assets/(liabilities) (₹ in million)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Petroleum products				
Buy Positions				
Less than 1 year	59,375	17,400	(4,837)	22
More than 1 year	40,000	-	(870)	-
Sell Positions				
Less than 1 year	(2,325)	(21,620)	1,649	1,003
Total (A)	**105,047**	**2,130**	**(5,634)**	**1,182**
Not designated as cash flow hedges				
Crude oil				
Sell Positions				
Less than 1 year	(353)	-	127	-
Petroleum products				
Buy Positions				
Less than 1 year	2,300	-	(118)	-
More than 1 year	6,000	-	(108)	-
Sell Positions				
Less than 1 year	(12,190)	-	7,378	-
Total (B)	**(4,243)**	**-**	**7,279**	**-**
Total (A + B)	**100,804**	**2,130**	**1,645**	**1,182**

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 ₹ 5,634 million as at March 31, 2020 (credit balance of ₹ 1,182 million as at March 31, 2019) on commodity derivative (gross of tax) contracts have been recognised in other comprehensive income.

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, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Crude oil				
Buy Positions				
Less than 1 year	(87)	7	-	-
Sell Positions				
Less than 1 year	(6)	-	(27)	-
Petroleum products				
Buy Positions				
Less than 1 year	(73)	27	(20)	-
More than 1 year	(27)	-	(4)	-
Sell Positions				
Less than 1 year	(6)	(2,088)	(789)	-
Total	**(199)**	**(2,054)**	**(840)**	**-**

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

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, 2020 :

Particulars	Assets		Liabilities*	
	₹ in million	FC in million	₹ in million	FC in million
USD	49,030	650	394,840	5,239
EURO	66	1	4,868	59
Other Currencies	2	0	4	0
TOTAL	**49,098**		**399,712**	

As at March 31, 2019 :

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

* includes borrowings in foreign currency USD 308 million (₹ 23,212 million) {(Previous year USD 661 million (₹ 45,734 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, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Forward Contracts:				
Buy US$				
Less than 3 months	419	535	158	(830)
Buy EUR Sell US$				
Less than 3 months	-	216	-	(46)
Options:				
Buy Call / Sell Put US$				
Less than 3 months	-	14	-	(29)

Sensitivity to a 5% increase in foreign currency rate is ₹ 1,180 million (Previous year ₹ 1,672 million) (net of tax). A positive number indicates an increase in profit and negative number would be an inverse impact on profit.

c) **Foreign currency embedded derivative**

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

Particulars	Notional amounts (in Foreign Currency million)		Fair value of assets (₹ in million)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Embedded derivative				
Lease and service payments in USD (remaining tenure)	153	724	247	3,930

d) 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, 2020 the Company has restated such liabilities amounting to ₹ 245,415 million equal to USD 3,255 million (Previous year ₹ 124,221 million equal to USD 1,796 million) at closing exchange rate and has taken the resultant loss to cash flow hedge reserve.

e) Unhedged currency risk position:

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

As at March 31, 2020 :

Currency	Assets		Liabilities	
	₹ in million	FC in million	₹ in million	FC in million
USD	49,030	650	117,871	1,564
EURO	66	1	4,868	59
Other Currencies	2	0	4	0
TOTAL	**49,098**		**122,744**	

As at March 31, 2019 :

Particulars	Assets		Liabilities	
	₹ in million	FC in million	₹ in million	FC in million
USD	16,909	244	125,266	1,811
EURO	141	2	3,074	39
Other Currencies	2	0	392	20
TOTAL	**17,052**		**128,732**	

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.

Particulars	Impact on Profit (net of taxes)		Impact on Equity (net of taxes)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Receivable				
USD	**1,834**	550	-	-
EURO	**2**	5	-	-
Other Currencies	**0**	0	-	-
Payables				
USD	**(4,410)**	(5,310)	**(7,944)**	(4,041)
EUR	**(182)**	(645)	-	-
Other Currencies	**(0)**	(13)	-	-

The above impact is inclusive of foreign currency restatement impact of embedded derivative separated from the host service/ lease contract with VOTL. With regard to the said derivative, a 5% increase / (decrease) in foreign currency exchange rates would result in ₹ 435 million (Previous year: ₹ 1,577 million) (net of tax) (decrease) / increase in profit respectively.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

f) **Currency swap contracts**

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

Designated as cash flow hedges

Sell US$	Notional amounts (in USD million)		Fair value of liabilities (net) (₹ in million)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Less than 1 year	**20**	12	**848**	720
1 year to 2 years	**22**	13	**609**	654
2 years to 5 years	**325**	282	**(4,433)**	(1,413)
More than 5 years	**33**	-	**(786)**	-
Total	**400**	307	**(3,762)**	**(39)**

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 ₹ 2,464 million as at March 31, 2020 (debit balance of ₹ 393 million as at March 31, 2019) (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 ₹ 1,276 million (Previous year ₹ 740 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, 2020	As at March 31, 2019
Fixed rate borrowings	**24,000**	24,000
Floating rate borrowings	**64,237**	131,645
Lease liabilities (refer note 21 and 26)	**68,266**	-
Export advances having original maturities for more than 1 year (current and non-current portion) (refer note 21 and 26)	**194,010**	124,231
Total	**350,513**	279,876
Less: Upfront fee	**(800)**	(1,047)
Total	**349,713**	278,829

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, 2020 would decrease / increase by ₹ 966 million (Previous year ₹ 832 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.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

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, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Less than 1 year	6	21	(63)	(93)
1 year to 2 years	6	24	(59)	(126)
2 years to 5 years	18	100	(60)	(263)
Total	**30**	145	**(182)**	**(482)**

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

Debit balance in cash flow hedge reserve of ₹ 107 million as at March 31, 2020 (credit balance of ₹ 39 million as at March 31, 2019) 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 ₹ 25 million (Previous year: ₹ 105 million) (net of tax) increase (decrease) in equity.

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, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Less than 1 year	23	21	(44)	(49)
1 year to 2 years	-	23	-	(25)
2 years to 5 years	-	-	-	-
Total	**23**	44	**(44)**	**(74)**

A 50 basis points increase (decrease) in interest rate and all other variables held constant would result in ₹ 4 million (Previous year: ₹ 11 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, 2020	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings including future interest	13,874	56,721	46,305	116,900
Short Term Borrowings including future interest	8,927	-	-	8,927
Trade payables	99,640	-	-	99,640
Lease Liabilities including future interest	16,861	30,532	58,876	106,269
Other financial liabilities including future interest on export advance	84,207	105,802	11,888	201,897
Derivatives	9,264	5,707	-	14,971
Total	**232,773**	**198,762**	**117,069**	**548,604**

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

(₹ in million)

As at March 31, 2019	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings including future interest	16,899	75,886	58,902	151,687
Short Term Borrowings including future interest	58,491	-	-	58,491
Trade payables	92,718	-	-	92,718
Other financial liabilities including future interest on export advance	65,426	54,542	26,810	146,778
Derivatives	1,819	1,296	-	3,115
Total	**235,353**	**131,724**	**85,712**	**452,789**

The Company has undrawn committed facilities as at March 31, 2020 of ₹ 75,174 million (₹ 22,905 million as at March 31, 2019) 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.

The Company has issued financial guarantees to banks on behalf of and in respect of loan facilities availed by its subsidiary. In accordance with the policy of the Company (refer note 3(K)(iii), The Company has recognised those guarantees as liability (refer note 21 and 26). The credit risk exposure relating these financial guarantees contracts as at March 31, 2020 is ₹ 28,482 million (As at March 31, 2019 is ₹ 29,754 million).

Trade receivables:

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

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

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

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

Particulars	As at March 31, 2020	As at March 31, 2019
Not due	**11,536**	34,732
0-30 days	**1,104**	2,130
31-180 days	**63**	26
More than 181 days	**8**	11
Total	**12,711**	36,899

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).

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

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, 2020	As at March 31, 2019
Balance at the beginning of the year	437	247
Expected credit loss (reversed) / recognised (net)	533	190
Balance at the end of the year	970	437

The Company's maximum exposure to the credit risk for the components of the balance sheet as at March 31, 2020 and March 31, 2019 is the carrying amounts mentioned in note 8, note 12, and note 16.

44 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, 2020	Gratuity (Funded) As at March 31, 2019
A		**Net assets / liability recognised in the balance sheet**		
	i	Present value of defined benefit obligation	835	762
	ii	Fair value of plan assets	453	333
	iii	Funded status - deficit (iii = ii-i)	(381)	(429)
	iv	Net assets / (liability) recognised in the balance sheet	(381)	(429)
B		**Expenses recognised in profit and loss for the year**		
	i	Service cost	76	54
	ii	Past Service cost	-	-
	iii	Interest cost	26	19
		Components of defined benefit costs recognised in Profit and loss	102	73
	i	Actuarial losses - experience	46	115
	i	Actuarial losses/(gains) - assumptions	(61)	19
	iii	Return on plan assets greater than discount rate	1	0
		Components of defined benefit costs recognised in Other Comprehensive Income	(14)	134
		Total expenses	88	208

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

Sr. No.	Particulars		Gratuity (Funded) As at March 31, 2020	Gratuity (Funded) As at March 31, 2019
C	**Change in obligation and assets**			
	i	**Change in defined benefit obligation**		
	a	Defined benefit obligation at beginning of the year	**762**	505
	b	Defined benefit obligation on account of acquisition of subsidiary	**-**	-
	c	Current Service cost	**76**	54
	d	Interest cost	**53**	37
	e	Past Service cost	**-**	-
	f	Acquisition adjustment / Transfer Out @	**-**	63
	g	Actuarial losses - experience	**46**	115
	h	Actuarial losses - demographic assumptions	**25**	-
	i	Actuarial losses/(gains) - financial assumptions	**(86)**	19
	j	Benefit payments	**(41)**	(30)
	k	Employees contribution	**-**	-
	l	Defined Benefit obligation at the end of the year	**835**	762
	ii	**Change in fair value of assets**		
	a	Fair value of plan assets at the beginning of the year	**333**	170
	b	Fair value of plan assets on account of acquisition of subsidiaries	**-**	-
	c	Acquisition adjustment / Transfer Out@	**3**	46
	d	Interest income on plan assets	**27**	17
	e	Contributions made	**133**	130
	f	Return on plan assets lesser than discount rate	**(1)**	(0)
	g	Benefits payments	**(41)**	(30)
	h	Fair value of plan assets at the end of the year	**453**	333
D	**Actuarial assumptions**			
	1	Discount rate (per annum)	**6.50%**	7.10%
	2	Rate of salary increase	**9.00%**	12.00%
	3	Rate of Withdrawal Rate	**8.00%**	11.00%
	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**		**95**	106

@ 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 6 years as at March 31, 2020.

<u>These plans typically expose the Company to actuarial risks such as: interest rate risk, salary risk and demographic risk</u>

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.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

The defined benefit obligations shall mature after year ended March 31, 2020 as follows:

Particulars	(₹ in million)
As at March 31	
2021	95
2022	87
2023	88
2024	98
2025	116
March 31, 2026 to March 31, 2030	569

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, 2020	As at March 31, 2019
		Increase/(decrease) in DBO	
A)	**Discount Rate :**		
	Defined benefit obligation	835	762
	Discount rate	6.50%	7.10%
	1. Effect on DBO due to 0.5% increase in Discount Rate	(29)	(23)
	2. Effect on DBO due to 0.5% decrease in Discount Rate	31	25
B)	**Salary Escalation Rate :**		
	Salary Escalation rate	9.00%	12.00%
	1. Effect on DBO due to 0.5% increase in Salary Escalation Rate	21	16
	2. Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(21)	(16)
C)	**Withdrawal Rate :**		
	Attrition rate	8.00%	11.00%
	1. Effect on DBO due to 5.00% increase in Withdrawal Rate	(21)	(31)
	2. Effect on DBO due to 5.00% decrease in Withdrawal Rate	32	46

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, 2020 and March 31, 2019. 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, 2020 is ₹ 3,427 million (₹ 2,658 million as at March 31, 2019) 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, 2020 and March 31, 2019.

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

Key assumptions used in determining the present value obligation of the interest rate guarantee are the Government of India (GOI) bond yield 6.50% (March 31, 2019 7.10 %), Remaining term to maturity of portfolio 5 years (March 31, 2019: 6 years) and Expected guaranteed interest rate 8.50% (March 31, 2019 8.65% for the first year and 8.60% thereafter). The Company contributed ₹ 201 million and ₹ 144 million during the years ended March 31, 2020 and March 31, 2019, 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 ₹ 26 million and ₹ 101 million (Previous year ₹ 9 million and ₹ 80 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.

45 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	Vadinar Oil Terminal Limited (VOTL) Coviva Energy Terminals Limited (CETL) Enneagon Limited (ENL) (Liquidated on January 14, 2020) Nayara Energy Global Limited {(formerly known as Essar Oil Trading Mauritius Limited , (EOTML)}
Key management personnel	Mr. Charles Anthony Fountain, Executive Chairman Mr. C. Manoharan, Director & Head of Refinery (from March 29, 2012 to December 19, 2019) Mr. Prasad K. Panicker, Director & Head of Refinery (from February 17, 2020) Mr. Didier Casimiro , Director (from July 05, 2018 to February 21, 2020) Mr. Alexander Romanov, Director Mr. Andrew James Balgarnie, Director (from August 19, 2017 to December 27, 2018) Mr. Chin Hwee Tan, Director Ms. Elena Sapozhnikova, Director (from August 19, 2017 to October 08, 2018) Mr. Alexey Karavaykin, Director (from December 28, 2018 to January 30, 2020) Mr. Jonathan Kollek, Director Mr. Alexander Bogdashin, Director (from October 9, 2018 to January 30, 2020) Mr. Krzysztof Zielicki Antoni, Director Mr. Alexey Lizunov, Director (from January 30, 2020) Ms. Victoria Cunningham, Director (from January 30, 2020) Ms. Avril Conroy, Director (from May 23, 2020) Mr. Marcus George Cooper, Director (from August 19, 2017 upto July 04, 2018) Ms. Naina Lal Kidwai, Independent Director Mr. Deepak Kapoor, Independent Director Mr. R Sudarsan, Nominee Director (from January 15, 2013 to February 1, 2019) Mr. B. Anand, Chief Executive Officer
Other related party	Nayara Energy Limited Employees' Provident Fund (formerly known as Essar Oil Limited Employees' Provident Fund) (Controlled Trust)

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

A. Transactions with related parties

(₹ in million)

Nature of transactions	Enterprises having significant influence		Subsidiaries		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Advance received from customers						
Trafigura Group	**29,641**	47,222	**-**	-	**29,641**	47,222
Total	**29,641**	47,222	**-**	-	**29,641**	47,222
Export advances novated						
Trafigura Group%	**18,083**	-	**-**	-	**18,083**	-
Total	**18,083**	-	**-**	-	**18,083**	-
Sale of products* (refer note (i) below)						
Trafigura Group #	**89,627**	94,275	**-**	-	**89,627**	94,275
Rosneft Group	**105,856**	36,997	**-**	-	**105,856**	36,997
Vadinar Oil Terminal Limited	**-**	-	**17**	11	**17**	11
Total	**195,483**	131,272	**17**	11	**195,500**	131,282
Interest income						
Coviva Energy Terminals Limited	**-**	-	**2**	2	**2**	2
Total	**-**	-	**2**	2	**2**	2
Lease income						
Vadinar Oil Terminal Limited	**-**	-	**21**	20	**21**	20
Total	**-**	-	**21**	20	**21**	20
Purchase of raw material (refer note (i) below)						
Rosneft Group	**127,853**	16,565	**-**	-	**127,853**	16,565
Trafigura Group	**62,760**	19,335	**-**	-	**62,760**	19,335
Total	**190,613**	35,900	**-**	-	**190,613**	35,900
Purchase of services*						
Vadinar Oil Terminal Limited^	**-**	-	**21,157**	19,003	**21,157**	19,003
Total	**-**	-	**21,157**	19,003	**21,157**	19,003
Product and raw material consultancy services (refer note (ii) below)						
Trafigura Group	**790**	725	**-**	-	**790**	725
Rosneft Group	**704**	727	**-**	-	**704**	727
Total	**1,494**	1,452	**-**	-	**1,494**	1,452
Other consultancy services						
United Capital Partners Group**	**233**	-	**-**	-	**233**	-
Trafigura Group	**64**	-	**-**	-	**64**	-
Total	**297**	-	**-**	-	**297**	-
Rendering of services*						
Vadinar Oil Terminal Limited	**-**	-	**864**	696	**864**	696
Total	**-**	-	**864**	696	**864**	696
Interest expenses						
Trafigura Group	**389**	-	**-**	-	**389**	-
Total	**389**	-	**-**	-	**389**	-

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

(₹ in million)

Nature of transactions	Enterprises having significant influence		Subsidiaries		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Inter corporate deposits given@						
Coviva Energy Terminals Limited	-	-	-	2	-	2
Total	-	-	-	2	-	2

^ includes ₹ 11,391 million (Previous year ₹ Nil) for lease rental payments

* including taxes wherever applicable

** including ₹ 172 million capitalised during FY 2019-20.

% During the year ended March 31, 2020, the export advance contracts backed by export performance bank guarantees by a lender worth USD 255 million (equivalent to ₹ 18,083 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.

Includes sales of finished goods of ₹ 18,545 million (for the year ended March 31, 2019: Nil) pursuant to long term arrangements entered between the Company and a third party and the said third party and Trafigura Group.

@ The Company has given inter-corporate deposits to its subsidiary carrying interest rate of 13% and repayable on demand

B. Transactions with other classes of related parties

(₹ in million)

		As at March 31, 2020	As at March 31, 2019
i)	**Key management personnel (Short term employee benefits)@**	**267**	254
	@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)**	**10**	11
iii)	**Contribution during the period (includes Employees' share and contribution) to the controlled trust**	**509**	599

C. Balances with related parties :

(₹ in million)

Nature of balances	Enterprises having significant influence		Subsidiaries		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Assets						
Financial assets						
Trade receivables (refer note (iii) A below)						
Rosneft Group	-	1,356	-	-	-	1,356
Trafigura Group##	668	4,649	-	-	668	4,649
Vadinar Oil Terminal Limited	-	-	0	0	0	0
Total	668	6,005	0	0	668	6,005
Loans						
Inter corporate deposits						
Coviva Energy Terminals Limited	-	-	15	15	15	15
Total	-	-	15	15	15	15
Other financial assets						
Other receivables						
Rosneft Group	8	-	-	-	8	-
Trafigura Group	11	-	-	-	11	-
Coviva Energy Terminals Limited	-	-	4	2	4	2
Total	19	-	4	2	23	2

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

Nature of balances	Enterprises having significant influence		Subsidiaries		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Other assets						
Prepaid expense						
Trafigura Group	523	-	-	-	523	-
Total	523	-	-	-	523	-
Liabilities						
Other financial liabilities						
Trade payables (refer note (iii) B below)						
Rosneft Group	24,549	4,078	-	-	24,549	4,078
Trafigura Group	371	653	-	-	371	653
UCP Group	6	-	-	-	6	-
Vadinar Oil Terminal Limited	-	-	3,425	57	3,425	57
Total	24,926	4,731	3,425	57	28,351	4,788
Lease liability						
Vadinar Oil Terminal Limited	-	-	23,833	-	23,833	-
Total	-	-	23,833	-	23,833	-
Other liabilities						
Trafigura Group	1,535	-	-	-	1,535	-
Total	1,535	-	-	-	1,535	-
Advance received from customers (refer note (iii) C below)						
Trafigura Group	46,027	27,115	-	-	46,027	27,115
Total	46,027	27,115	-	-	46,027	27,115

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 strategising the crude procurement and sale of finished products. In consideration for the same, the Group is paying a fee of USD 0.1 for every barrel of raw materials purchased and finished products exported.

Subsequent to the balance sheet date, the Company has terminated its aforementioned contract with a Rosneft Group entity. Further, the said Rosneft Group entity has unilaterally assigned some of its receivables from the Company under the said contract to and in favour of other Rosneft Group entity(s). Consequent to such assignments, the Company has to fulfil its payment obligations towards the assigned amounts to such Rosneft Group entity(s), subject to necessary regulatory approvals.

(iii) Terms of receivables / payables:

A. Unsecured trade receivables are unsecured, non-interest bearing collected within 30 days from the date of sale.

B. Trade payables are non-interest bearing and are settled within 30 days of purchase.

C. Advance from customers also include interest bearing advances, which are settled through supply of goods over a period of 2 to 3 years at pre-determined mechanism of the consideration.

Includes receivable of ₹ 668 million (for the year ended March 31, 2019: Nil) for sales of finished goods of pursuant to long term arrangements entered between the Company and a third party and the said third party and Trafigura Group

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

46 BUSINESS COMBINATION

The Board of Directors of the Company at its meeting held on July 24, 2019 and Board of Directors of Vadinar Oil Terminal Limited (VOTL) at its Meeting held on August 7, 2019, considering the financial and operational synergies has approved a scheme of arrangement whereby the Company's subsidiary, Vadinar Oil Terminal Limited will merge with the Company. The scheme is subject to the approval of the regulatory authorities.

47 IMPAIRMENT TESTING OF GOODWILL

The Company recognised goodwill of ₹ 10,324 million arising on the merger of Vadinar Power Company Limited (VPCL) and Nayara Energy Properties Limited (NEPL) with the Company. The Company has determined that its entire operations fall into single CGU and single operating segment, vis., 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 ₹ 517,046 million (March 31, 2019: ₹ 528,607 million).

The Company performed its annual impairment test for the financial year ended March 31, 2020 as at year end.

The recoverable amount of the CGU has been determined at ₹ 635,955 (US$ 8,436) million [March 31, 2019: ₹ 720,203 (US$10,139) million] based on the value in use calculation using discounted cash flow model {refer note 4(B)(iv)} based on business assumptions approved by management covering a five-year period and is in line with the business plan presented to the Board. The 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 prepared based on the forward curves of crude and product prices. The GRMs are estimated to be US$ 7 per bbl for FY 2020-21 and gradually rise to US$ 8.9 per bbl and then return to US$ 8.7 and US$ 8.2 per bbl in FY 2023-24 and FY 2024-25, respectively. Thereafter GRMs 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 ₹39,276 million (US$ 521 million).

Discount rates - Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. Accordingly, the Company has estimated a discount rate of 10.7%. An increase in the discount rate by 50 basis points leads to decline in the recoverable value by ₹31,813 million (US$ 422 million).

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

Notes to Standalone Financial Statements (Contd.)

For the year ended March 31, 2020

48 IMPACT OF COVID-19

The outbreak of COVID-19 pandemic globally and in India is causing significant disturbance and slowdown of economic activity. On March 24, 2020, the Government of India ordered a nationwide lockdown for 21 days which got further extended till May 31, 2020. Further, during March 2020 / April 2020, there has been significant volatility in oil prices, due to major demand centres affected by lockdown.

The Company is in the business of petroleum products which are considered as essential goods and was generally allowed to continue to carry on the operations with adequate safety measures. Hence, the lockdown did not have any material impact on operations of the Company for the financial year ended March 31, 2020.

Consequent to the above, the Company has recognised certain adjustments of exceptional nature (refer note 35). The Company has performed a detailed analysis of the impact caused by COVID-19 considering the market conditions and other developments upto the date of approval of these financial statements. Among other matters, impact of reduction in the demand and realisation has been factored in evaluating the Company's ability to be a going concern for atleast 12 months after the reporting date and impairment of non-financial assets (refer note 47 for impairment analysis). The Company has considered its expected future cash flows, available lines of credit and ability to raise short term funds in arriving at the conclusion that it remains a going concern and has also performed additional sensitivities on some of its key inputs to validate its assumption of going concern. The management believes that COVID-19 impact, if any, is short-term and there will be no medium to long-term impact on the Company or its financial position or financial performance. Despite the volatile market scenario, the Company's supply network and the risk management action have resulted in protecting the Company's cash flows significantly in the near future.

Basis the above evaluation, the management has concluded that there is no other significant impact on the operations or financial position on the Company, and accordingly, no additional adjustments are required to these financial statements at this point in time. However, the impact of the global health pandemic may be different from that estimated at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions and assess its impact on the financial position of the Company.

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, June 30, 2020

For and on behalf of the Board of Directors

Charles Anthony Fountain
Executive Chairman
DIN : 07719852
Sussex, United Kingdom

Prasad K. Panicker
Director & Head of Refinery
DIN : 06476857
Devbhumi Dwarka, India

B. Anand
Chief Executive Officer
DIN : 00162957
Mumbai, India

Anup Vikal
Chief Financial Officer
Mumbai, India

Mayank Bhargava
Company Secretary
Thane, India
June 30, 2020