INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Great Eastern Energy Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Great Eastern Energy Corporation Limited ("the Company"), which comprise the statement of financial position as at March 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board ('IASB').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Impairment of property, plant and equipment including capital work in progress (CWIP)</u> <u>(as described in note 2.2 (i) of the financial statements)</u></td></tr>
<tr><td>The recoverability of the carrying amount of property, plant and equipment assets, including CWIP, amounting to US $ 175,821,229 is dependent upon the future cash flows of the business. During the current year, the Company flared approximately 30 % of its gas production in absence of adequate demand for gas in the Raniganj region, where these assets are located. Bearing in mind the generally long-lived nature of the Company's assets, the most critical assumption in relation</td><td>We have involved valuation experts in assessing and corroborating the assumptions used in impairment testing, the most significant of these being future short term and long term demand and prices of gas and discount rates.
We also focused on reserves and resources volumes.
We have assessed the appropriateness of management's defined cash-generating units (CGUs).
We examined the methodology used by management to assess the carrying value of property, plant and equipment including capital work in progress (CWIP) assigned to its principal</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
to management's assessment of future cash flows, which are used to project the recoverability of property, plant and equipment including capital work in progress are management's views on the sales volume and future gas price outlook.	cash-generating unit, to evaluate its compliance with accounting standards and consistency of application. • We performed detailed procedures for the assets where the need for an impairment review was identified by management and evaluated the key assumptions relating to the ongoing operation of the asset, including price, cost and reserves data. We agreed the reserves incorporated into the model to the estimates prepared by a valuation expert. • We corroborated estimates of future cash flows and challenged whether these were appropriate in light of future price and volume assumptions and the cost budgets. We checked the sensitivity analyses over inputs to the cash flow models. • We performed procedures over the completeness of the disclosures around impairment, also validating that base data used in the impairment models agreed to the underlying books and records.
Estimation of gas reserves *(as described in note 2.2 (ii) of the financial statements)*	
The estimation of gas reserves and resources is a significant area of judgement due to the technical uncertainty in assessing quantities. Reserves and resources are also a fundamental indicator of the future potential of the Company's performance.	• We assessed the competence and objectivity of the experts, to satisfy ourselves that they were appropriately qualified to carry out the volumes estimation. • We also assessed that the assumptions and methodology used by the experts to estimate the reserves and resources were made in compliance with the relevant regulations and industry practices. • We assessed that the updated reserves and resources estimates were included in the Company's consideration of impairment and in accounting for depletion of gas producing properties.

Other information included in the Company's Annual Financial Report for 2017-18

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

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

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

The partner in charge of the audit resulting in this independent auditor's report is Naman Agarwal.

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

per Naman Agarwal
Partner
Membership No.: 502405

Place: Gurugram
Date: 26 June 2018

(All amounts in US dollars unless otherwise stated)

Statement of financial position

	Note	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	130,530,941	134,369,653
Capital work-in-progress (including Wells in progress)	5	45,290,288	45,699,877
Intangible assets	6	155,367	171,097
Intangible under development	6	807,090	809,579
Prepayments	7	411,683	443,994
Trade and other receivables	8	146,376	194,146
Deferred tax asset (net)	16	212,039	1,878,127
Tax assets (net)		92,371	205,426
Total non-current assets		**177,646,155**	**183,771,899**
Current assets			
Trade and other receivables	8	1,660,965	1,334,568
Financial assets-held for trading	9a	2,839,056	-
Prepayments	7	111,555	121,793
Restricted deposits with banks	9b	921,278	1,066,674
Cash and cash equivalents	10	1,108,569	432,572
Total current assets		**6,641,423**	**2,955,607**
Total assets		**184,287,578**	**186,727,506**
Equity			
Issued capital	11	13,306,007	13,306,007
Share premium	11	91,006,858	91,006,858
Reserves	11	(24,812,966)	(23,732,556)
Retained earnings		2,391,394	700,895
Total equity attributable to equity holders of the Company		**81,891,293**	**81,281,204**
Non-current Liabilities			
Interest bearing loans and borrowings	12	85,188,897	87,701,066
Employee benefit liabilities	13	351,227	378,617
Trade and other payables	14	-	1,027,144
Provisions	15	257,381	263,234
Total non-current liabilities		**85,797,505**	**89,370,061**
Interest bearing loans and borrowings	12	6,480,475	7,330,287
Trade and other payables	14	9,279,953	7,580,731
Employee benefits	13	717,833	762,744
Income tax payable		120,519	402,479
Total current liabilities		**16,598,780**	**16,076,241**
Total liabilities		**102,396,285**	**105,446,302**
Total equity and liabilities		**184,287,578**	**186,727,506**

The accompanying notes form an integral part of the financial statements.

On behalf of Board of Directors

Yogendra Kr. Modi	**Ashok Jha**
Executive Chairman	Director
Place: Gurugram	Place: Gurugram
Date: 26 June 2018	Date: 26 June 2018

(All amounts in US dollars unless otherwise stated)

Income statement

	Note	For the year ended 31 March 2018	2017
Revenue			
Sale of gas		38,473,568	28,784,274
Other operating revenue		93,511	9,708
Other income	17	181,105	19,163
		38,748,184	**28,813,145**
Employee benefit expenses	18	(4,038,058)	(4,349,057)
Depletion, depreciation and amortisation	4,6	(4,223,696)	(3,922,363)
Other expenses	19	(12,428,454)	(11,183,194)
Exchange fluctuation gain and change in fair value of derivative instruments		(3,818,688)	1,594,511
Finance income	20	98,696	64,923
Exchange fluctuation loss and change in fair value of derivative instruments		-	(1,103,415)
Finance costs	21	(11,376,838)	(11,318,195)
		(35,787,038)	**(30,216,790)**
(Loss) / Profit before tax		**2,961,146**	**(1,403,645)**
Income tax expense			
Current tax (Minimum alternate tax)	16	(461,221)	-
Deferred tax (expense)/income	16	(1,667,511)	232,729
(Loss) / Profit for the year		**832,414**	**(1,170,916)**
Profit attributable to:			
Equity holders of the Company		**832,414**	**(1,170,916)**
Earnings per share			
Basic earnings per share	22	0.01	(0.02)
Diluted earnings per share	22	0.01	(0.02)

The accompanying notes form an integral part of the financial statements.

On behalf of Board of Directors

Yogendra Kr. Modi
Executive Chairman

Place: Gurugram
Date: 26 June 2018

Ashok Jha
Director

Place: Gurugram
Date: 26 June 2018

(All amounts in US dollars unless otherwise stated)

Statement of profit or loss and other comprehensive income

	For the year ended 31 March	
	2018	**2017**
(Loss) / Profit for the year	**832,414**	**(1,170,916)**
Other comprehensive income/ (loss)		
Other comprehensive income not to be reclassified to profit or loss in subsequent preiods (net of tax):		
Remeasurements gains (losses) on defined benefit plan	43,489	(60,281)
Foreign currency translation adjustment	(250,763)	1,811,986
Tax on remeasurement gains/ (losses) on defined benefit plan	(15,051)	20,862
Net other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent preiods (net of tax):	**(222,325)**	**1,772,567**
Total comprehensive income/ (loss) for the year, net of tax	**610,089**	**601,651**
Total comprehensive income/ (loss) attributable to:		
Equity holders of the Company	**610,089**	**601,651**

The accompanying notes form an integral part of the financial statements.

On behalf of Board of Directors

Yogendra Kr. Modi
Executive Chairman

Place: Gurugram
Date: 26 June 2018

Ashok Jha
Director

Place: Gurugram
Date: 26 June 2018

(All amounts in US dollars unless otherwise stated)

Statement of changes in equity

For the year ended 31 March 2018

	Attributable to equity shareholders of the Company					
	Issued capital	**Share premium**	**Retained Earnings**	**Foreign currency translation reserve**	**Debenture redemption reserve**	**Total equity**
Balance as at 1 April 2017	13,306,007	91,006,858	700,895	(25,700,256)	1,967,700	81,281,204
Total comprehensive income/ (loss) for the year						
Profit for the year	-	-	832,414	-	-	832,414
Other comprehensive income/(loss)	-	-	28,438	(250,763)	-	(222,325)
Total comprehensive income/(loss) for the year	**-**	**-**	**860,852**	**(250,763)**	**-**	**610,089**
Transfer to debenture redemption reserve	-	-	1,829,694	-	(1,829,694)	-
Transfer from debenture redemption reserve			(1,000,047)		1,000,047	-
Balance as at 31 March 2018	**13,306,007**	**91,006,858**	**2,391,394**	**(25,951,019)**	**1,138,053**	**81,891,293**

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(All amounts in US dollars unless otherwise stated)

Statement of changes in equity

For the year ended 31 March 2017	Attributable to equity shareholders of the Company					
	Issued capital	Share premium	Retained Earnings	Foreign currency translation reserve	Debenture redemption reserve	Total equity
Balance as at 1 April 2016	13,306,007	91,006,858	1,539,613	(27,512,242)	2,339,317	80,679,553
Total comprehensive income/ (loss) for the year						
Loss for the year	-	-	(1,170,916)	-	-	(1,170,916)
Other comprehensive income/(loss)	-	-	(39,419)	1,811,986	-	1,772,567
Total comprehensive income/(loss) for the year	**-**	**-**	**(1,210,335)**	**1,811,986**	**-**	**601,651**
Transfer from / (to) debenture redemption reserve	-	-	371,617	-	(371,617)	-
Balance as at 31 March 2017	**13,306,007**	**91,006,858**	**700,895**	**(25,700,256)**	**1,967,700**	**81,281,204**

On behalf of Board of Directors

Yogendra Kr. Modi
Executive Chairman

Place: Gurugram
Date: 26 June 2018

Ashok Jha
Director

Place: Gurugram
Date: 26 June 2018

(All amounts in US dollars unless otherwise stated)

Statement of cash flow

	For the year ended 31 March	
	2018	**2017**
A. Cash flow from operating activities		
Profit before tax	2,961,147	(1,403,645)
Adjustments for:-		
Finance cost	11,376,838	11,318,195
Finance income	(98,696)	(64,923)
Gain on mutual funds	(152,345)	-
Net foreign exchange difference	3,823,121	(1,484,476)
Loss/ (profit) on disposal of property, plant and equipment	609	(3,870)
Depreciation/amortisation/depletion	4,223,696	3,922,363
Changes in:		
(Increase) / Decrease in Trade and other receivables	(288,085)	708,098
(Increase) / Decrease in Other current assets	38,678	-
(Increase) / Decrease in Prepayments	-	(248,574)
Increase / (Decrease) in Trade and other payables	487,429	54,364
Increase / (Decrease) in Employee benefits	(43,489)	220,466
Cash generated from operating activities	**22,328,903**	**13,017,998**
Income tax paid	(631,060)	(1,358,430)
Net cash from operating activities	**21,697,843**	**11,659,568**
B. Cash flow from investing activities		
Purchase of property, plant and equipment/ capital work in progress/ intangible assets	(293,308)	(904,693)
Proceeds from sale of property, plant and equipment	5,043	8,101
Purchases of short term investments (mutual funds)	(21,236,568)	-
Proceeds from sale of short term investments (mutual funds)	18,523,867	-
Fixed deposits made during the year	(5,127,964)	(4,419,410)
Fixed deposits matured during the year	5,271,381	3,905,565
Interest received	97,565	47,514
Net cash (used in) investing activities	**(2,759,984)**	**(1,362,923)**
C. Cash flow from financing activities		
Proceeds from borrowings	581,774	8,477,985
Repayment of long term borrowings	(4,544,964)	(9,773,165)
Proceeds from short-term borrowings	263,770	2,487,506
Repayments of short-term borrowings	(2,094,647)	(447,161)
Recovery of processing fees	-	172,902
Interest paid	(11,986,708)	(10,867,277)
Net cash (used in) financing activities	**(17,780,775)**	**(9,949,210)**

(All amounts in US dollars unless otherwise stated)

Net decrease in cash and cash equivalents (A+B+C)	1,157,084	347,435
Cash and cash equivalents at 1 April	432,572	132,411
Effect of exchange rate fluctuations on cash and cash equivalents	(481,087)	(47,274)
Cash and cash equivalents at 31 March (refer note 10)	**1,108,569**	**432,572**

On behalf of Board of Directors

Yogendra Kr. Modi
Executive Chairman

Place: Gurugram
Date: 26 June 2018

Ashok Jha
Director

Place: Gurugram
Date: 26 June 2018

1. Corporate Information

Great Eastern Energy Corporation Limited ('GEECL' or 'the Company') is a Public Limited Company incorporated in India. Some of GEECL's shares are listed as Global Depository Receipts for trading on the London Stock Exchange Plc's Main Market.

The Company was incorporated in 1992 to explore, develop, distribute and market Coal Bed Methane gas or CBM gas in India. GEECL originally entered into a license agreement in December 1993 with Coal India Limited (CIL) for exploration and development of CBM over an area of approximately 210 Sq. km (approximately 52,000 acres) in the Raniganj District in the state of West Bengal (the block). The Production Sharing Contract (PSC) for the said block was entered on 9 November 2001 as a result of the granting by Government of West Bengal of the Petroleum Exploration License on the same date and provides for a five year initial assessment and market development phase, followed by a five year development phase and then a twenty-five year production phase, extendable with the approval of the Government of India (GOI).

Besides this, the Company was awarded with Mannargudi block located in Tamil Nadu under CBM IV round for which the Production Sharing Contract was signed with the Government of India on 29 July 2010. In this regard, two Petroleum Exploration License (PEL) has been granted to the Company on 13 September 2011 and 4 November 2013. The Environmental Clearance for the block was granted by the Ministry of Environment & Forest, Government of India on 12 September 2012 and the Company has applied Tamil Nadu Pollution Control Board for the their sanction to start operations in the block which is awaited. (Also see note 29)

The financial statements of the Company as at and for the year ended 31 March 2018 are available upon request from the Company's registered office at M-10, ADDA Industrial Area, Asansol-713305, West Bengal, India, or at www.geecl.com.

2. Significant accounting policies

2.1 Basis of preparation

a. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ('IASB').

   The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and assets held for trading that have been measured at fair value (refer 2.3(k)).

b. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is Indian Rupees ("Rs." or "INR"). The financial statements are presented in US Dollar (US $), which is the Company's presentation currency, which the Company considers most appropriate for its investors being an overseas listed Company.

c. The financial statements provide comparative information in respect of the previous period. In addition, the company presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statement.

d. The financial statements of the Company for the year ended 31 March 2018 have been prepared on a going concern basis. As at the balance sheet date, the Company has a negative working capital primarily as some instalments on long term loans are due for repayment in the next year. Further there have been some breaches in financial covenants attached to the loans and the Company may be liable for payment of additional interests on the same in future. However, the Company has positive net worth and has been consistently generating cash flows from operations. The Company also has cash and cash equivalents (including liquid investments) of USD 3,947,625 at year end and has prepaid some of its debts during the year. Besides, the Company has significant gas reserves/resources with a large number of wells scheduled to commence production in the next year which will increase the future cash inflows of the Company hence the Company is expecting a significant increase in its future cash inflows and therefore, the management is confident that the working capital situation will improve as per the projected growth of its business and operations. Accordingly, the Directors consider the going concern assumption as appropriate.

e. The Company does not have any subsidiary and accordingly, does not require any consolidated financial statements. Since the Company does not have any investments in associates and joint ventures also, hence these financial statements are individual financial statements.

The financial statements have been authorized for issue by the Board of Directors in their meeting held on 26 June 2018.

2.2 Use of estimates and judgments

Use of estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the paragraphs that follow.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(i) Impairment of property, plant and equipment

The Company assesses its properties, plant and equipment including related CWIP for possible impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Such indicators include changes in the Company's business plans, changes in commodity prices, changes in market size and demand, asset becoming/ remaining idle for an extended period and significant downward revisions of estimated reserve quantities etc. An impairment loss is recognized if the carrying value of an asset exceeds the higher of its fair value less costs to sell and the value in use.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future prices and volumes, the effects of inflation and technology improvements on operating expenses, production profiles, and the outlook for global or regional market supply and demand conditions for natural gas. The Company calculated the recoverable value of the Raniganj cash generating unit, having a carrying value of US$ 175,821,229 (31 March 2017: US$ 180,069,530), based on the fair value less costs of disposal approach (a level-3 valuation technique) as it more accurately reflects the recoverable amount based on our view of the assumptions that would be used by a market participant. This is based on the cash flows expected to be generated by the projected profile of gas production and sales based on current estimates of reserves and risked resources and the expected market demand. Basis the same, the Company has determined the recoverable value to be significantly higher than the carrying value.

The reserves assumptions for fair value less costs of disposal discounted cash flow tests consider all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. For the purposes of determination of recoverable value the Company has taken a gas price at Rs 21.5 (US$ 0.33) per scm [31 March 2017: Rs. 21 (US$ 0.32) per scm] based on the prevailing sales prices in the market over the entire contract period. The Company expects the volumes to increase significantly in the near future, based on its analysis of the market demand and developments in the market space. Accordingly the Company expects its sales volume to grow to 501,000 scm per day in 2018-19 and gradually to an average of 1,540,000 scm per day by 2023-24, with nominal increases thereafter, over the remaining contract life expiring in 2036. The cash flows have been discounted using the post-tax nominal discount rate of 14% (31 March 2017: 12%) derived from the post-tax weighted average cost of capital. No reasonable change in the assumptions will result in the carrying amount being higher than recoverable amount.

(ii) Gas reserves

Reserves are those quantities of hydrocarbons anticipated to be commercially recoverable by application of development projects to known accumulations from a given date onwards under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial and remaining (as of the evaluation date) based on the development projects applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

The reserves are estimated annually by the management based on internal best estimates or independent expert's evaluation, as considered appropriate.
Annual adjustments in reserves include changes in estimates, volume of produced gas as well as fresh discoveries made during the year. A reduction in the reserves would result in increased rate of depletion charge.

Refer note 2.3 (f) for the Company's policy in this regard.

Significant judgement

The company has been awarded a CBM field in Tamil Nadu which has a carrying value of USD 807,090 (previous year USD 809,579). The exploration in the said block couldn't be carried out due to concerns raised by the state government which has been challenged by the company as detailed in note 31. The company expects favorable judgement and hence concluded there are no impairment indicators in the said block.

2.3 Summary of significant accounting policies

Except as described in note 2.4 below, the accounting policies set out below have been applied consistently to all the years presented in these financial statements.

a) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

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

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Fair value measurement

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

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 is accessible by the Company.

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing 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 at fair value on a recurring basis, the

Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets.

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.

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, sales tax, returns, rebates and discounts. The following specific recognition criteria must also be met before revenue is recognized:

Sale-of-gas

Revenue from the sale of Coal Bed Methane ('CBM') and Compressed Natural Gas (CNG) in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised on sale of gas to customers at delivery point which coincides when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, there is no continuing management involvement with the products, and the amount of revenue can be measured reliably.

Income from minimum guarantee offtake

Other operating revenue in respect of minimum guarantee offtake is recognised on accrual basis as per contractual arrangements with customers.

Interest Income

Interest income is recognized on an effective interest basis. Interest income is included under the head "other income" in the Income Statement.

d) Taxes

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 in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity or in OCI is recognised in equity or in OCI, respectively and not in the statement of profit or loss. 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.

Deferred tax

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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses except 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 at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. 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 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 profit or loss is recognised outside profit or loss. 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 the same taxable entity and the same taxation authority.

e) Foreign currencies

The Company's financial statement are presented in US Dollar (US $) and the functional currency is Indian Rupees.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in Indian rupees by applying the exchange rate prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

For the purpose of conversion from the functional currency to the presentation currency, the assets and liabilities, for each balance sheet presented, are translated at the closing rate at the date of that balance sheet. Income and expense for each income statement presented are converted using a rate approximately the rate on the date of transaction and all resulting exchange differences are recognized as a separate component of equity viz, foreign currency translation reserve.

f) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgement, estimate and assumption (Note 2.2) and provisions (Note 2.3 (q)) for further information about the recognised decommissioning provision.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenditures are charged to the income statement during the financial year in which they are incurred. When any major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied and the carrying value of past such inspection costs are charged off in the income statement.

Capital work in progress/ intangible assets under development (including exploration and evaluation assets)

The following costs with respect to oil and gas extraction activities, are treated as capital work-in-progress/intangible assets under development when incurred:

i. All acquisition costs;
ii. All exploration costs; and
iii. All development costs.

All the costs other than the above are charged as expense when incurred.

The Company recognises the full eventual liability for cost relating to dismantling, abandoning and restoring well sites and other facilities, net of estimated salvage values in the period of installation of well sites and other facilities. The full eventual liability is capitalised as well in progress / producing properties with a corresponding provision for decommissioning cost.

Depletion, depreciation and amortisation

Leasehold land is amortized on a straight line basis over the period of lease, i.e., 25-99 years depending on the actual lease period.

Depreciation (other than Gas producing properties) on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company, based on technical estimates, has assessed the useful life of its fixed assets as follows:-

Useful lives estimated by the management (years)

Desktops, laptops, etc.	3
Office Equipments	5
Servers and networks	6
Motor vehicles	8
Gas Gathering Station/Others	10
Furniture & Fixture	10
PipeLine	30
Plant & Machinery	
-Cranes	8
-Drilling equipments	8
-Compressors/Cascades/Others	15
-Gas Gathering Station	25
-Drilling Rigs	30

Gas producing properties is depleted according to the 'Unit of Production' method by reference to the ratio of production in the year to the related proved developed reserves.

Proved developed reserves are estimated by the management based on internal best estimates or independent expert's evaluation as considered appropriate using the volumetric method. These estimates are reviewed at least annually.

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 income statement when the asset is derecognised.

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.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

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 income statement when the asset is derecognised.

A summary of the policies applied to the Company's intangible assets is as follows:
- Gas exploration rights are capitalized at historical costs.
- Computer software-costs associated with identifiable and unique software products controlled by the Company having probable economic benefits exceeding the costs beyond one year are recognized as intangible assets. These costs are amortized using the straight line method over their useful lives.

Particulars	**Gas exploration rights**	**Computer software**
Useful lives	Finite	Finite
Amortisation method used	Amortized on a straight line basis over the period of 25 years	Amortized on a straight line basis over the period of 5 years
Internally generated or acquired	Acquired	Acquired

h) Leases

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

Company as a lessee

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

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

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

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term

i) Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all the conditions attached to it will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Government grants relating to the purchase of property, plant and equipment are adjusted against the carrying amount of the related asset.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs also include exchange differences (both exchange gains and losses) arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Borrowing costs also includes loan amortization cost of borrowings.

k) Non-derivative financial assets and non-derivative financial liability

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

- ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. They are included in current assets except when realization is expected 12 months after the balance sheet date in which case, these are classified as non-current assets. The Company's loans and receivables comprise of 'trade and other receivables', 'deposits with banks' and 'cash and cash equivalents' on the reporting date. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and any impairment loss is required to be recognised in the income statement.

An allowance for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The allowance for impairment of the receivables reflects management's best estimate of probable losses inherent in the accounts receivable balance after considering time value of money. Management primarily determines the allowance based on the ageing of accounts receivable balances, historical write-off experience and customer credit worthiness. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. When the receivable is uncollectible, it is written off against the allowance account.

- ***Investments (Held for trading)***

Investments (held for trading) are initially recognized at fair value and subsequent to initial recognition, the fair value is reassessed at each reporting date and differences in fair value are recorded in statement of profit and loss account.

Non-derivative financial liabilities

The Company classifies non-derivative financial liabilities (comprising, loans and borrowings, other liabilities and trade and other payable) into the other financial liabilities category.

Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

l) Derecognition of financial assets and liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

A financial asset (or, where applicable, a part of a financial asset or part of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

m) Derivatives

Derivatives are initially recognised at fair value on the date the contract is entered into and subsequently remeasured at their fair value. Gains or losses arising from changes in the fair value of the derivative financial instruments are recognised in the income statement.

n) Impairment of non- financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 2.2
- Property, plant and equipment Note 2.3 (f)
- Intangible assets Note 2.3 (g)

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 fair value less costs of disposal and its value in use. The 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 group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a 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 Company bases its impairment calculation on detailed budgets and forecast calculation. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of operations are recognised in the income statement.

For tangible/intangible assets, 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 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 income statement.

o) Cash and cash equivalents

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

p) Employee benefit

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into fund maintained by the Government of India and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in income statement in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

State administered provident fund
Under Indian law, employees are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a pre-determined rate (currently 12%) of the employee's basic salary to a government recognised provident fund. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they accrue, i.e. when the services are rendered by the employees. Upon retirement or separation, an employee becomes entitled for this lump sum benefit, which is paid directly to the concerned employee by the fund.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value and reduced by the fair value of plan assets, if any. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by an actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the assets ceiling (if any, excluding interest), are recognized immediately in the Other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as expense immediately in the income statement.

Other long term employee benefits

Benefits under the Company's compensated absences constitute other long-term employee benefits.

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed by an independent actuary using the projected unit credit method. Any actuarial gains or losses are recognised in the income statement in the period in which they arise.

The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

q) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

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

Decommissioning/Site restoration liability

The Company records a provision for decommissioning/ site restoration costs of facility for the extraction of gas. The initial costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to these liabilities. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond 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 its existence in the financial statements

s) Exploration and evaluation expenditure

Exploration and evaluation cost are related to each exploration license (‘block’ or ‘production sharing contract’ or ‘permit’) are initially capitalised within ‘intangible under development’. Such exploration and evaluation cost may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling testing, directly attributable overhead and administrative expenses, including remuneration of personnel and supervisory management, and the projected cost of retiring the assets (if any), but do not include general prospecting or evaluation cost incurred prior to having obtained the legal rights to explore an area, which are expensed directly to the income statement as they are incurred.

t) Finance income

Finance income includes interest income on funds invested. Interest income is recognised as it accrues in income statement, using the effective interest method.

u) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employee.

2.4 Changes in accounting policies and disclosures

Adoption of new and revised standards and pronouncements:

The Group has adopted with effect from 01 April 2017, the following new amendments and pronouncements.

IAS 7 Statement of Cash Flows

Narrow-scope amendments: The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The required disclosure is given in note 12.

Amendments to IAS 12

Recognition of Deferred Tax Assets for Unrealised Losses: These amendments clarify that unrealised losses on debt instruments measured at fair value for financial reporting purposes but at cost for tax purposes can give rise to a deductible temporary difference and how such a temporary difference should be assessed in determining whether a deferred tax asset should be recognised. This does not have any significant impact on the amounts reported in the financial statements.

Amendments to IFRS 12 Disclosure of Interests in Other Entities issued in the Annual Improvements Cycle 2014-2016

The amendments to IFRS 12 introduced in the 2014-2016 annual improvement cycle clarify that all requirements of that Standard (other than those covered by an existing exemption from disclosure of summarised financial information on interests in subsidiaries, joint ventures and associates) apply to interests classified as held for sale or discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. This does not have any impact on the financial statements.

The Company has not early adopted any other amendments, standards or interpretations that have been issued but are not yet effective. The Company plans to adopt new amendments, standards or interpretations as and when they become they effective.

(All amounts in US dollars unless otherwise stated)

2.5 New standards and interpretations not yet adopted

Recently issued accounting pronouncements and not effective for the year ended 31 March 2018:

Standards not yet effective for the financial statements for the year ended 31 March 2018	**Effective for annual periods beginning on or after**
Amendments to IAS 40- Transfers of Investment Property	1 January 2018
Amendments to IFRS 2- Classification and measurement of Share-based payment transactions	1 January 2018
Amendments to IFRS 4- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 16 Leases	1 January 2019
Amendments to IAS 28- Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19- Plan Amendment, Curtailment or Settlement	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021

Except specifically covered below, the Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on financial statements.

IFRS 9 – Financial Instruments

In July 2014,the International Accounting Standards Board issued the final version of IFRS 9, Financial Instruments. The standard reduces the complexity of the current rules on financial instruments as mandated in IAS 39. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule based requirement of segregating embedded derivatives in financial assets and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by- share basis,to present all fair value changes from the investment in other comprehensive income.No amount recognized in other comprehensive income would ever be reclassified to profit or loss. It requires the entity, which chooses to measure a liability at fair value,to present the portion of the fair value change attributable to the entity’s own credit risk in the other comprehensive income. IFRS 9 replaces the ‘incurred loss model’ in IAS 39 with an ‘expected credit loss’model. The measurement uses a dual measurement approach, under which the loss allowance is measured as either 12 month expected credit losses or lifetime expected credit losses. The effective date for adoption of IFRS 9 is annual periods beginning on or after 1 January 2018,though early adoption is permitted.

The indicative impacts of adopting IFRS 9 on the Company are as follows. The work is ongoing and additional impacts may be identified later in the implemenatation process.

- **Classification and measurement**: IFRS 9 establishes a principle based approach for classification of financial assets based on cash flow characteristics of the asset and the business model in which an asset is held. The Company anticipates no significant changes in the classification of financial assets and liabilities under this model.

- **Impairment**: Based on Company's initial assessment, the impairment of financial assets held at amortised cost is not expected to have material impact on the Company's results, given the low exposure to counterparty default risk as a result of the credit risk management processes that are in place.
- **Hedge accounting**: The adoption of the new standard would not materially change the amounts recognised in relation to existing hedging arrangements.

IFRS 15 – Revenue from Contracts with Customers

This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most current revenue recognition guidance. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improve guidance for multiple element arrangements. The Company adopts this new Standard from April 1, 2018 onwards.

In order to identify the potential impact of the standard on the Company's financial statements, the Company has analysed its contract with its customers. The work done is focused on evaluating the contractual arrangements across the Company's principal revenue stream, particularly key terms and conditions which may impact revenue recognition.

Based on the work carried out, the overall effect of implementation of IFRS 15 is not likely to be material on the recognition and measurement of revenues, though there would be additional disclosure requirements for the Company to comply with.

The Company intends to use a modified transitional approach to implement the said standard from 1 April 2018 and hence all transitional adjustments would be recognised in other equity without restating comparative numbers and will be applied only to outstanding contracts as on the date of transition.

IFRS 16 – Leases

IFRS 16- Leases, specifies recognition, measurement and disclosure criteria for leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The new Standard will come into effect for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. The Company is in the process of evaluating the impact of the same on its financial statements.

IFRS 17 – Insurance contracts

IASB has issued IFRS 17 which deals with accounting for insurance contracts. The new standard will come into effect for annual reporting periods beginning on or after 1 January 2021. Earlier application is permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. The company presently doesn't have any insurance contracts covered in scope of this standard.

IFRIC 23 – Uncertainty over income tax treatments

The interpretation is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The Company is currently in the process of determining the potential impact of the same.

3 Financial risk management

Overview

The Company's activities are exposed it to a variety of financial risks that arise as a result of its exploration, development and production of CBM and CNG and also financing activities. These are as under:

a) Market risk
b) Credit risk
c) Liquidity risk
d) Operational risk

Risk management framework

This note presents information about the Company's exposure to each of the above risks, the Company's objectives; policies; and processes for measuring and managing such risks, and the Company's management of capital. Further, quantitative disclosures are included through these financial statements, wherever considered appropriate.

The Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company has a risk management policy including the following clauses to facilitate the Company to enter into Indian Rupee derivative transactions and arrangements pursuant to the guidelines/norms of Reserve Bank of India:

(i) The risk limit for various risk exposures.
(ii) Hedging in cases where currency of the hedge is different from the currency of the underlying exposure.
(iii) Various types of cost reduction structure as permitted and defined by the Reserve Bank of India

The Board of Directors is also responsible for reviewing and updating the risk profile, monitoring the effectiveness of the risk management framework and reviewing at least annually the implementation of the risk management policy and framework.

The purpose of the Risk Management Committee is to assist the Board in fulfilling its corporate governance in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks.

The Committee has overall responsibility for monitoring and approving the risk policies and associated practices of the Company. The Risk Management Committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

The Board of Directors approves the Risk Management Policy and associated frameworks, processes and practices of the Company. There are periodic reviews to update the policy by the Board of Directors on its own, or as recommended by the risk management committee.

The Board reviews the performance of the Risk Management Committee annually.

(All amounts in US dollars unless otherwise stated)

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. The Company's Risk management policies are to identify and analyse the risks faced by the Company, to set appropriate risk controls, and to monitor risks and adherence to market conditions and the Company's activities.

The Company has established policies covering all the financial risks, namely market risk, credit risk and liquidity risk.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in notes 2 to the financial statements.

a) Market risk

Market risk is the risk that arises from changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices and will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to interest rate risk that arises mainly from debt. The Company is exposed to interest rate risk because the fair value of fixed rate borrowings and the cash flows associated with floating rate borrowings fluctuate with changes in interest rates.

The Company is exposed to market risk with respect to change in foreign exchange rates.

i) Currency risk:

The Company's exposure to foreign currency risk arises from foreign-currency denominated liabilities on account of purchase of services and materials from foreign contractors and suppliers and foreign currency denominated borrowings. The Company does not hold any financial assets denominated in any currency other than INR.

The Company's exposure to foreign currency risk was based on the following amounts as at the reporting dates (in equivalent US dollars):

	As at 31 March 2018		
Financial liabilities	**USD**	**Euro**	**GBP**
Trade and other payables	251,406	-	21,890
Borrowings	-	25,420,082	-
	251,406	**25,420,082**	**21,890**

	As at 31 March 2017		
Financial liabilities	**USD**	**Euro**	**GBP**
Trade and other payables	259,683	-	12,474
Borrowings	-	23,432,056	-
	259,683	**23,432,056**	**12,474**

(All amounts in US dollars unless otherwise stated)

The following were the exchange rates against USD and EURO during the year:

	Average rate for the year ended 31 March		Reporting date spot rate as at 31 March	
	2018	**2017**	**2018**	**2017**
USD/INR	64.45	67.09	65.04	64.84
EUR/INR	75.42	73.61	80.62	69.25

Sensitivity analysis

A strengthening / weakening of the USD and Euro, as indicated below, against the INR as at 31 March 2018 and 31 March 2017 would have (decreased) / increased the profit before tax by the amounts shown below (without considering any consequential impact). This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant.

	For the year ended 31 March	
	2018	**2017**
5 percent strengthening of USD against INR	(12,570)	(12,366)
5 percent strengthening of EURO against INR	(1,271,004)	(1,115,812)
5 percent weakening of USD against INR	12,570	12,366
5 percent weakening of EURO against INR	1,271,004	1,115,812

Any change in the exchange rate of INR against currencies other than USD and Euro is not expected to have material impact on the Company's profit or loss.

ii) Interest rate risk

All the financial assets and financial liabilities of the Company are either interest-free or at a fixed rate of interest except for borrowings at various floating rates linked to prime lending rates of respective banks. The carrying value of these loans as at 31 March 2018 is USD 68,163,011 (31 March 2017: USD 68,280,931). Accordingly, the Company is exposed to cash flows interest rate risk on its loans.

The Company analyses its interest rate exposure regularly. Various scenarios are analysed taking into consideration such as refinancing, alternative financing, etc., based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift.

(All amounts in US dollars unless otherwise stated)

	As at 31 March	
Fixed rate instruments	**2018**	**2017**
Financial liabilities at amortised cost		
14% non-convertible redeemable debentures	11,800,941	12,557,272
Indian rupee loan	12,022,759	12,242,363
Vehicle Loan	56,527	67,721
Directors Loan	1,383,764	1,357,187
Bank Overdraft	-	513,933
Inter corporate deposits	-	1,883,065
	25,263,991	**28,621,541**
Financial assets at amortised cost		
Deposits with banks	1,039,084	-
Restricted deposits with banks	921,278	1,066,674
Net financial liabilities (fixed rate instruments)	**23,303,629**	**27,554,867**
Variable rate instruments (at amortised cost)		
Financial Liabilities at amortised cost		
Indian rupee loan	41,176,527	42,977,756
External commercial borrowing	25,228,854	23,432,056
Net financial liabilities (variable rate instruments)	**66,405,381**	**66,409,812**

Fair value sensitivity analysis for fixed rate instruments and derivative financial instruments

The Company does not account for any fixed rate financial asset and liabilities at fair value through profit or loss and the Company does not designate derivatives as hedging instruments, under fair value hedge accounting model. Therefore, change in interest rate at reporting date will not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 bps in interest rates as at the reporting dates would have decreased/ (increased) profit before tax by the amounts shown below:

As at 31 March 2018	**Impact on profit or loss**	
	100 bps increase	100 bps decrease
Indian rupee loan	427,516	(427,516)
External commercial borrowing	254,114	(254,114)

As at 31 March 2017	**Impact on profit or loss**	
	100 bps increase	100 bps decrease
Indian rupee loan	441,693	(441,693)
External commercial borrowing	233,895	(233,895)

(All amounts in US dollars unless otherwise stated)

iii) Price risk:

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for CBM and CNG gas are impacted by not only the relationship between INR and US dollars and international market prices, but also economic events that dictate the levels of supply and demand.

The company did not have any receivables or contracts as at the year-end which had a provisional price which could be affected by fluctuations.

b) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Company makes advances to suppliers and vendors in the normal course of its business and generally requires bank guarantees from them against these advances. The Company also makes advances to employees and places security deposits with related parties and restricted margin money deposits with banks. The majority of Company's sale to its customer is on credit basis. In certain cases, customer provides bank guarantees against the sale made to them. These transactions expose the Company to credit risk on account of default by any of the counterparties. Credit risk is managed through credit approvals and continuously monitoring the creditworthiness of counterparties.

The below table discloses by class of financial instruments, the maximum amounts of exposures to credit risk as at the balance sheet date without taking into account any collateral or credit enhancements.

Class of financial instrument	Description of collateral / other credit enhancements	As at 31 March 2018	As at 31 March 2017
Trade and other receivables			
Trade receivables	Bank guarantee*	1,510,646	1,278,000
Receivable on minimum gurantee offtake	Cash security	43,560	-
Unbilled revenue	None	17,416	-
Due from related parties	None	30,235	30,329
Advances to employees	None	3,767	7,634
Security deposits	None	21,891	21,959
Interest receivable	None	28,465	27,428
Others	None	56,035	64,469
		1,712,015	**1,429,819**
Bank Balances			
Balance with banks	None	1,106,925	414,500
Restricted deposits with banks	None	921,278	1,066,674
		3,740,218	**2,910,993**

* The Company holds bank guarantees against trade receivables amounting to USD 326,221 (31 March 2017: USD 126,287). The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available) or to historical information about counterparty default rates. As per the terms and condition of the agreement the Company has the right to encash bank guarantee in

(All amounts in US dollars unless otherwise stated)

case of any default. The below table provides information in that respect.

	As at 31 March	
	2018	**2017**
Trade receivables:		
Customers without external credit rating and with no defaults in the past	1,510,646	1,278,000
	1,510,646	**1,278,000**
Other receivables:		
Counterparties without external credit rating and with no defaults in the past	201,369	182,148
	201,369	**182,148**

During the year, based on specific assessment, the Company recognized bad debts and advances amounting to USD Nil (31 March 2017: USD Nil). The year-end trade receivables do not include any amount with such parties. The trade receivable include USD 205 (31 March 2017: USD 556) which is due for a period of more than six months.

c) Liquidity Risk

The Company's liquidity risk management policy involves management of short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining, banking facilities and reserve borrowing facilities by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's Finance department is responsible for managing the short-term and long-term liquidity requirements of the Company. The liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses on a regular basis. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. The Company also attempts to match its payment cycle with collection of gas revenue.

The contractual maturity profile (including interest) of the Company's obligations is as under:

As at 31 March 2018	Transaction currency	Carrying amount	Contractual maturities	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Non -derivative financial liabilities							
14% non-convertible redeemable debentures	INR	11,800,941	25,722,059	1,909,376	7,920,699	15,891,983	25,722,059
Loans and Borrowings							
Indian currency loan	INR	53,199,286	92,491,067	10,714,710	45,107,621	36,668,737	92,491,067
External Commercial Borrowing	Euro	25,228,854	33,438,886	1,857,804	8,631,254	22,949,828	33,438,886
Vehicle Loan	INR	56,527	66,785	16,736	50,048	-	66,785
Loan from Director	INR	1,383,764	1,632,841	1,632,841	-	-	1,632,841
Trade and other payable	INR	5,307,597	5,307,597	5,307,597	-	-	5,307,597
Total		**96,976,969**	**158,659,235**	**21,439,065**	**61,709,622**	**75,510,548**	**158,659,235**

(All amounts in US dollars unless otherwise stated)

As at 31 March 2017	Transaction currency	Carrying amount	Contractual maturities	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Non -derivative financial Liabilities							
14% non-convertible redeemable debentures	INR	12,557,272	16,562,569	1,830,969	14,731,601	-	16,562,569
Loans and Borrowings							
Indian currency loan	INR	55,220,119	116,339,391	9,096,418	57,700,047	49,542,926	116,339,391
External Commercial Borrowing	Euro	23,432,056	32,062,232	1,547,415	7,510,299	23,004,518	32,062,232
Vehicle Loan	INR	67,721	83,779	16,788	66,991	-	83,779
Inter corporate deposits	INR	1,883,065	1,928,876	1,928,876	-	-	1,928,876
Loan from Director		1,357,187	1,377,545	1,377,545	-	-	1,377,545
Bank overdraft	INR	513,933	513,933	513,933	-	-	513,933
Trade and other payable	INR	8,088,418	8,088,418	8,088,418	-	-	8,088,418
Total		**103,119,771**	**176,956,743**	**24,400,361**	**80,008,938**	**72,547,444**	**176,956,743**

The Company expects to generate sufficient sales volume in the coming year, due to increase in demand, which will help settle these liabilities.

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares. Total capital is the equity as shown in the balance sheet. Currently, the Company primarily monitors its capital structure in terms of evaluating the funding of potential new investments.
Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is the sum of equity and debt as shown in the Statement of financial position.

	As at 31 March 2018	As at 31 March 2017
Interest bearing loans and borrowings	91,669,372	95,031,353
Less: cash and cash equivalents	1,108,569	432,572
Net debt (A)	**90,560,803**	**94,598,781**
Total equity (B)	81,891,293	81,281,204
Total capital (C=A+B)	**172,452,096**	**175,879,985**
Capital Gearing Ratio(A/C)	**0.53**	**0.54**

Fair value estimation

The fair value of Company's financial assets and financial liabilities significantly approximate their carrying amount. Set out below is a comparison of carrying amounts and fair values by class of the Company's financial instruments.

(All amounts in US dollars unless otherwise stated)

31 March 2018	Fair value measurement hierarchy	Measurement category according to IAS 39	Carrying amount as at 31 March 2018
Financial assets:			
Held for trading	Level 1	HfT **	2,839,056
Deposits with banks(including restricted	NA	LaR *	1,960,362
Trade and other receivable	NA	LaR *	1,712,015
Cash and cash equivalents	NA	LaR *	69,485
Financial liabilities			
Borrowings	Level 3	FLaC ***	91,669,372
Trade and other payables	NA	FLaC ***	5,307,597

31 March 2017	Fair value measurement hierarchy	Measurement category according to IAS 39	Carrying amount as at 31 March 2017
Financial assets:			
Deposits with banks (including restricted	NA	LaR *	1,066,674
Trade and other receivable	NA	LaR *	1,429,819
Cash and cash equivalents	NA	LaR *	432,572
Financial liabilities			
Borrowings	Level 3	FLaC ***	95,031,353
Trade and other payables	NA	FLaC ***	8,088,418

* LaR = loans and receivables
**HfT= Held for trading
*** FLaC = financial liability at amortised cost

Fair value of above financial assets and financial liabilities approximates their respective carrying amount as at the reporting date.

Fair Values

Fair Values Carrying Amounts

The fair values of financial assets and liabilities, together with carrying amounts shown in the statement of financial position, are as follow:

(All amounts in US dollars unless otherwise stated)

Particulars	As at 31 March 2018 Carrying amount	As at 31 March 2018 Fair value	As at 31 March 2017 Carrying amount	As at 31 March 2017 Fair value
Financial assets carried at amortised cost				
Held for trading	2,839,056	2,839,056	-	-
Trade and other receivables	1,712,015	1,712,015	1,429,819	1,429,819
Deposits with banks(including restricted deposits)	1,960,362	1,960,362	1,066,674	1,066,674
Cash and cash equivalents	69,485	69,485	432,572	432,572
	6,580,918	**6,580,918**	**2,929,065**	**2,929,065**
Financial liabilities carried at amortized cost				
14% non-convertible redeemable debentures	11,800,941	11,839,431	12,557,272	11,101,400
Indian currency loan	53,199,286	53,723,224	55,220,119	54,150,467
Inter corporate deposits	-	-	1,883,065	1,883,065
External Commercial Borrowing	25,228,854	25,228,854	23,432,056	23,432,056
Trades and other payables	5,307,597	5,307,597	7,568,515	7,568,515
Director Loan	1,383,764	1,383,764	1,357,187	1,357,187
Vehicle Loan	56,527	56,676	67,721	67,721
Bank overdraft	-	-	513,933	513,933
	96,976,969	**97,539,546**	**102,599,868**	**100,074,344**

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The different levels are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Financial assets and liabilities at amortised cost:

Fair value of trade and other receivables, bank deposits, cash and cash equivalents, investments, trade and other payables has been taken as their carrying amounts due to the short term maturity. Fair value of long term debts is based on discounted cash flows, a level 3 valuation technique.

d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes; personnel; technology; and infrastructure, and from external factors (other than credit; market; and liquidity risks) such as those arising from perspective of legal and regulatory requirements and generally accepted standards of corporate behavior.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness.

The Company has an Internal Control Framework which identifies key controls and supervision of operational efficiency of designed key controls. The framework is aimed to providing elaborate system of checks and balances based on self-assessment. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements of appropriate segregation of duties, including the independent authorisation of transactions;
- requirements of reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements of periodic assessment of adequacy of controls and procedures to address the risks identified;
- requirements of reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance, where this is effective.

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(All amounts in US dollars unless otherwise stated)

4 Property, plant and equipment

	Freehold land #	Leasehold land (on finance lease)	Building *	Plant and machinery	Pipeline	Gas producing properties	Furniture, fixture & office equipment	Vehicles	Total
Carrying amount as at 1 April 2016, net of accumulated depreciation/ depletion	**687,667**	**1,505,204**	**3,333,589**	**19,604,359**	**18,351,108**	**90,844,553**	**170,221**	**171,293**	**134,667,994**
Additions during the year	-	-	21,888	343,585	115,608	62,481	2,176	78,104	623,842
Disposals/ retirements	-	-	-	(3,215)	-	-	(669)	(68,369)	(72,253)
Depreciation/ depletion charge for the year	-	(15,403)	(105,405)	(1,779,473)	(683,346)	(1,212,485)	(55,725)	(46,947)	(3,898,784)
Depreciation retirement	-	-	-	(3,054)	-	-	(17)	(64,951)	(68,022)
Exchange fluctuation	15,802	34,054	73,706	406,777	402,001	2,047,671	2,065	134,800	3,116,876
As at 31 March 2017, net of accumulated depreciation/ depletion	**703,469**	**1,523,855**	**3,323,778**	**18,568,979**	**18,185,371**	**91,742,220**	**118,051**	**203,930**	**134,369,653**
Carrying amount as at 1 April 2017, net of accumulated depreciation/ depletion	703,469	1,523,855	3,323,778	18,568,979	18,185,371	91,742,220	118,051	203,930	134,369,653
Additions during the year	-	-	-	278,460	467,176	-	6,226	-	751,862
Disposals/ retirements	-	-	-	-	-	-	-	(26,539)	(26,539)
Depreciation/ depletion charge for the year	-	(16,033)	(110,341)	(1,819,566)	(719,406)	(1,441,551)	(43,002)	(53,191)	(4,203,090)
Depreciation retirement	-	-	-	-	-	-	-	(20,888)	(20,888)
Exchange fluctuation	(2,261)	(4,443)	(9,220)	(43,119)	(53,633)	(269,033)	(30)	41,682	(340,057)
As at 31 March 2018, net of accumulated depreciation/ depletion	**701,208**	**1,503,379**	**3,204,217**	**16,984,754**	**17,879,508**	**90,031,636**	**81,245**	**144,994**	**130,530,941**
As at 31 March 2017									
Gross carrying amount	703,469	1,565,451	3,929,212	30,034,994	24,425,610	96,989,997	496,808	506,206	158,651,747
Accumulated depreciation	-	(41,596)	(605,434)	(11,466,015)	(6,240,239)	(5,247,777)	(378,757)	(302,276)	(24,282,094)
Net Carrying amount	**703,469**	**1,523,855**	**3,323,778**	**18,568,979**	**18,185,371**	**91,742,220**	**118,051**	**203,930**	**134,369,653**
As at 31 March 2018									
Gross carrying amount	701,208	1,560,735	3,917,130	30,218,570	24,813,438	96,691,748	501,449	478,351	158,882,629
Accumulated depreciation	-	(57,356)	(712,913)	(13,233,816)	(6,933,930)	(6,660,112)	(420,204)	(333,357)	(28,351,688)
Net carrying amount	**701,208**	**1,503,379**	**3,204,217**	**16,984,754**	**17,879,508**	**90,031,636**	**81,245**	**144,994**	**130,530,941**

(All amounts in US dollars unless otherwise stated)

* Building includes premises acquired for USD 93,865 (31 March 2017: USD 94,155) which are yet to be registered in the name of the Company.

Well capitalization

During the year ended 31 March 2018, the Company has not capitalized any well (31 March 2017: Nil). All exploration/development cost involved in drilling, cementing, fracturing and drilling of exploratory core holes are initially considered as wells in progress (included in capital work-in-progress) till the time these are ready for commercial use when they are transferred to producing properties.

Depletion: Commercially producing wells are depleted using unit of production method, based on related proved developed reserves. Proved developed reserves of gas per well are technically re-assessed, ‘in house’ or by an independent expert, as considered appropriate, at least annually, based on technical data available.

Refer note 12 of security details.

5 Capital work-in-progress (CWIP) (including Wells in progress)

	As at 31 March	
	2018	**2017**
Opening balance	**45,699,877**	**44,483,258**
Additions during the period	165,755	194,410
Capitalisation	(437,279)	-
Effect of movement in foreign exchange rates	(138,065)	1,022,209
Closing balance	**45,290,288**	**45,699,877**

Note:-
a. Management based on independent assessment of the wells in progress, is confident of putting the same to commercial production.

b. As at 31 March 2018, CWIP includes advances to capital equipment supply vendors amounting to USD 238,653 (31 March 2017: USD 213,576). Balance amount of CWIP represents value of wells in progress.

c. Refer note 12 for security details.

(All amounts in US dollars unless otherwise stated)

6 Intangible assets

	Gas Exploration Right	Computer Software	Other Intangibles	Intangible under development*	Total
As at 31 March 2016, net of accumulated amortization	**147,956**	**39,467**	**3,680**	**791,393**	**982,496**
Additions during the year	-	-	-	-	-
Amortisation charge for the year	(8,943)	(12,630)	(2,006)	-	(23,579)
Exchange fluctuation	3,089	469	15	18,186	21,759
As at 31 March 2017, net of accumulated amortization	**142,102**	**27,306**	**1,689**	**809,579**	**980,676**
Additions during the year	-	5,263	-	-	5,263
Amortisation charge for the year	(9,309)	(10,822)	(475)	-	(20,606)
Exchange fluctuation	(352)	(35)	-	(2,489)	(2,876)
As at 31 March 2018, net of accumulated amortization	**132,441**	**21,712**	**1,214**	**807,090**	**962,457**
As at 31 March 2017					
Cost	217,457	251,204	89,946	809,579	1,368,186
Accumulated amortization	(75,355)	(223,898)	(88,257)	-	(387,510)
Net carrying amount	**142,102**	**27,306**	**1,689**	**809,579**	**980,676**
As at 31 March 2018					
Cost	216,790	255,646	89,670	807,090	1,369,196
Accumulated amortization	(84,349)	(233,934)	(88,456)	-	(406,739)
Net carrying amount	**132,441**	**21,712**	**1,214**	**807,090**	**962,457**

Refer note 12 for security details.

*Intangible under development represents cost incurred on Mannargudi block located in Tamil Nadu. Also refer note 29 of the financial statements.

7 Prepayments

	As at 31 March 2018	As at 31 March 2017
Non-financial assets		
Prepayments for leasehold land	352,061	361,230
Prepaid expenses	171,177	204,557
	523,238	**565,787**
Less: Non current portion		
- Prepayments for leasehold land	343,955	353,099
- Prepaid expenses	67,728	90,895
Total non-current portion	**411,683**	**443,994**
Current portion	**111,555**	**121,793**

(All amounts in US dollars unless otherwise stated)

Prepayment for leasehold land primarily represents payments made for taking different pieces of land on lease for 25-59 years for the Company's site at Asansol, West Bengal, India. An amount of USD 8,181 (31 March 2017: USD 7,812) representing amortisation for the current year has been charged in the income statement.

Prepaid expenses include an amount of USD 30,235 (31 March 2017: USD 30,329) on account of rent paid in advance to a related party, YKM Holdings Private Limited (refer note 26).

Refer note 12 for security details.

8 Trade and other receivables

		As at 31 March 2018	As at 31 March 2017
Financial assets			
Trade receivables		1,510,646	1,278,000
Receivable towards minimum gurantee offtake		43,560	-
Unbilled revenue		17,416	-
Receivable from related parties (refer note 26)		30,235	30,329
Advances to employees		3,767	7,634
Security deposits		21,891	21,959
Interest receivable		28,465	27,428
Other receivable		56,035	64,469
	(A)	**1,712,015**	**1,429,819**
Non-financial assets			
Service tax receivable		-	3,275
Amount deposited with Government agencies under protest		95,326	95,620
	(B)	**95,326**	**98,895**
Total trade and other receivables		**1,807,341**	**1,528,714**
Less: Non current portion:			
Receivable from related parties		30,235	30,329
Advances to employees		77	1,080
Security deposits		21,891	21,959
Amount deposited with Government agencies under protest		76,876	95,620
Other receivable		17,297	45,158
Total non-current portion		**146,376**	**194,146**
Current portion		**1,660,965**	**1,334,568**

Notes:

a. Trade receivables are interest bearing post the normal credit period of 3 to 15 days. Post credit period, interest is charged @ 18% p.a.

b. The Company has obtained bank guarantee from customers in respect of trade receivables amounting to USD 326,221 (31 March 2017: USD 126,287).

c. The ageing analysis of trade receivables is, as follows.

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**< 30 days**	**30-180 days**	**180-365 days**	**>365 days**
31-Mar-18	1,572,020	1,571,643	31	141	14	191
31-Mar-17	1,278,000	1,277,244	10	190	245	311

d. See note 3 (b) on credit risk of trade receivables, which explains how the Company manages and measures credit quality of trade receivable that are neither past due nor impaired.

e. The carrying amount of trade and other receivables are all denominated in INR.

f. The other classes within trade and other receivables do not contain impaired assets.

g. The fair value of the financial trade and other receivables approximates their carrying value in the Balance Sheet.

h. The security deposits have not been discounted to their present value as the impact of the discounting is not expected to be material.

i. Refer note 12 for security details.

9a Financial assets – Held for trading

	As at 31 March	
	2018	**2017**
Investments		
Investment carried at fair value through profit and loss		
Investment in mutual funds - Quoted		
ICICI Prudential Money market fund - Direct plan - Growth - 767,897 (31 March 2017: Nil) units of market value USD 3.70 each)	2,839,046	-
ICICI Prudential liquid fund - Daily dividend - 6.250 (31 March 2017: Nil) units of market value USD 1.54 each)	10	-
	2,839,056	**-**

9b Restricted deposits with banks

	As at 31 March	
Financial assets	**2018**	**2017**
Fixed deposits held as margin money	921,278	1,066,674
Total non-current portion	-	-
Current portion	921,278	1,066,674

All the restricted fixed deposits are denominated in INR.

These fixed deposits earn fixed interest at the respective bank deposit rates. These are margin money against debenture redemption, security release by bank and against bank guarantee issued by bank on behalf of the Company. Restrictions on such deposits are released on the expiry of terms of respective arrangements.

10 Cash and cash equivalents

	As at 31 March	
	2018	**2017**
Financial assets		
Cash in hand	1,644	2,265
Cheques in hand	-	15,807
Cash at banks	67,841	414,500
Deposits with original maturity of less than 3 months	1,039,084	-
	1,108,569	**432,572**

a. Cash at banks is non-interest bearing.
b. Deposits earn fixed interest at the respective bank deposit rates.
c. The carrying amounts of cash and cash equivalents are representative of their fair values as at the respective balance sheet dates. The same has been considered as cash and cash equivalent for the purpose of the statement of cash flows. The carrying amounts of the cash and cash equivalents are all denominated in INR.

11 Issued capital and reserves

Share capital

	As at 31 March	
	2018	**2017**
Authorised shares		
70,000,000 (31 March 2017: 70,000,000 ordinary shares of INR 10 (equivalent to USD 0.22) each	15,857,418	15,857,418
	15,857,418	**15,857,418**
Shares issued, subscribed and fully paid		
59,561,950 (31 March 2017: 59,561,950 ordinary shares of INR 10 (equivalent to USD 0.22) each	13,306,007	13,306,007
	13,306,007	**13,306,007**

The Company has only one class of equity shares, having a par value of Rs.10 per share (USD 0.22). Each shareholder is eligible to one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(All amounts in US dollars unless otherwise stated)

43,193,995 equity shares (72.52% of total number of equity shares) represent 86,387,990 Global Depository Receipts (GDR) [31 March 2017: 43,193,995 equity shares (72.52% of total number of equity shares) represent 86,387,990 GDRs]. 2 GDRs are equivalent to 1 fully paid equity share of Rs. 10 (USD 0.22) each. The individual GDR holder do not have direct right to either attend the shareholder's meeting or vote therein. They are represented by the depository who represents the GDR holders at shareholder's meetings and votes on their behalf.

Nature and purpose of reserves

Share premium

Share premium represents the premium paid by the shareholders on issue of shares and net of equity transaction cost. Under the Indian Companies Act, such a reserve has a restricted use like issuance of bonus shares, etc.

Debenture redemption reserve

Debenture redemption reserve represents the reserve created for the redemption of debentures issued during the financial year 2013-14. Under the Indian Companies Act, such a reserve has a restricted use until the redemption of debentures and necessary additions are made basis maturity profile of the debentures.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of these financial statements from functional currency to presentation currency

12 Borrowings (including accrued interest)

	As at 31 March	
Financial liabilities	**2018**	**2017**
Non-current		
14% non-convertible redeemable debentures	11,546,328	12,514,089
Indian rupee loan	49,192,906	52,657,306
External commercial borrowing	24,405,793	22,473,340
Vehicle loan	43,870	56,331
Total non-current	**85,188,897**	**87,701,066**
Current		
14% non-convertible redeemable debentures	254,613	43,183
Indian rupee loan	4,006,380	2,562,813
Directors loan	1,383,764	1,357,187
Bank Overdraft	-	513,933
Inter corporate deposits	-	1,883,065
External commercial borrowing	823,061	958,716
Vehicle loan	12,657	11,390
Total current	**6,480,475**	**7,330,287**

(All amounts in US dollars unless otherwise stated)

Details of effective interest rates of loans and borrowings are given below:-

Category of loan	Currency	Maturity	As at 31 March 2018	As at 31 March 2017
Non-Convertible redeemable debentures [refer (a) below]	INR	31-Mar-30	14.28%	14.79%
External commercial borrowing [refer (b) below]	Euro	31-Mar-30	Margin 4.372% + 6 month Euribor	Margin 4.472% + 6 month Euribor
Indian rupee loan [refer (c) below]	INR	31-Mar-30	Respective bank base rate + 3%, 2.5%, 2.55%, approximately 12.30%	Respective bank base rate + 3%, 2.5%, 2.55%, approximately 12.30%
Indian rupee loan [refer (d) below]	INR	31-Mar-22	Base rate + 4.80%	Base rate + 4.80%
Indian rupee loan [refer (e) below]	INR	05-Sep-27	15.26%	15.26%
Indian rupee loan [refer (f) below]	INR	08-Apr-21	13.40%	13.40%
Indian rupee loan [refer (g) below]	INR	31-Mar-23	Bank base rate + 3.20%	Bank base rate + 3.20%
Indian rupee loan [refer (h) below]	INR	31-May-21	15.35%	15.35%
Vehicle loan [refer (i) below]	INR	10-Mar-22	8.79%	8.79%

(a) 14% non-convertible redeemable debentures of Rs. 1,000,000 each, redeemable at face value, were allotted during the year ended 31 March 2014.

During the financial year 2017-18, the Company opted for a scheme under RBI guidelines as “Flexible Structuring of Long Term Project Loans to Infrastructure and Core Industries”. Under the Scheme, the existing lender assessed that the Company is complying with all conditions as required as well as the Project is fundamentally, operationally and economically viable and capable of servicing loans over the extended period. So, the lender has extended the debentures for USD 12,730,627 (Rs. 828,000,000) upto March 2030.

The debentures are secured by way of pari-passu charge created as under:

i) First ranking mortgage and charge over all the immovable and movable properties of the Company, both present and future, including without limitation, the land pertaining to the CBM Project save all immoveable properties of the Company situated at Mouza Ishwarpura, Taluka Kadi, District Mehsana, Gujarat;

ii) First charge by way of hypothecation over all movable assets in relation to the CBM Project including, without limitation plant and machinery, machinery spares, tools and accessories, both present and future related to the CBM Project;

iii) First ranking charge over the Participating Interest of the Company under the Product Sharing Contract (“PSC”);

iv) Assignment of (a) all the Project Documents in relation to the Contract Area or the intended CBM Project at Raniganj Block, (b) all rights, titles, interests, benefits, claims, whatsoever of the Company, in all Project Documents, Insurances, Clearances and all interests of the Company relating to the CBM Project including without limitation any letter of credit, guarantee or performance bond provided by any party under the Project Documents and all rights, titles, interests, benefits, claims, whatsoever of the Issuer on the PSC;

v) First charge on all book debts, operating cash flows, commissions, all revenues, receivables and other current assets of the Company from or in relation to the CBM Project of whatsoever nature and whenever arising, both present and future, tangible and intangible assets, including, without limitation any know how rights, patents and the goodwill, related to the CBM Project, both present and future; and

vi) First charge on all the Company's bank accounts including, without limitation, project capex account, Trust and Retention Account and the Accounts to be established by the Company in consultation with the lenders and the Debenture Trustee and each of the other accounts required to be created by the Company in accordance with the Finance Documents and under any project document or contract and all moneys lying therein and/or to be credited therein.

The company has prepaid part of the debentures during the current year.

(b) During the year ended 31 March 2011, the Company had been sanctioned External Commercial Borrowings ('ECB') facility of EUR 36.50 million from ICICI Bank Ltd., Bahrain. Out of the sanctioned facility, the Company had drawn EUR 22.10 million on 29 December 2010, EUR 10 million on 7 July 2011 and Euro 4.40 million on 19 April 2012.

During the financial year 2016-17, the Company opted for a scheme under RBI guidelines as "Flexible Structuring of Long Term Project Loans to Infrastructure and Core Industries". Under the Scheme, the existing banks assessed that the Company is complying with all conditions as required as well as the Project is fundamentally, operationally and economically viable and capable of servicing loans over the extended period. So, the bank has extended the loan for Euro 21,900,000 upto March 2030.

The Company has hypothecated the following assets as security by way of a first charge in favour of the lender:

i) All rights, titles, interest, benefits, claims and demands whatsoever of the borrower, in, to, under and/or in respect of the project documents and the clearances (both of the above hereinafter referred to as the "Contracts") whether now executed/ received or hereafter executed/ received and delivered, including without limitation, the right to compel performance thereunder, and to substitute, or to be substituted for, the borrower thereunder, and to commence and conduct either in the name of the borrower or in its own name or otherwise any proceedings against any person in respect of any breach of, the contracts and, including without limitation, rights and benefits to all amounts owing to, or received or recovered by, the borrower and all claims thereunder and all other claims of the borrower under or in any proceedings against all or any such persons and together with the right to further assign any of the contracts (collectively, the " First Hypothecated Properties");

ii) All and singular the moveable properties, accounts, plant and machinery, all other tangible moveable assets (both present and future) and in particular including, without limitation, all moveable plant and machinery (whether attached or otherwise), hardware, computer software, interface software, wiring, electronics spares, machinery spares, tools, meters, telephones, motor vehicles, accessories and all other equipment, whether installed or not and whether lying loose or in cases or which are lying or are stored in or to be stored in or to be stored in or to be brought upon the project site or into any of the borrower's premises, warehouses, stockyards and godowns or those of the borrower's agents, affiliates, associates or representatives or at various work sites, or at any place or places wherever else situated or wherever else the same may be whether now belonging to or that may at any time during the continuance of this deed belong to the borrower and/or that may at present or hereafter be held by any party anywhere to the order and disposition of the borrower or in the course of transit or delivery and all replacements, conversions, realization or otherwise howsoever together with all benefits, rights, and all incidentals attached thereto which are now or shall at any time hereafter be owned by the borrower and the uncalled capital, intellectual property/ intellectual property rights, goodwill, permitted investments, and all the other investments, rights, title and interest in the undertakings of the borrower and all rights, title interest, property, claims, and demand, whatsoever of the borrower up to and upon the same whether presently in existence, constructed or acquired hereafter (collectively, the second " Second Hypothecated Properties");

iii) All amounts, revenues, receipts and other receivables owing to, and received by, the Company from whosoever person, all rights, titles, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all amounts owing to and received by, the Company from whomsoever person, including any amounts received by the Company under contract guarantees, performance bonds, letter of credit or receivables from the shareholders of the Company or otherwise, which description shall include all properties of the above description, including the accounts in which such amounts are held (including the Project Accounts), whether presently in existence or acquired hereafter, but excluding the Distribution Account (collectively the "Third Hypothecated Properties");

iv) All amounts, revenues, receipts owing to/receivable and/or received by, the Company in relation to the Project or otherwise and all rights, titles, interest, benefits, claims and demands whatsoever of the Company in to or in respect of all amounts owing to/receivable and/or received by, the Company, both present and future, which description shall include all properties of the above description whether presently in existence or acquired hereafter (collectively, the "Fourth Hypothecated Properties"); and

v) All the other moveable assets of the Company both present and future including the Distribution Account [other than the property effectively charged pursuant to the provisions of Sub-clause (i) through (iv) above], (collectively the "General Assets") provided that the charge created over the General Assets shall rank as a floating charge and shall not hinder the Company from dealing with the same or any part thereof in the ordinary course of its business in accordance with the terms of the Financing Documents and free of liens in each case unless the dealings have been restricted in accordance with the terms or its Deed or otherwise or the charge gets converted into a fixed charge and subject to and only as expressly permitted by the Financing Documents. The Company shall not, without the prior written consent of the lender, create or attempt to create any mortgage, charge, lien, pledge or hypothecation upon the General Assets.

The security interest created by the Company in favour of the lender on the hypothecated property by the deed rank pari passu with the security interest created/ to be created in favour of existing lenders and parallel lenders.

The company has prepaid part of the loan during the current year.

(c) During the year ended 31 March 2012, the Company had been sanctioned Rupee Term Loan Facility equivalent to USD 37,669,126 (Rs. 2,450,000,000) from consortium of banks. The Company has drawn USD 36,687,609 (Rs. 2,386,162,091). As per the credit arrangement letter, the facility shall be secured by first ranking charge/ hypothecation/ mortgage/ assignment/ pledge/ security/ interest on the following, related to the project:

During the financial year 2016-17, the Company opted for a scheme under RBI guidelines as "Flexible Structuring of Long Term Project Loans to Infrastructure and Core Industries". Under the Scheme, the existing banks assessed that the Company is complying with all conditions as required as well as the Project is fundamentally, operationally and economically viable and capable of servicing loans over the extended period. So, all the consortium banks extended all Project loans of USD 28,440,012 (Rs. 1,849,738,396) upto March 2030.

i) All the immovable properties (including leasehold rights in case of leasehold land) and assets of the borrower, present and future, in relation to the CBM project and all immoveable properties of the borrower situated at Mouza Ishwarpura, Talukda Kadi, District Mehsana, Gujarat;

ii) All the borrower's movable properties and assets (including intangible assets) in relation to the CBM project, present and future, including but not limited to plant and machinery, machinery spares, tools, spares, accessories and current assets;

iii) All book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising of the borrower and all intangibles, goodwill, uncalled capital of the borrower, present and future, relating to the CBM project;

iv) All accounts of the borrower wherever maintained, present and future, including but not limited to the Trust and Retention Account together with all accounts/ sub-accounts thereof, including Debt Service Reserve Account; and

v) All rights, title, interest, benefits, claims and demands whatsoever of the borrower, present and future, in, to and in respect of the project documents including (but not limited to) all insurance contracts, clearances and CBM contract(s), and any letters of credit, guarantees or performance bonds provided by any party to any project documents in favour of the Borrower and all benefits incidental thereto.

The aforesaid security will rank pari passu with the security interest created/ to be created in favour of participating lenders.

(d) Secured Indian Rupee loan equivalent to USD 9,225,093 (Rs. 600,000,000) repayable in 14 variable quarterly instalments starting from 31 December 2018. The same is secured by first ranking mortgage/charge/security interest on a pari passu basis on the following

i) All the immovable properties and movable properties and assets related to CBM block in West Bengal, both present and future;

ii) All rights, title, interest, benefits, claims and demands whatsoever of PSC of CBM block in West Bengal; and

iii) All the revenues and receivables of the company

(e) Unsecured Indian Rupee loan is secured by first charge by way of mortgage of plot owned by YKM Holdings Private Limited and situated at Shivaji Marg, Rangpuri, New Delhi.

(f) Unsecured Rupee Term loan of USD 1,383,764 (Rs. 90,000,000) is repayable in 60 equal installments commencing from 8 May 2016. As per the credit arrangement letter, the facility shall be secured by the following:

i) First charge by way of mortgage of office space admeasuring 7,138 sqft. owned by YKM Holdings Private Limited and situated at Gurgaon (Haryana);

ii) Personal guarantee of Mr. Yogendra Kr. Modi, Mr. Prashant Modi and YKM Holdings Pvt. Ltd.; and

iii) Demand promissory note for the principal and the interest repayment.

(g) Secured Indian Rupee loan of USD 7,687,577 (Rs. 500,000,000) is repayable in 25 quarterly installments commencing from 31 March 2017. As per the credit arrangement letter, the facility shall be secured by first ranking charge/ hypothecation/ mortgage/ assignment/ pledge/ security/ interest on the following, related to the project:

i) All the current assets of the borrower in favour of bank on pari passu basis to the CBM project without limitation non-convertible debenture holder of the borrower;

ii) All the immovable properties of the borrower in favour of bank on pari passu basis to the CBM project without limitation non-convertible debenture holder of the borrower;

iii) All the participating interest and projects documents under the contract for exploration of CBM with Ministry of Petroleum and Natural Gas, Government of India in favour of bank on pari passu basis without limitation non-convertible debenture holder of the borrower; and

iv) First charge on fixed deposit amounting to USD 38,437 (Rs. 2,500,000).

(h) During the financial year 2016-2017, the Company had been sanctioned Rupee Term Loan Facility equivalent to USD 7,687,577 (Rs. 500,000,000). The Company has drawn USD 6,150,061(Rs. 400,000,000). The above term loan is repayable in 36 monthly installments commencing from 30 June 2018. As per the credit arrangement letter, the facility shall be secured by first ranking charge/ hypothecation/ mortgage/ assignment/ pledge/ security/ interest on the following, related to the project:

i) First pari-passu charge over all the immovable properties of the company including all that piece and parcels of land in relation to CBM project in the state of West Bengal together with building, plant and machinery and all present and future erections, constructions, structures of any nature over / under / in relation to aforesaid land;

ii) First pari-passu charge over all movable fixed and current assets (both present and future) of the borrower including without limitation in relation to the CBM projects;

iii) First pari-passu charge on all rights, title, interest and entitlements in relation to the CBM projects;

iv) First pari-passu charge on all rights, title, interest, benefits, claims and demands of the borrower in the project documents viz. PSC etc relating to CBM projects;

v) First pari-passu charge on TRA Account;

vi) Personal guarantee by the Promoter, Mr. Y K Modi;

vii) Assignment by way of security of insurance policies in relation to all the aforesaid assets;

(All amounts in US dollars unless otherwise stated)

viii) Demand Promissionary Note and Letter of Continuity for the Facility;

(i) Vehicle loan is secured by way of hypothecation of specific vehicle.

(j) Company has availed an unsecured loan from directors carrying an interest of 18% p.a. and payable monthly.

(k) Movement in net debts

	Debt carrying value		
	Debt due within one year	**Debt due after one year**	**Total net debt**
At 1 April 2016	**19,602,054**	**73,698,250**	**93,300,304**
Cash Flow	(13,014,059)	13,759,224	745,165
Other non-cash changes*	264,084	761,813	1,025,897
Foreign exchange currency translation differences	478,208	(518,221)	(40,013)
At 1 April 2017	**7,330,287**	**87,701,066**	**95,031,353**
Cash Flow	767,144	(6,561,211)	(5,794,066)
Other non-cash changes*	(632,948)	797,473	164,525
Foreign exchange currency translation differences	(984,008)	3,251,568	2,267,560
At 31 March 2018	**6,480,475**	**85,188,897**	**91,669,372**

*Other non-cash changes represents interest accretion on debts and movement from current to non-current portion of borrowing due to extension of repayment period.

13 Employee benefit liabilities

	As at 31 March	
	2018	**2017**
Gratuity payable (defined benefit plan)	466,177	499,970
Compensated leave payable	602,883	641,391
	1,069,060	**1,141,361**
Less: Non current portion	351,227	378,617
Current portion	**717,833**	**762,744**

The following tables summarize the components of gratuity expense recognised in the income statement and the other comprehensive income and the amounts recognised in the balance sheet for the respective plans

	For the year ended 31 March	
	2018	**2017**
Current service cost	45,157	52,524
Interest cost on benefit obligations	36,026	26,045
Actuarial remeasurements recognised in the year	(43,489)	60,281
	37,694	**138,850**
Charged to the income statement	81,183	78,569
Charged to other comprehensive income	(43,489)	60,281
	37,694	**138,850**

(All amounts in US dollars unless otherwise stated)

Changes in the present value of the defined benefit obligation are as follows:

	As at 31 March	
	2018	**2017**
Opening defined benefit	499,970	354,204
Current service cost	45,157	52,524
Interest cost	36,026	26,045
Actuarial (gains)/ losses arising from		
- experience adjustment	(43,489)	60,281
Exchange fluctuation	(1,242)	12,756
Benefits paid	(70,245)	(5,840)
Closing defined benefit obligation	**466,177**	**499,970**

Gratuity is an unfunded obligation and accordingly disclosures with respect to the plan assets are not applicable.

The principal actuarial assumptions used for gratuity were as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Salary growth	6.00%	6.00%
Inflation factor	6.00%	6.00%
Discount rate	7.70%	7.50%
Mortality rates have been taken as per	IALM Ultimate 2006-2008	IALM Ultimate 2006-2008

The Actuarial valuation is carried out annually by an independent actuary. The discount rate used for determining the present value of obligation under the defined benefit plan is determined by reference to market yields at the end of the reporting period on Indian Government Bonds. The currency and the term of the Government Bonds are consistent with the currency and term of the defined benefit obligation.

The salary growth rate takes into account inflation, seniority, promotion and other relevant factor on long term basis.

Sensitivity analysis

Reasonably possible changes at the reporting date to the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(All amounts in US dollars unless otherwise stated)

As at 31 March 2018

	1% increase	1% decrease
Discount rate	(113,263)	139,960
Future salary growth	140,109	(115,168)
Withdrawal rate	27,503	(18,335)

As at 31 March 2017

	1% increase	1% decrease
Discount rate	(58,447)	72,417
Future salary growth	72,354	(59,337)
Withdrawal rate	13,834	(9,223)

Compensated absences plan

The liability for the compensated absences plan is USD 602,883 (31 March 2017: USD 641,391). During the year, USD 6,159 (31 March 2017: USD 92,544) has been charged to income statement on account of the compensated absences plan.

Other employee benefit contribution plan:

Defined contribution plans - Provident fund

The liability for provident fund payable is USD 32,809 (31 March 2017: USD 38,543). The Company contributed USD 212,045 (31 March 2017: USD 223,692) to the Provident fund which has been charged to income statement.

14 Trade and other payables

		As at 31 March	
		2018	**2017**
Financial liabilities			
Trade payables for goods and services		3,123,118	3,544,547
Payable to related parties (refer note 25)		624,943	524,828
Employee benefit liability		249,367	568,330
Security deposits		264,827	347,232
Payable on settlement of Derivative Liability		1,023,985	3,081,431
Other liabilities		21,357	22,050
	(A)	**5,307,597**	**8,088,418**
Non-financial liabilities			
Statutory dues		248,555	429,773
Advances from customers		3,723,801	89,684
	(B)	3,972,356	519,457
	(A+B)	**9,279,953**	**8,607,875**
Less: Non current portion:			
Payable on settlement of Derivative Liability		-	1,027,144
Current portion		**9,279,953**	**7,580,731**

Terms and conditions of the above financial liabilities:

- Trade payable, capital creditors and other liabilities are non-interest bearing and repayable within 60 days.
- For terms and conditions with related parties, refer to note 25.
- For explanations on the Company's liquidity risk management process, refer to note 3 (c).
- The carrying amounts of trade and other payables approximate their fair values at the respective reporting dates.
- Except for financial liabilities of USD 251,406 (31 March 2017: USD 259,683) and GBP 15,428 (31 March 2017: GBP 10,000), all other trade and other payables are denominated in INR.
- Security deposits have been received from contractors and are repayable on demand and do not carry interest.
- Employee benefit liabilities are payable over the next 0-180 days without interest.
- The company has settled derivative liabilities and has agreed a repayment schedule of 6 quarterly installments upto September 2018. These have been accounted for initially at fair value and subsequently at amortised cost.

(All amounts in US dollars unless otherwise stated)

15 Provisions

Movement in provision for site restoration

	As at 31 March	
	2018	**2017**
Opening balance	**263,234**	**170,888**
Addition during the year	-	72,782
Effect of discounting	5,090	12,672
Effect of movement in foreign exchange rates	(10,943)	6,892
Closing balance	**257,381**	**263,234**
Less: Non current portion	257,381	263,234
Current portion	-	-

A provision for restoring the land back to its originality is created by way of site restoration costs, on a well by well basis. Such expenses are provided when the wells have been drilled substantially. These are expected to be incurred when the Company has commercially exploited the proved reserves of the well or when a well which has been drilled, has been declared as dead.

16 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same authority.

The break-up of deferred tax assets and liabilities is as follows:

	As at 31 March	
	2018	**2017**
Deferred tax liabilities:		
Deferred tax liabilities	25,534,026	22,924,206
Deferred tax assets:		
Deferred tax assets	(25,746,065)	(24,802,333)
Deferred tax (Assets) / liabilities (net)	**(212,039)**	**(1,878,127)**

(All amounts in US dollars unless otherwise stated)

The gross movement on deferred income tax account is as follows:

	Property, plant and equipment
Deferred tax liabilities	
At 1 April 2016	**20,183,976**
Additions/ (reversal) during the year	2,200,065
Exchange differences	540,165
At 31 March 2017	**22,924,206**
Additions/ (reversal) during the year	2,704,914
Exchange differences	(95,094)
At 31 March 2018	**25,534,026**

Particulars	Employee benefits	Unabsorbed tax losses/ unabsorbed depreciation	Provision for loss on derivative instruments	Others	Minimum alternate tax (MAT)	Total
Deferred tax assets						
At 1 April 2016	**203,834**	**13,946,786**	**958,903**	**73,298**	**6,580,595**	**21,763,416**
Additions/(reversals) during the year	72,893	3,328,804	(948,040)	-	-	2,453,656
Exchange differences	7,213	436,004	(10,863)	1,684	151,222	585,261
At 31 March 2017	**283,940**	**17,711,594**	**-**	**74,982**	**6,731,817**	**24,802,333**
Additions/(reversals) during the year	(10,676)	575,268	-	3,526	461,219	1,029,337
Exchange differences	(776)	(59,682)	-	(263)	(24,884)	(85,605)
At 31 March 2018	**272,488**	**18,227,180**	**-**	**78,245**	**7,168,152**	**25,746,065**

Additions / reversals during the year in deferred tax assets and liabilities have been recognised in the income statement except for a tax credit of USD (15,051) (previous year tax charge of USD 20,862) on employee benefits which has been recorded in OCI.

MAT assets represents tax paid to the Indian government which are allowed to be set off against regular tax liabilities in future years. The period of origination and carryforward are as below:

Amounts in USD	Year of origination	Available for utilization till
491,703	2012-13	2027-28
3,337,983	2013-14	2028-29
2,647,582	2014-15	2029-30
233,846	2015-16	2030-31
457,037	2017-18	2032-33
7,168,152		

The Company basis its current business plan is hopeful of realizing the same in the available carry forward period.

The tax expense in the income statement for the year differs from the standard tax rate of corporate tax in India.

Reconciliation between tax (expense) income and the product of accounting profit (loss) multiplied by India's standard corporate tax rate of 34.608% (31 March 2017: 33.063%) is as follows:

(All amounts in US dollars unless otherwise stated)

	For the year ended 31 March	
	2018	2017
(Loss) / profit before tax:	2,961,146	(1,403,645)
Tax credit/ (expense) at domestic tax rate	(1,024,793)	464,087
Tax effects of:		
- Non-deductible expenses	(60,266)	(106,301)
- True up effect	123,544	
- Carried forward tax losses lapsed	(1,182,268)	(104,195)
Tax (charge) / income	**(2,143,783)**	**253,591**

	For the year ended 31 March	
	2018	2017
Income tax expense / (income)		
Current tax expense	(461,221)	-
Deferred tax (expenses)/ income	(1,682,562)	253,591
	(2,143,783)	**253,591**

17 Other income

	For the year ended 31 March	
	2018	2017
Miscellaneous income	28,759	19,163
Gain on investments held for trading	152,346	-
	181,105	**19,163**

18 Employee benefit expenses

	For the year ended 31 March	
	2018	2017
Wages and salaries	3,733,744	3,944,442
Defined contribution plans (refer note 13)	212,045	223,692
Provision for gratuity (refer note 13)	81,183	78,569
Provision for compensated absences (refer note 13)	6,159	92,544
Staff Welfare	4,927	9,810
	4,038,058	**4,349,057**

(All amounts in US dollars unless otherwise stated)

19 Other expenses

	For the year ended 31 March	
	2018	**2017**
Stores and spares consumed	1,008,922	1,005,607
Workover expenses	769,067	676,948
Logging and wireline charges	-	72,585
Audit fees	112,441	98,624
Electricity charges	24,159	21,615
Repairs and maintenance	1,401,845	1,956,867
Insurance	77,934	142,546
Operating lease rentals	177,399	159,554
Rates and taxes	63,985	43,230
Postage, printing and stationery	7,775	8,863
Telephone charges	38,813	43,514
Travelling and conveyance	488,783	540,131
Advertisement and publicity	428	410
Consultancy charges	441,551	625,326
Survey and information expenses	94,548	85,016
Fee and legal charges	559,178	704,837
Sitting fees/ commission paid to non-executive directors (refer note 25)	74,879	79,167
Hire charges	583,566	564,537
Security expenses	2,660,020	1,436,372
Selling and distribution expenses	294,540	214,742
Royalty	2,350,713	1,731,201
Production level payment	587,678	432,800
Conference and subscription	31,414	163,525
Loss on sale of assets	609	-
Excise duty on sales	239,401	163,640
Miscellaneous expenses	338,806	211,537
	12,428,454	**11,183,194**

20 Finance income

	For the year ended 31 March	
	2018	**2017**
Interest on bank deposit	82,666	53,392
Interest from others	16,030	11,531
	98,696	**64,923**

(All amounts in US dollars unless otherwise stated)

21 Finance cost

	For the year ended 31 March	
	2018	**2017**
Interest on borrowings from banks and financial institutions	8,900,514	7,988,497
Interest on non-convertible debentures	1,840,954	2,821,857
Interest on borrowings from others	610,013	479,748
Bank charges	25,356	28,093
	11,376,838	**11,318,195**

22 Earnings per share (EPS)

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic and diluted income EPS computation.

	For the year ended 31	
	2018	**2017**
Profit after tax attributable to equity share holders for the year	832,414	(1,170,916)
Weighted average number of ordinary shares for basic earnings per share	59,561,950	59,561,950
Face value of share (INR)	10	10
Basic and diluted earnings per share (USD)	0.01	(0.02)

23 Contingencies

Claims made against the Company not acknowledged as debts (including interest wherever applicable) are as follows

(All amounts in US dollars unless otherwise stated)

	Footnote reference	As at 31 March 2018	As at 31 March 2017
Claims by parties not acknowledged as debts:			
M/s M.R. Associates	(ii)	-	18,756
M/s D.S. Steels	(iii)	169,594	161,908
M/s Goel Construction (India) Limited	(iv)	1,012,718	937,397
M/s Sopan Projects	(v)	3,244,391	6,240,592
M/s Jakson Limited	(vi)	238,484	215,175
M/s SRMB Srijan Limited (excluding interest)	(vii)	17,588,849	17,643,102
Claims by Petroleum and Natural Gas Regulatory Board	(viii)	153,752	154,226
Claims by Government of India (Ministry of Petroleum and Natural Gas)	(ix)	-	119,307
Production level payment	(x)	1,183,887	1,187,539
Claims by Excise department		1,108,400	917,802
Claims by Sales tax authorities		-	76,126
Claims for Entry tax		25,039	12,232.00
Other claims, to the extent quantified		104,053	105,355

Based on a review of the legal position, the management believes that it is possible but not probable, that the demands mentioned above will arise and accordingly no provision for any liability has been made in these financial statements.

Foot notes:

(i) (a) On 31 January 2014, in respect of the assessment year 2011-12, the Assessing Officer (Income-tax) passed an assessment order under section 143(3) of the Income tax Act and had made an addition amounting to USD 469,718 (Rs. 30,273,320). However, no demand had been raised since the Company had incurred loss in this year. In first appeal, the CIT (A)-4, New Delhi vide order dated 12.03.2015, deleted the addition amounting to USD 450,767 (Rs 29,051,918) made by Assessing officer. For the balance disallowed amount of USD 18,951 (Rs. 1,221,402), the Company filed an appeal before ITAT for full relief and department had also filed an appeal against order of CIT(A). No Notice for hearing has yet been received.

(b) On 27 March 2015, in respect of the assessment year 2012-13, the Assessing Officer (income-tax) passed an assessment order under section 143(3) of the Income tax Act and has made an addition amounting to USD 29,926 (Rs. 1,928,737). The Company had filed an appeal with the Commissioner of Income Tax (Appeals) however this appeal was dismissed subsequent to which the Company had filed an appeal with ITAT. The same is still awaiting hearing. Assistant Commissioner of Income tax has imposed the penalty of USD 9,247 (Rs.5,95,980) against the above disallowance during the year. The Company have subsequently filed appeal with CIT (A) against the penalty.

(c) In respect of the assessment year 2013-14, the Assessing Officer (Income-tax) passed an assessment order on 30 March 2016 under section 143(3) of the Income tax Act and has made an addition amounting to USD 73,002 (Rs. 4,704,983). The Company had filed an appeal with CIT (A). The CIT (A) passed an order on 5 October 2017 by allowing USD 6,094 (Rs. 392,746) and disallowed the remaining amount. The Company has filed an appeal with ITAT which is awaiting hearing.

(d) In respect of the assessment year 2014-15, the Assessing Officer (Income-tax) passed an assessment order on 28 December 2016 under section 143(3) of the Income Tax Act and had made a disallowance of USD 73,425 (Rs.4,732,218). The company had filed an appeal with CIT(A). The CIT (A) passed an order on 15 January 2018 by allowing USD 64,659 (Rs.4,167,300) and disallowed the remaining amount. The company has filed an appeal with ITAT for full relief and department has also filed an appeal against order of CIT(A). No notice of hearing has yet been received.

(e) In respect of the assessment year 2015-16, the Assessing Officer (Income-tax) passed an assessment order on 31 December 2017 under section 143(3) of the Income Tax Act and has made the addition & disallowance of USD 1,278,932 (Rs. 82,427,167) and also made tax demand of USD 950,291 (Rs.61,246,239). The company has filed an appeal with CIT (A). The Company have submitted an application to Assessing Officer (Income-tax) on 15 May 2018 for the stay of recovery of demand u/s 220(6) and also submitted stay application to Principal CIT on 16 May 2018. The Company has submitted the proof of payment of USD 626,282 (Rs.40,363,893) already paid towards the Interest u/s 234 A,B& C. After verification of the same, the order has been partially rectified and USD 324,009 (Rs. 20,882,346) is remaining to be resolved, which is awaiting hearing of appeal by the CIT (A).

Since the company has brought forward losses and unabsorbed depreciation, the above demands would be set-off against the same and no amounts are payable to the tax department.

(ii) One of the Contractors, M/s. MR Associates filed a suit against the Company for recovery of money amounting to USD 12,960 (Rs.8,42,912) excluding interest on account of completion of work awarded to contractor. The Civil Judge, by his order dated September 23, 2011, has awarded the suit in favour of the Contractors for the whole amount along with interest @ 8% p.a.

The Company has filed an appeal before the High Court of Calcutta against the order of the Civil Judge praying that the judgement rendered by the Civil Judge be set aside on various grounds, including that M/s. M.R. Associates is an unregistered partnership firm. In the interim, the Company filed an application for stay of the judgment dated September 23, 2011. The stay was granted, restraining the plaintiffs / respondents from putting the decree into execution for a period of 3 months, vide order of the High Court of Calcutta, dated September 5, 2012. The High Court of Calcutta also directed the Company to deposit USD 18,450 (Rs. 12,00,000) without prejudice to its rights and contentions, subject to which the order of injunction shall continue till the disposal of appeal and in default whereof the order shall become immediately executable. The Company deposited USD 18,450 (Rs. 12,00,000) and thus the injunction was continuing. The Company's appeal against M. R. Associates was taken up by the Calcutta High Court on November 30, 2017. The High Court said that if the Company agrees to pay the principal amount of USD 12,960 (Rs.8,42,912) then it will waive off the interest. The High Court vide its Order dated December 5, 2017 directed the Registry to pay the principal amount of USD 12,960 (Rs.8,42,912) to M.R. Associates in full and final settlement of all its claims and further directed it to pay the balance amount to the Company.

(iii) One of the Contractors, D.S. Steel had filed a suit against the Company before the Civil Judge, Asansol for recovery of a sum of USD 123,212 (Rs 80,13,685) along with interest at the rate of 18% p.a. till realization for non-payment of bills for developing wells and enabling drilling to extract methane gas from certain sites, along with an application for temporary injunction restraining the Company from alienating or disposing off the properties/sites developed by D.S. Steel for the Company. The Company believes that the claims are untenable.

The Court vide its decree and Judgement dated 22nd December 2015, passed the judgement in favour of the Contractor for a sum of USD 90,939 (Rs. 59,14,685) along with interest @ 9% p.a. from the date of filing the suit till realization of the claim. The Company has preferred the instant appeal and on March 08, 2017.The Court has directed the Company to deposit the amount together with interest accrued @9% p.a. with the Learned Registrar General of this Court within ten weeks from the date of this order. Being aggrieved and dissatisfied, the Company has preferred the instant application for modification of order.

The Court vide its order on May 15, 2017 has directed the Company to provide Bank Guarantee for the amount and interest accrued with the Learned Registrar General of this Court instead of deposit. The Company has provided Bank guarantee of USD 162,851 (Rs. 10,591,823) to the Registrar on May 18, 2017. The hearing is in progress.

(iv) Goel Constructions (India) Limited ("Goel") was awarded a contract of construction by GEECL. As per the terms of the Contract, Goel Construction was required to complete the entire work within the time frame specified in the work order but was not able to do so even after the extension was granted and additional payment made.

An arbitration petition bearing A.P. No 70 of 2010 was filed by Goel in the High Court of Calcutta for the appointment of an arbitrator. Goel Construction filed a statement of claim against GEECL before the sole arbitrator Hon'ble Justice Pradipta Roy (retired). Goel Construction claimed an amount of USD 434,463 (Rs. 28,257,466) along with interest at the rate of 18% under the various heads. The counter statement of defence was filed by GEECL claiming an amount of USD 0.9 million (Rs. 59.5 million). The Arbitration is currently pending and is at argument stage.

(v) One of the contractors, M/s Sopan Projects ("Sopan") filed a statement of claim for goods and services provided to the Company for USD 1,256,604 (Rs. 81,716,509) plus interest in GGS (North) matter. The Company filed its counter claim of USD 19,163,302 (Rs. 1,246,381,155) against the claim of Sopan for deficiency in services and the matter was referred for arbitration. The Company also proceeded to encash a bank guarantee of USD 246,002 (Rs. 16,000,000). Sopan filed an application against the Company in Hon'ble Delhi High Court under Section 9 of Arbitration & Conciliation Act, 1996 for interim measures of injunction against encashment of performance bank guarantee by the Company. The Hon'ble Delhi High Court permitted the Company to encash the bank guarantee amounting to USD 246,002 (Rs. 16,000,000) and further asked the Company to deposit USD 123,001 (Rs. 8,000,000) with the Registrar within one week of encashment of bank guarantee. The Company has deposited USD 123,001 (Rs. 8,000,000) within the stipulated time. The court further directed that the said amount of USD 123,001 (Rs. 8,000,000) may be released to Sopan upon furnishing the bank guarantee amounting to USD 123,001 (Rs. 8,000,000) which should remain valid till the completion of the arbitral proceedings.

In August 2016, Sopan has filed 2 separate claim petitions totalling USD 2,313,200 (Rs. 150,450,546) along with interest and USD 283,450 (Rs. 18,435,619) alongwith interest for GGS (South) and MDPE Pipelines respectively. The Company has filed Counter Claims to the tune of USD 6,464,807 (Rs. 420,471,015) plus interest and USD 1,308,302 (Rs. 85,091,970) plus interest respectively.

The Arbitrator has passed an order dated August 25, 2017 in the matter of GGS (North) matter. The opposite party has filed an application u/s 33 of Arbitration Act for correction of the Award. The Arbitrator passed Second Award dated October 25, 2017 requiring GEECL to pay USD 122,703 (Rs. 7,908,206) without giving an opportunity of hearing to the Company. GEECL immediately moved an Application before the Arbitration Tribunal for Recall of the Order dated 25 October, 2017. The Arbitrator, after hearing the application filed by the Company, passed final Award dated November 10, 2017 which was an exact replica of the Second Award. Aggrieved by the final Award, the Company filed

Section 34 petition in Delhi High Court. Sopan also filed their Section 34 petition before the Delhi High Court. The matter is sub-Judice.The Company is carrying a provision for the amount determined by the Arbitrator.

(vi) Jakson Limited had filed a suit against the Company claiming a sum of USD 159,807 (Rs. 10,393,826) along with interest @ 15% p.a.towards unpaid sale price for Gas Generator sets supplied, Bank guarantee provided and Form C amount under the contract. The Company has disputed the claim of the vendor and has filled its counter claim to the tune of USD17,830,341 (Rs. 1,159,685,351) against the vendor seeking damages, refund of advance paid and recovery of losses caused by various acts and omissions of vendor in relation to the contract terms. The Company is of the strong opinion that the claim of the said Contractor is untenable and no amount is payable.

(vii)SRMB Srijan Limited ('SRMB') was one of the customers of the Company and the Gas Sale Purchase Agreement (GSPA) was signed between the parties in 2011 which was valid 30 April 2034. The Contract includes a Minimum Guarantee Offtake (MGO) by SRMB and requires the customer to issue a Bank Guarantee in favour of the Company. In 2014, a dispute arose between the parties with regard to the commercial terms of the contract and SRMB did not renew the Bank Guarantee and did not lift the MGO quantity. The Company has suspended supplies to SRMB.

The Company has initiated arbitration proceedings and filed a claim against SRMB for an amount of USD 17,588,849 (Rs. 4,060,316,520) along with interest and SRMB filed its counter claim for an amount of USD 17,830,341 (Rs. 1,143,978,731) along with interest for loss of profit due to suspension of supplies by the Company. Based on the legal opinion taken by the Company, the Company is of the strong view that the Company would able to recover their claim towards MGO (minimum guarantee offtake), other charges and expenses under the Gas Sale and Purchase Agreement. The matter is currently sub-judice.

(viii) Petroleum and Natural Gas Regulatory Board (PNGRB) in its order dated 18 March 2011 has imposed a civil penalty for laying down pipeline in alleged contravention with the PNGRB guidelines/directions, of USD 38,438 (Rs. 2,500,000), with an additional penalty of USD 1,538 (Rs. 100,000) per day from the date of commencement of laying and building of pipeline or the date of the decision of the Board that the pipeline proposed by the Company did not fall within the definition of 'dedicated pipeline', whichever is later.

PNGRB issued notice to the Company on 3 December 2010 to stop incremental activity of laying pipeline in Durgapur area. The Company objected to PNGRB's notice on the ground that the pipeline laid by the Company is neither a 'Common Carrier' nor a 'Contract Carrier', but a dedicated pipeline and challenged the jurisdiction of PNGRB on this matter. As per the provisions of Production Sharing Contract (PSC) signed with GOI on 31 May 2001, the Company is authorised to lay, build, operate and expand the pipelines within and outside the contract area. The Company has obtained legal opinion on the above matter. As per the opinion, pipeline laid by the Company is pursuant to terms and conditions as specified in the PSC which principally governs the entire project and, in particular, laying of pipeline.

The Company approached the Hon'ble High Court of Delhi against the order of PNGRB. The Hon'ble High Court after hearing the matter on 25 March 2011 has asked the Company to deposit an amount of USD 76,876 (Rs. 5,000,000) with the Court pending the final decision on the matter. The Company approached the Hon'ble High Court of Delhi against the order of PNGRB. The Hon'ble High Court after hearing the matter on 25 March 2011 has asked the Company to deposit an amount of USD 76,876 (Rs. 5,000,000) with the Court pending the final decision on the matter. The above matter has been disposed off by the Hon'ble High Court and directed the PNGRB to decide the matter afresh. The

Hon'ble High Court of Delhi has also released the deposit of USD 76,876 (Rs. 5,000,000) to the Company.

Thereafter, the hearing was conducted by PNGRB and on 31 March 2014, PNGRB issued fresh order declaring the pipelines of the Company as Common Carrier. It further also levied civil penalty of USD 153,752 (Rs. 10,000,000) and a penalty of USD 3,075 (Rs. 200,000) per day for the period during which the failure continued/continues after contravention of first direction. The Company challenged the same in Delhi High Court and the Court vide its order dated 28 April 2014 directed PNGRB not to take any coercive action against the Company. It further also directed that the Company shall continue to supply the gas as of today through existing pipeline. No incremental activity can be taken by the Company, however, in case of any such proposed activity the Company shall seek the permission of the Delhi High Court. It also directed the Company to deposit USD 76,876 (Rs. 5,000,000) with the High Court within four weeks from date of order, which the Company has complied with.

On application filed by the Company, the Court vide its Order dated November 25, 2016 granted permission to lay/construct the pipeline from M/s Baba Structures Ltd. to Super Smelters Ltd. and Shyam SEL & Power Ltd. subject to condition that pipeline shall not be commissioned without permission of this Court. The Court on May 26, 2017 further allowed the Company to commission the pipeline from Baba Structure to Super Smelter and Shyam SEL subject to certain conditions. The writ petition is currently pending in the Delhi High Court and the Company believes it has a strong possibility of success.

(ix) The Company entered into an Exploration and Production Contract with Government of India (GOI), Ministry of Petroleum & Natural Gas in the year 2001, pursuant to which, a Production Sharing Contract (PSC) was signed between GOI and the Company to carry out CBM operations in the contract area. In terms of the said contract, the Company was required to pay a signature bonus of US $ 0.3 Million to GOI on signing of the PSC in 2001, and also the amount of USD 153,752 (Rs. 10,000,000) already paid by it to Coal India Limited in 1994, was to be adjusted against such amount. After signing of the PSC, Ministry of Petroleum & Natural Gas on the basis of the exchange rate applicable on the date of the contract, has worked out the signature bonus as USD 216,790 (Rs. 14,100,000) and claimed the balance amount of USD 63,038 (Rs. 4,100,000) after adjusting the amount of USD 153,752 (Rs. 10,000,000), which has been opposed by the Company. In the opinion of the management, no further amount is payable in this regard as the prevailing rate on the date of payment of such amount USD 153,752 (Rs. 10,000,000) was applicable and not the rate prevailing on the date of the contract.

This dispute has been referred to arbitration pursuant to the terms and conditions of the said contract and the Company filed a claim for refund of USD 9,646 (Rs. 627,400) along with fixed interest of 21% from 27 February 1994. GOI filed a counter claim of above mentioned amount of USD 63,038 (Rs. 4,100,000) along with interest at the rate of 21% from 31 May 2001.

During the year ended 31 March 2012, the said matter had been decided by the Arbitral Tribunal, against the Company. The Company had been directed to pay a sum of USD 63,038 (Rs. 4,100,000) along with interest @ 9% p.a. from 31 May, 2001 till the date of award and thereafter @ 18% p.a. till the amount is paid. The Company had made a provision of USD 63,038 (Rs. 4,100,000) during the year ended 31 March 2012 and had filed a review application to the tribunal requesting for waiver of interest. The said application has been dismissed by the Arbitral Tribunal vide its order dated 12 May 2014 against which the Company has filed its objections before the Delhi High Court. Accordingly, the interest amount has been considered as contingent liability.

(All amounts in US dollars unless otherwise stated)

The Hon'ble Delhi High Court vide its decree and Judgement dated November 4, 2016, dismissed the objection petition of the Company. Being aggrieved, the Company preferred the appeal before the Division Bench of the Hon'ble Delhi High Court. On July 25, 2017 appeal has been dismissed by the Division Bench of the Hon'ble High Court. The Company has filed Special Leave Petition (SLP) before the Hon'ble Supreme Court. On September 4, 2017 SLP was dismissed by the Hon'ble Court. The Company on September 5, 2017 paid an amount of USD 186, 393 (Rs. 12,122,970) to the Ministry of Petroleum and Natural Gas towards the full and final payment.

(x) Directorate General of Hydrocarbons (DGH) has demanded additional PLP (Production linked payments) of USD 1,183,387 (Rs. 77,000,001) for the financial years 2007-2008 to 2014-2015 disallowing compression and transportation cost. The contention of DGH was that the Company has not obtained any approval for compression and transportation from any authority as mentioned in the approval letter dated 14 February 2007. The Company has obtained price approval from MoPNG as per the provisions of the CBM contract. The Company believes that none of the clauses of CBM contract dated 31 May 2001 makes it mandatory on the Company to seek any further approval before claiming any deductions from any entity/authority. The Company has clarified the position to DGH. The DGH reiterated the demand in September 2017 to which the company has replied clarifying the above position.

(xi) National Highway Authority of India (NHAI) filed Money Suit before the Court of the Learned Civil Judge (Senior Division) at Durgapur, seeking damages of USD 61.5 million (Rs.4,000 million) without providing in its plaint any grounds for arriving at such figure. The Company has filed a petition before the Court of Civil Judge (Sr. Division), Durgapur for rejection of the plaint on the ground that there is no cause of action for filing the present suit as NHAI has not suffered any damages and there is no concrete, identifiable claim against the Company. The Civil Judge (Sr. Division), Durgapur in its Order dated June 20, 2017 although rejected our application on the ground that sufficient opportunity will be provided to the party in the course of trial but also stated in its Order that ‘There is no denying that the plaint does not contain calculation of damages which was better to be provided therein’. The Company filed an appeal against the said Order before the Hon’ble High Court of Calcutta but the Hon’ble High Court did not interfere with the order of the Lower Court. Since no basis for computation of damage has been furnished in the plaint, no liability is likely to devolve at this stage.

24 Capital and other commitments:

	As at	
	31 March 2018	**31 March 2017**
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
- For land	45,309	45,449
- For others	455,426	562,690
	500,735	**608,139**

(All amounts in US dollars unless otherwise stated)

25 Related party disclosures

a) **Relationship with related parties**

Related parties where control exists:
The Company is controlled by Mr. Yogendra Kr. Modi & Prashant Modi who are also the Company's ultimate controlling parties.

Other related parties with whom transaction have taken place during the year and the nature of related party relationship:

Key managerial personnel and their relatives	· Mr. Yogendra Kr. Modi - Executive Chairman · Mr. Prashant Modi - Managing Director and Chief Executive Officer · Mr. Ashok Jha - Independent Director · Mr. G.S Talwar - Independent Director · Mr. S. Sundareshan - Independent Director · Mr. Sushil Kumar Roongta - Independent Director (w.e.f. 15 March 2017) · Ms. Prarthana Modi (daughter of Mr. Yogendra Kr. Modi)
Entities that are controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual or close family member of such individual referred above.	· YKM Holdings Private Limited

b) The following tables provide the total amount of transactions which have been entered into with related parties during the years ended 31 March 2018 and 2017.

Related Party	Nature of transaction	For the year ended 31 March	
		2018	2017
YKM Holdings Private Limited	Lease rentals	157,769	141,471
	Reimbursement of expenses	22,285	335

c) Compensation paid / accrued to key management personnel and their relatives

	For the year ended 31 March	
	2018	2017
Short term employee benefits	1,073,153	1,030,758
Defined contribution plan	122,872	118,037
Commission	54,926	58,605
Consultancy charges	1,616	-
	1,252,567	**1,207,400**

- In addition to above payments, the Company has also paid USD 19,953 (31 March 2017: USD 20,562) as sitting fees to the non-executive directors for attending various meetings and the same are included in 'other operating expenses' in the income statement (refer note 19).

(All amounts in US dollars unless otherwise stated)

- Remuneration does not include provision made for gratuity and leave encashment as they are determined for the company as a whole

Also refer note 12 with respect to guarantee given by Mr. Yogendra Kr. Modi and Mr. Prashant Modi and other charges created on the assets/ cash flows of YKM Holdings Private Limited for the loan taken by the Company and are outstanding at the year end.

d) The following tables provide the total amount outstanding with related parties:

	As at 31 March 2018		As at 31 March 2017	
	Receivable	**Payable**	**Receivable**	**Payable**
YKM Holdings Private Limited (refer notes 7, 8)*	60,470	-	60,658	-
Mr. Yogendra Kr. Modi (refer note 12,14)	-	1,330,544	-	1,293,188
Mr. Prashant Modi (refer note 12,14)	-	678,163	-	588,827
Ms. Prarthana Modi	-	1,602	-	-
	60,470	**2,010,309**	**60,658**	**1,882,015**

*Amounts recoverable from YKM Holdings Private Limited consists of USD 30,235 (31 March 2017: USD 30,329) on account of security deposits paid for property taken on lease, recoverable on expiry of lease agreement (refer note 8) and USD 30,235 (31 March 2017: USD 30,329) on account of advance rent paid, adjustable against future occupation of property taken on lease (refer note 7).

e) Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: USD Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related party operates.

26 Segment reporting

Chief Operating Decision Maker (CODM) reviews the business as one operating segment being the extraction and sale of CBM/CNG gas. Hence, no separate segment information has been furnished herewith.

The entire sale has been made to external customers domiciled in the entity's country. Revenue of approximately USD 28,550,167 (31 March 2017: USD 22,035,563) is from 2 (31 March 2017: 1) customers. No other customer contributes to 10% or more of the total sales.

All of the non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) are located in India and amounted to USD 177,211,116 (31 March 2017: USD 181,494,200).

27 Quantitative detail of sales

The details of gas sold in cubic meters during the year ended 31 March 2018 and 2017 are as follows:

(All amounts in US dollars unless otherwise stated)

	For the year ended 31 March	
	2018	**2017**
	(in Standard Cubic Meters)	
Coal bed methane	107,222,444	87,156,162
Compressed natural gas	3,245,368	2,343,391
	110,467,812	**89,499,553**

During the year the Company flared 53.84 million scm of gas due to low demand and lost another 17.19 million scm of gas in transit and has also declared the said loss to the Director General of Hydrocarbons.

28 Leases and arrangements containing lease

The Company enters into equipment lease and other arrangements with various contractors for development of its wells, whereby the specific assets leased by the contractors are used only at the Company's well development site and such arrangements convey the right to use the assets.

These arrangements include non-lease elements also and are being treated as well development costs along with other costs. The segregation of the lease and non-lease elements under the arrangements is not possible. The details of total expenses in this regard are as follows:

Nature	For the year ended 31	
	2018	**2017**
Logging and wireline charges	-	72,585
Work over expenses	769,067	676,948

The Company’s leasing arrangements are in respect of operating leases for premises and equipment. These leasing arrangement ranges from 12 months to 3 years and are renewable on mutual consent of parties as per mutually agreeable terms. All the lease agreements are cancellable in nature.

Lease rentals accrued during the year for the premises, equipment and site office/store yard amounting to USD 177,399 (previous year USD 159,554) have been charged to the Income Statement.

The Company has taken different pieces of land on lease on which the wells are being developed. The lease period for these pieces of land generally ranges from 25 to 99 years. The Company is required to pay the entire amount of consideration as lease premium upfront upon entering into agreement for acquisition of these pieces of land and no further periodic lease rentals are payable for use of these pieces of land. The leasehold land have been classified as finance (60 years or above) or operating lease (upto 59 years) on the basis of principles given in IAS 17.

29 Mining Lease

The Company has entered into a Production Sharing Contract (PSC) with the Government of India (GOI) on 29 July 2010, for carrying out CBM activities in the land situated in Mannurgudi, Tamil Nadu. The said contract has a validity for a period of 35 years after award of license by GOI. The Governor of Tamil Nadu (“State Government”) in accordance with the Petroleum and Natural Gas Rules, 1959 made under Oil Field (Regulation and Development) Act, 1948 awarded a Petroleum Exploration License (PEL) to the Company, on 13 September 2011 for a term of 4 years (since expired), to prospect for Petroleum and Natural Gas for carrying out CBM activities. However, upon consideration of environmental and social effects of exploration, the government of Tamil Nadu decided not to grant permission for further CBM activities in the specified region and has made a recommendation on these lines to GoI without any compensation to the Company. The Company has challenged the order of the state government before the Hon'ble High Court at Madras, which is pending disposal, stating that the order of the state government is arbitrary and contrary to the provisions of natural justice as the Company was not afforded an opportunity to defend itself. The Company has further prayed that the 4 year period of PEL be kept in abeyance pending disposal of the appeal. The Company has received favorable legal opinions in support of both its petitions and is committed to carry out exploration activities in the said block and therefore believes that there exist no indicators for impairment. The carrying value of the said block is USD 807,090 (previous year USD 809,579).

On behalf of Board of Directors

Yogendra Kr. Modi	**Ashok Jha**
Executive Chairman	Director
Place: Gurugram	Place: Gurugram
Date: 26 June 2018	Date: 26 June 2018