## 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, 2021, and the statement of profit and loss and other 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, 2021, 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.

| **Key audit matters** | **How our audit addressed the key audit matter** |
|---|---|
| **<u>Estimation of Gas Reserves</u>** *<u>(as described in note 2.2 of the financial statements)</u>* | |
| The estimation of gas reserves and resources is a significant area of judgement due to the technical uncertainty in assessing quantities.<br><br>Reserves and resources are key inputs for calculation of depreciation and also, it's a fundamental indicator of the future potential of the Company's performance. | Our work included following procedures:<br>• We have assessed the competence and objectivity of the experts that they were qualified to carry out the volume's estimation.<br>• We have assessed that the Guidelines and methodology used by the expert to estimate the reserves and resources were made in compliance with the relevant regulations and industry practices.<br>• We understood the Company's process associated with |

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| | estimation of gas reserves and assessed that the updated reserves and resources estimates were included in the Company's consideration of impairment assessment and in accounting for depletion, depreciation and amortization.<br>• Assessed the adequacy of disclosure made by the Company in the financial statements. |

**Other Information included in the Company's Annual Report for 2020-21**

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 on the audit resulting in this independent auditor's report is Pravin Tulsyan.

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

**Per Pravin Tulsyan**
Partner
Membership No.: 108044
UDIN: 21108044AAAAIC5576
Place: Gurugram
Date: 13th July 2021

(All amounts in US dollars unless otherwise stated)

**Statement of financial position**

| | Note | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4.1 | 136,683,681 | 135,874,714 |
| Right-of-use asset | 4.2 | 1,378,217 | 1,429,330 |
| Capital work-in-progress (including Wells in progress) | 5 | 7,780,454 | 8,172,920 |
| Intangible assets | 6 | 96,075 | 104,934 |
| Prepayments | 7 | 80,397 | 109,498 |
| Trade and other receivables | 8 | 143,734 | 138,901 |
| Deferred tax asset (net) | 16 | 1,048,025 | 1,258,798 |
| Tax assets (net) | | 10,934 | 63,487 |
| **Total non-current assets** | | **147,221,517** | **147,152,582** |
| **Current assets** | | | |
| Trade and other receivables | 8 | 1,271,395 | 2,038,841 |
| Liquid investments | 9a | 6,014,361 | 8,895,059 |
| Prepayments | 7 | 111,219 | 84,120 |
| Restricted deposits with banks | 9b | 1,654,037 | 1,446,469 |
| Cash and cash equivalents | 10 | 37,886 | 184,741 |
| **Total current assets** | | **9,088,898** | **12,649,230** |
| **Total assets** | | **156,310,415** | **159,801,812** |
| **Equity** | | | |
| Issued capital | 11 | 13,306,007 | 13,306,007 |
| Share premium | 11 | 91,006,858 | 91,006,858 |
| Reserves | 11 | (35,026,844) | (37,206,595) |
| Retained earnings | | 21,138,336 | 19,640,401 |
| **Total equity attributable to equity holders of the Company** | | **90,424,357** | **86,746,671** |
| **Non-current Liabilities** | | | |
| Interest bearing loans and borrowings | 12 | 51,498,429 | 57,450,773 |
| Employee benefit liabilities | 13 | 581,338 | 554,355 |
| Provisions | 15 | 275,543 | 266,923 |
| **Total non-current liabilities** | | **52,355,310** | **58,272,051** |
| Interest bearing loans and borrowings | 12 | 9,079,209 | 10,286,539 |
| Trade and other payables | 14 | 3,645,753 | 3,747,228 |
| Employee benefit liabilities | 13 | 725,824 | 695,716 |
| Income tax payable (net) | | 79,962 | 53,607 |
| **Total current liabilities** | | **13,530,748** | **14,783,090** |
| **Total liabilities** | | **65,886,058** | **73,055,141** |
| **Total equity and liabilities** | | **156,310,415** | **159,801,812** |

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

**On behalf of Board of Directors**

| | |
|---|---|
| **Yogendra Kr. Modi** | **Prashant Modi** |
| Executive Chairman | Managing Director & Chief Executive Officer |
| Place: Delhi | Place: Delhi |
| Date: 13 July 2021 | Date: 13 July 2021 |

(All amounts in US dollars unless otherwise stated)

## Statement of profit or loss

| | | For the year ended | |
|---|---|---|---|
| | Note | 31 March 2021 | 31 March 2020 |
| Revenue from operations | 27 | 25,678,372 | 35,588,444 |
| Other income | 17 | 621,687 | 657,012 |
| | | **26,300,059** | **36,245,456** |
| Employee benefit expenses | 18 | (3,894,369) | (4,206,156) |
| Other expenses | 19 | (8,758,649) | (11,089,169) |
| Finance income | 20 | 159,752 | 390,197 |
| Finance costs | 21 | (7,077,280) | (8,698,035) |
| Depletion, depreciation and amortisation | 4,6, 2.3 (f) | (4,072,837) | (4,675,565) |
| Exchange fluctuation gain / (loss) (net) | | (795,624) | (1,477,346) |
| | | **(24,439,007)** | **(29,756,074)** |
| **Profit before tax** | | **1,861,052** | **6,489,382** |
| **Income tax expense** | | | |
| Current tax | 16 | (186,362) | (982,718) |
| Income tax for earlier years | | (61,246) | - |
| Deferred tax (expense)/income | 16 | (240,848) | 3,446,994 |
| **Profit for the year** | | **1,372,596** | **8,953,658** |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | **1,372,596** | **8,953,658** |
| **Earnings per share** | | | |
| Basic earnings per share | 22 | 0.02 | 0.15 |
| Diluted earnings per share | 22 | 0.02 | 0.15 |

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

**On behalf of Board of Directors**

**Yogendra Kr. Modi**
Executive Chairman

Place: Delhi
Date: 13 July 2021

**Prashant Modi**
Managing Director &
Chief Executive Officer

Place: Delhi
Date: 13 July 2021

(All amounts in US dollars unless otherwise stated)

## Statement of other comprehensive income

| | For the year ended | |
|---|---|---|
| | 31 March 2021 | 31 March 2020 |
| **Profit for the year** | **1,372,596** | **8,953,658** |
| **Other comprehensive income/ (loss)** | | |
| **(a) items not to be reclassified to statement of profit or loss in subsequent periods:** | | |
| Remeasurements gains/ (losses) on defined benefit plan | 60,808 | (80,746) |
| Tax on remeasurement gains/ (losses) on defined benefit plan | (17,707) | 23,513 |
| **(b) items to be reclassified to statement of profit or loss in subsequent periods:** | | |
| Foreign currency translation adjustment | 2,261,989 | (7,604,710) |
| **Net other comprehensive income/ (loss) (net of tax):** | **2,305,090** | **(7,661,943)** |
| **Total comprehensive income for the year, net of tax** | **3,677,686** | **1,291,715** |
| **Total comprehensive income attributable to:** | | |
| Equity holders of the Company | **3,677,686** | **1,291,715** |

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

**On behalf of Board of Directors**

**Yogendra Kr. Modi**

Executive Chairman

Place: Delhi
Date: 13 July 2021

**Prashant Modi**

Managing Director &
Chief Executive Officer

Place: Delhi
Date: 13 July 2021

(All amounts in US dollars unless otherwise stated)

**Statement of changes in equity**

**For the year ended 31 March 2021**

| | Attributable to equity shareholders of the Company | | | | | |
|---|---|---|---|---|---|---|
| | **Issued capital** | **Securities premium** | **Retained Earnings** | **Foreign currency translation reserve** | **Debenture redemption reserve** | **Total equity** |
| **Balance as at 1 April 2020** | 13,306,007 | 91,006,858 | 19,640,401 | (38,373,666) | 1,167,071 | 86,746,671 |
| *Total comprehensive income/ (loss) for the year* | | | | | | |
| Profit for the year | - | - | 1,372,596 | - | - | 1,372,596 |
| Other comprehensive income/(loss) | - | - | 43,101 | 2,261,989 | - | 2,305,090 |
| **Total comprehensive income/(loss) for the year** | **-** | **-** | **1,415,697** | **2,261,989** | **-** | **3,677,686** |
| Transfer from / (to) retained earnings | | - | 82,238 | - | (82,238) | - |
| **Balance as at 31 March 2021** | **13,306,007** | **91,006,858** | **21,138,336** | **(36,111,677)** | **1,084,833** | **90,424,357** |

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

**On behalf of Board of Directors**

**Yogendra Kr. Modi**

Executive Chairman

Place: Delhi
Date: 13 July 2021

**Prashant Modi**

Managing Director &
Chief Executive Officer

Place: Delhi
Date: 13 July 2021

(All amounts in US dollars unless otherwise stated)

**Statement of changes in equity**

**For the year ended 31 March 2020**

| | Attributable to equity shareholders of the Company | | | | | |
|---|---|---|---|---|---|---|
| | **Issued capital** | **Securities premium** | **Retained Earnings** | **Foreign currency translation reserve** | **Debenture redemption reserve** | **Total equity** |
| **Balance as at 1 April 2019** | 13,306,007 | 91,006,858 | 10,598,897 | (30,768,956) | 1,312,150 | 85,454,956 |
| *Total comprehensive income/ (loss) for the year* | | | | | | |
| Profit for the year | - | - | 8,953,658 | - | - | 8,953,658 |
| Other comprehensive income/(loss) | - | - | (57,233) | (7,604,710) | - | (7,661,943) |
| **Total comprehensive income/(loss) for the year** | **-** | **-** | **8,896,425** | **(7,604,710)** | **-** | **1,291,715** |
| Transfer from / (to) retained earnings | | - | 145,079 | - | (145,079) | - |
| **Balance as at 31 March 2020** | **13,306,007** | **91,006,858** | **19,640,401** | **(38,373,666)** | **1,167,071** | **86,746,671** |

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

**On behalf of Board of Directors**

**Yogendra Kr. Modi**
Executive Chairman

Place: Delhi
Date: 13 July 2021

**Prashant Modi**
Managing Director &
Chief Executive Officer

Place: Delhi
Date: 13 July 2021

(All amounts in US dollars unless otherwise stated)

**Statement of cash flow**

| | For the year ended | |
|---|---|---|
| | 31 March 2021 | 31 March 2020 |
| **A. Cash flow from operating activities** | | |
| Profit before tax | 1,861,053 | 6,489,382 |
| **Adjustments for:-** | | |
| Finance cost | 7,044,071 | 8,651,482 |
| Finance income | (159,752) | (390,197) |
| Income earned from liquid investment (mutual funds) | (456,695) | (520,675) |
| Provisions/ liabilities no longer required written back | (18,360) | (69,488) |
| Unrealised foreign exchange difference (net) | 778,422 | 1,453,797 |
| Loss/ (profit) on disposal of property, plant and equipments | (6,564) | (16,150) |
| Depreciation/amortisation/depletion | 4,072,837 | 4,675,565 |
| **Changes in:** | | |
| (Increase) / Decrease in Trade and other receivables | 690,363 | 3,318,477 |
| (Increase) / Decrease in prepayments | 6,916 | (13,247) |
| Increase / (Decrease) in Trade and other payables | 6,437 | 115,189 |
| **Cash generated from operating activities** | **13,818,728** | **23,694,135** |
| Income tax paid | (169,192) | (1,127,045) |
| **Net cash from operating activities (A)** | **13,649,536** | **22,567,090** |
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant and equipments / capital work in progress/ intangible assets | (807,063) | (2,292,189) |
| Proceeds from sale of property, plant and equipment | 15,680 | 28,178 |
| Purchases of liquid investments (mutual funds) | (36,119,275) | (49,187,661) |
| Proceeds from sale of liquid investments (mutual funds) | 39,656,065 | 45,766,845 |
| Deposits made during the year | (2,887,132) | (1,013,775) |
| Deposits matured during the year | 2,718,366 | 744,837 |
| Interest received | 280,278 | 367,166 |
| **Net cash from/(used in) investing activities (B)** | **2,856,919** | **(5,586,599)** |
| **C. Cash flow from financing activities** | | |
| Proceeds from long term borrowings | 3,878,480 | - |
| Repayment of long term borrowings | (13,716,181) | (8,483,071) |
| Interest paid | (6,815,609) | (8,331,974) |
| **Net cash (used in) financing activities (C)** | **(16,653,310)** | **(16,815,045)** |

(All amounts in US dollars unless otherwise stated)

| | | |
|---|---|---|
| **Net decrease in cash and cash equivalents (A+B+C)** | (146,855) | 165,446 |
| Cash and cash equivalents at 1 April | 184,741 | 19,295 |
| **Cash and cash equivalents at 31 March (refer note 10)** | **37,886** | **184,741** |

**Changes in liabilities arising from financing activities**

| Particulars | Interest bearing loans and borrowings | | | |
|---|---|---|---|---|
| | Long Term* | Short Term | Long Term* | Short Term |
| | For the year ended 31 March 2021 | | For the year ended 31 March 2020 | |
| As at April 1 | 66,543,520 | 1,193,792 | 66,436,170 | 1,301,142 |
| Cash flow (net) | (9,837,701) | - | (8,483,071) | - |
| Transaction costs impact | 272,271 | - | 288,962 | - |
| Exchange difference | 2,375,058 | 30,698 | 8,301,459 | (107,350) |
| As at March 31 | **59,353,148** | **1,224,490** | **66,543,520** | **1,193,792** |

*Including Current Maturities

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

**On behalf of Board of Directors**

**Yogendra Kr. Modi**
Executive Chairman

Place: Delhi
Date: 13 July 2021

**Prashant Modi**
Managing Director &
Chief Executive Officer

Place: Delhi
Date: 13 July 2021

**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 225 Sq. km (approximately 55,600 acres) in the state of West Bengal (the block).

The Contract for exploration & Production of CBM gas was signed on 31 May 2001 for an area of 210 Sq. km (approximately 52,000 acres) in Raniganj (South), West Bengal. The Petroleum Exploration License (PEL) was granted by the Government of West Bengal on 9 November, 2001. The Contract 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 Contract for exploration & Production of CBM gas was signed with the Government of India on 29 July 2010. In this regard, two PEL had been granted to the Company on 13 September 2011 and 4 November 2011. The Environmental Clearance for the block was granted by the Ministry of Environment & Forest, Government of India on 12 September 2012 (also refer Note 29).

The financial statements of the Company as at and for the year ended 31 March 2021 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 certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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 material items in financial statement.

d. The financial statements of the Company for the year ended 31 March 2021 have been prepared on a going concern basis.

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 standalone financial statements.

The financial statements have been authorized for issue by the Board of Directors in their meeting held on 13 July 2021.

## 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) 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.

*(ii) Recoverability of deferred tax and other income tax assets*

The Company has carry forward unabsorbed depreciation and MAT credit that are available for offset against future taxable profit. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilized. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets. This requires assumptions regarding future profitability, which is inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets and consequential impact in the statement of profit or loss. The details of deferred tax assets are set out in note 16.

(iii) *Useful life and Impairment*

The management reviews the useful lives of the assets at the end of each year. The estimated useful lives are estimated by the management based on technical estimates. Uncertainties in these estimates relate to technical obsolescence and physical wear and tear that may change the useful life.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Also refer note 31.

*(iv) Defined benefit plans (gratuity benefits)*

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.
The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.
Further details about gratuity obligations are given in Note 13.

### 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 such as liquid Investments 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 note 3.

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.

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 from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company satisfies a performance obligation by transferring control of a promised good or service to a customer. The Company is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer. The transfer of control of Coal Bed Methane ('CBM') and Compressed Natural Gas (CNG) coincides with title passing to the customer and the customer taking physical possession.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as sales tax and value added tax (VAT) are excluded from revenue.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Performance obligations in respect of advance from customers (contract liabilities) expected to be materialize within one year.

Income from minimum guarantee offtake is recognised on accrual basis as per contractual arrangements with customers.

**Contract balances**

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on Company's future performance. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section p) Financial instruments – initial recognition and subsequent measurement.

**Trade receivables**

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**Interest Income**

Interest income is recognized on an effective interest basis. Interest income is included under the head "Finance income" in the statement of profit or loss.

**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 Statement of Other comprehensive income ("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 considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Current income tax assets and liabilities are offset if a legally enforceable right exists to set off these and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

***Deferred tax***

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

Deferred tax liabilities are recognised for all taxable temporary differences except, when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 and 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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of 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.

***Minimum alternate tax (MAT)***

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit or loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit or loss and shown as part of deferred tax asset. The company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.”

**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 statement of 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 statement of profit or loss or other comprehensive income are also recognised in statement of profit or loss or other comprehensive income, respectively).

For the purpose of conversion from the functional currency to the presentation currency, the assets and liabilities, for each statement of financial position presented, are translated at the closing rate at the date of that statement of financial position. Income and expense for each statement of profit or loss 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 (n)) for further information about the recognised decommissioning provision.
If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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 statement of profit or loss 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 statement of profit or loss.

***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.

***Depletion, depreciation and amortisation***

Depreciation (other than Gas producing properties) on property, plant and equipment 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 property, plant and equipment’s as follows:-

**Useful lives estimated by the management (years)**

| | |
|---|---|
| **Office Equipment’s** | 5 |
| **Vehicles** | 8 |
| **Buildings** | 30 - 60 |
| **Furniture & Fixture** | 10 |
| **Pipeline** | 30 |
| **Plant & Machinery** | |
| -Cranes | 8 |
| -Desktops, laptops, etc. | 3 |

| | |
|---|---|
| -Servers and networks | 6 |
| -Drilling equipments | 8 |
| -Compressors/Cascades/Others | 15 |
| -Gas Gathering Station | 25 |
| -Drilling Rigs | 30 |
| -Electric Installations | 10 |

The Company has reassessed the economic useful life of all these assets excepts for Buildings and has restricted the same to the technical useful life or up to the end of the license period i.e. November 9, 2036, whichever is earlier. However, building constructed on freehold land continues to be depreciated over its technically assessed useful life. Freehold land is stated at cost net of accumulated impairment losses and is not depreciated.

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 Petroleum Resource Management system 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 statement of profit or loss 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 statement of 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 statement of profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss 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 and Other Intangible Assets | 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 Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold land 25 to 99 years

The depreciation charge is recognized in the statement of Profit or loss. Right-of-use assets are assessed for impairment as per the accounting policy for impairment of non-financial assets (Note 2.3 (k)).

**Lease liabilities**

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

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

**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) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in section (c) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

**For purposes of subsequent measurement, financial assets are classified in following categories:**

***Financial assets at amortised cost (debt instruments)***

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

***Financial assets at fair value through OCI (debt instruments)***

A ‘debt instrument’ is classified as at the fair value through other comprehensive income (FVTOCI) if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
b) The asset’s contractual cash flows represent solely payments of principal and interest.

Debt instruments included within FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in OCI. However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Company does not have any debt instrument as at FVTOCI.

***Financial assets at fair value through profit or loss (debt instruments)***

Fair value through profit or loss (FVTPL) is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’). The Company has not designated any debt instrument as at FVTPL.

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

***Equity investments***

All equity investments in scope of IFRS 9 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies are classified as at fair value through profit or loss. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

**(iii) Impairment of financial assets**

The Company assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its assets carried at amortised cost and Fair value through comprehensive income ("FVTOCI") debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Also refer note 3.

For trade receivables only, the Company applies the simplified approach permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (EIR). When estimating the cash flows, an entity is required to consider:

All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

• Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms:

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, and upon consideration of the fact that there has been no material history of defaults the Company does not estimate any provision on its outstanding trade receivables.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense / income in the statement of profit or loss. This amount is reflected under the head 'other expenses' in the statement of profit or loss. The statement of financial position presentation for various financial instruments is described below:

• Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the statement of financial position. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

• Debt instruments measured at FVTOCI:

Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the statement of Other Comprehensive income

**(iv) Derecognition of financial assets**

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.

**B. Financial liabilities**

**(i) Initial recognition and measurement**

The Company's financial liabilities consists of trade and other payables and loans and borrowings, which are recognized on the trade date when the Company becomes a party to the contractual provisions of the instrument. These are initially measured at fair value less any attributable transaction costs. Subsequent to initial measurement, trade and other payables and borrowings are measured at amortised cost using the effective interest rate (EIR) method and derivative financial instruments (not designated as hedges) are measured at fair value through statement of profit or loss.

**(a) Trade and other payables**

Trade and other payables represent unpaid liabilities for goods and services provided to the Company prior to the end of financial year and are presented as current liabilities unless payment is not due within 12 months after the reporting period. These are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(b) Loans and Borrowings**

Loans and Borrowings are initially recognized at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is considered as a prepayment and amortised over the period of the facility to which it relates.

Loans and Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss as other gains/(losses).

Loans and Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

**Borrowing costs**

Borrowing cost includes interest expense as per effective interest rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example: prepayment, extension, call and similar options) but does not consider the expected credit losses.

**(c) Financial liabilities at fair value through statement of statement of profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

**(ii) Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 recognized in the statement of profit or loss.

**C. Reclassification of financial assets**

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

**D. Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**k) Impairment of non- financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's 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 statement of profit or loss.

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 statement of profit or loss.

**l) Cash and cash equivalents**

Cash and cash equivalent in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

**m) 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 statement of profit or loss 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 statement of profit or loss.

***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 statement profit or loss in the period in which they arise.

The Company presents the leave as a current liability in the statement of financial position, 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.

**n) 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 statement of profit or loss 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 statement of profit or loss 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.

**o) 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.

**p) 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 statement of profit or loss as they are incurred.

**q) 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.

(All amounts in US dollars unless otherwise stated)

### 2.4 Changes in accounting policies and disclosures

**New and amended standards and interpretations**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Amendments to IFRS 3: Definition of a Business**

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter any business combination

**Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

**Amendments to IAS 1 and IAS 8 Definition of Material**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the company's financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

### 2.5 New standards and interpretations not yet adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

| Standards not yet effective for the financial statements for the year ended March 31, 2021 | Effective for annual periods beginning on or after |
|---|---|
| IFRS 17 Insurance Contracts | 1 January, 2023 |
| Classification of Liabilities as Current or Non-current - Amendments to IAS 1 | 1 January, 2023 |
| Reference to the Conceptual Framework – Amendments to IFRS 3 | 1 January, 2022 |
| Definition of Accounting Estimates - Amendments to IAS 8 | 1 January, 2023 |

(All amounts in US dollars unless otherwise stated)

| | |
|---|---|
| Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 | 1 January, 2022 |
| Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 | 1 January, 2022 |
| Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 | 1 January, 2023 |
| IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities | 1 January, 2022 |
| Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January, 2023 |
| IAS 41 Agriculture – Taxation in fair value measurements | 1 January, 2022 |
| IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter | 1 January, 2022 |
| Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 | 1 April 2021 |
| Amendments to IFRS 16 Covid-19 Related Rent Concessions | 1 June 2020 |

The Company is evaluating the requirements of the standards, improvements and amendments and has not yet determined the impact on financial statements

## 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 to address each type of identified risk.

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.

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.

(All amounts in US dollars unless otherwise stated)

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 2021 | | |
|---|---|---|---|
| **Financial liabilities** | **USD** | **Euro** | **GBP** |
| Trade and other payables | 194,179 | - | 19,059 |
| Borrowings | - | 18,093,524 | - |
| | **194,179** | **18,093,524** | **19,059** |

| | As at 31 March 2020 | | |
|---|---|---|---|
| **Financial liabilities** | **USD** | **Euro** | **GBP** |
| Trade and other payables | 180,733 | - | 38,500 |
| Borrowings | - | 19,192,049 | - |
| | **180,733** | **19,192,049** | **38,500** |

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** | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| USD/INR | 74.20 | 70.88 | 73.50 | 75.39 |
| EUR/INR | 86.67 | 78.80 | 86.10 | 83.05 |
| GBP/INR | 97.06 | 90.15 | 100.95 | 93.08 |

**Sensitivity analysis**

A strengthening / weakening of the USD, Euro and GBP, as indicated below, against the INR as at 31 March 2021 and 31 March 2020 would have (decreased) / increased the profit after tax (using the tax rate applicable for the current year) 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.

(All amounts in US dollars unless otherwise stated)

| | For the year ended 31 March | |
|---|---|---|
| | **2021** | **2020** |
| 5 percent strengthening of USD against INR | (6,882) | (6,405) |
| 5 percent strengthening of EURO against INR | (751,160) | (749,274) |
| 5 percent strengthening of GBP against INR | (928) | (1,685) |
| 5 percent weakening of USD against INR | 6,882 | 6,405 |
| 5 percent weakening of EURO against INR | 751,160 | 749,274 |
| 5 percent weakening of GBP against INR | 928 | 1,685 |

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

**ii) Interest rate risk**

The Company is exposed to interest rate risk because the fair value of fixed rate and the cash flows associated with floating rate financial instruments fluctuate with changes in interest rates. 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 2021 is USD 50,314,238 (31 March 2020: 55,178,735). 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 or loss profit or loss of a defined interest rate shift.

**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.

(All amounts in US dollars unless otherwise stated)

**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 after tax (using the tax rate applicable for the current year) and equity by the amounts shown below:

| **As at 31 March 2021** | **Impact on profit or loss** | |
|---|---|---|
| | 100 bps increase | 100 bps decrease |
| Indian rupee loan | 212,852 | (212,852) |
| Euro loan | 150,216 | (150,216) |

| **As at 31 March 2020** | **Impact on profit or loss** | |
|---|---|---|
| | 100 bps increase | 100 bps decrease |
| Indian rupee loan | 248,718 | (248,718) |
| Euro loan | 149,812 | (149,812) |

**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 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.

As at 31 March 2021, the Company has 1 customer (31 March 2020: 1 customer) that accounts more than 50% of the trade receivables.

The maximum amounts of exposures to credit risk as at the statement of financial position date is disclosed in the fair value estimation section of this note.

The Company holds bank guarantees against trade receivables amounting to USD 165,279 (31 March 2020: USD 106,022). 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 encase bank guarantee in case of any default.

(All amounts in US dollars unless otherwise stated)

During the year, based on specific assessment, the Company recognized bad debts and advances amounting to USD Nil (31 March 2020: USD Nil). The year-end trade receivables do not include any amount with such parties. The trade receivable include USD Nil (31 March 2020: USD Nil) which is due for a period of more than six months. All other trade receivables were not due on the statement of financial position date.

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with its policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

**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 2021 | 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 | 8,792,913 | 15,794,284 | 1,666,573 | 6,977,497 | 7,150,213 | 15,794,284 |
| ***Loans and Borrowings*** | | | | | | | |
| Indian currency loan from banks and financial institutions | INR | 29,434,840 | 45,770,049 | 9,403,658 | 19,817,089 | 16,549,302 | 45,770,049 |
| External Commercial Borrowing | Euro | 21,088,444 | 25,631,737 | 2,088,777 | 10,556,107 | 12,986,854 | 25,631,737 |
| Vehicle Loan | INR | 14,093 | 14,668 | 14,668 | - | - | 14,668 |
| Loan from Director | INR | 1,224,490 | 1,444,898 | 1,444,898 | - | - | 1,444,898 |
| Trade and other payable | INR | 3,304,483 | 3,304,483 | 3,304,483 | - | - | 3,304,483 |
| **Total** | | **63,859,264** | **91,960,119** | **17,923,057** | **37,350,693** | **36,686,369** | **91,960,119** |

(All amounts in US dollars unless otherwise stated)

| As at 31 March 2020 | 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 | 9,360,121 | 17,944,287 | 1,740,359 | 6,927,640 | 9,276,287 | 17,944,287 |
| ***Loans and Borrowings*** | | | | | | | |
| Indian currency loan from banks and financial institutions | INR | 36,142,211 | 58,823,616 | 11,764,190 | 24,380,516 | 22,678,910 | 58,823,616 |
| External Commercial Borrowing | Euro | 21,014,738 | 26,368,147 | 2,053,745 | 9,118,243 | 15,196,159 | 26,368,147 |
| Vehicle Loan | INR | 26,450 | 28,739 | 14,439 | 14,300 | - | 28,739 |
| Loan from Director | | 1,193,792 | 1,408,675 | 1,408,675 | - | - | 1,408,675 |
| Trade and other payable | INR | 3,325,693 | 3,325,693 | 3,325,693 | - | - | 3,325,693 |
| **Total** | | **71,063,005** | **107,899,157** | **20,307,101** | **40,440,699** | **47,151,356** | **107,899,157** |

The Company expects to generate sufficient sales volume in the coming year, due to increase in demand, which will help settle these liabilities. Also refer note 31.

**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 statement of financial position. 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 statement of financial position) less cash and cash equivalents, liquid investment, other bank balances and Deposits with NBFC Including the pledged against borrowing. Total capital is the equity and debt as shown in the statement of financial position.

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Interest bearing loans and borrowings | 60,577,638 | 67,737,312 |
| Less: cash and cash equivalents | 37,886 | 184,741 |
| Less: Other Bank balances pledged against borrowings | 1,410,886 | 891,939 |
| Less: Liquid investments | 6,014,361 | 8,895,059 |
| Less: Deposits with Non banking finance companies (NBFC) pledged against borrowings | 470,631 | 1,157,883 |
| **Net debt ( A)** | **52,643,874** | **56,607,690** |
| **Total equity (B)** | 90,424,357 | 86,746,671 |
| **Total capital (C=A+B)** | **143,068,231** | **143,354,361** |
| **Capital Gearing Ratio(A/C)** | **0.37** | **0.39** |

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 2020

(All amounts in US dollars unless otherwise stated)

**Fair value estimation**

**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:

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets Carried at fair value** | | | | |
| Investments measured at FVTPL (measured using Level 1 valuation technique) | 6,014,361 | 6,014,361 | 8,895,059 | 8,895,059 |
| **Financial assets carried at amortised cost** | | | | |
| Trade and other receivables | 1,347,102 | 1,347,102 | 2,111,420 | 2,111,420 |
| Deposits with banks( including restricted deposits) | 1,654,037 | 1,654,037 | 1,446,469 | 1,446,469 |
| Cash and cash equivalents | 37,886 | 37,886 | 184,741 | 184,741 |
| | **9,053,386** | **9,053,386** | **12,637,689** | **12,637,689** |
| **Financial liabilities carried at amortized cost** | | | | |
| 14% non-convertible redeemable debentures | 8,792,913 | 8,806,608 | 9,360,121 | 9,377,706 |
| Indian currency loan from banks and financial institutions | 29,434,840 | 30,285,299 | 36,142,211 | 37,413,813 |
| External Commercial Borrowing | 21,088,444 | 21,195,271 | 21,014,738 | 21,255,975 |
| Trades and other payables | 3,304,483 | 3,304,483 | 3,325,693 | 3,325,693 |
| Director Loan | 1,224,490 | 1,224,490 | 1,193,792 | 1,193,792 |
| Vehicle Loan | 14,093 | 14,158 | 26,450 | 26,610 |
| | **63,859,264** | **64,830,309** | **71,063,005** | **72,593,589** |

**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, Director's loan, trade and other payables and Director loan has been taken as their carrying amounts due to their 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 authorization 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)

### 4.1 Property, plant and equipment

| | Freehold land | Building * | Plant and machinery | Pipeline | Gas producing properties | Furniture, fixture & office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|
| **Carrying amount as at 1 April 2019, net of accumulated depreciation/ depletion** | **659,432** | **2,906,042** | **14,458,275** | **15,971,749** | **117,010,328** | **76,816** | **123,518** | **151,206,160** |
| Additions during the year | 23,122 | 2,296 | 1,208,668 | - | - | 4,674 | 305,693 | 1,544,453 |
| Disposals/ retirements | - | - | (12,032) | - | - | (74,945) | (136,442) | (223,419) |
| Depreciation/ depletion charge for the year | - | (108,915) | (1,607,542) | (828,660) | (1,954,262) | (14,818) | (56,257) | (4,570,454) |
| Depreciation retirement | - | - | 11,562 | - | - | 71,199 | 128,630 | 211,391 |
| Exchange fluctuation | (55,789) | (233,383) | (1,168,979) | (1,268,168) | (9,536,948) | (5,506) | (24,644) | (12,293,417) |
| **As at 31 March 2020, net of accumulated depreciation/ depletion** | **626,765** | **2,566,040** | **12,889,952** | **13,874,921** | **105,519,118** | **57,420** | **340,498** | **135,874,714** |
| **Carrying amount as at 1 April 2020, net of accumulated depreciation/ depletion #** | 626,765 | 2,566,040 | 12,889,952 | 13,874,921 | 105,519,118 | 57,420 | 340,498 | 135,874,714 |
| Additions during the year | - | 22,081 | 1,122,359 | - | - | 11,848 | 167,553 | 1,323,841 |
| Disposals/ retirements | - | - | (4,450) | - | - | (39,245) | (137,452) | (181,147) |
| Depreciation/ depletion charge for the year [refer 2.3 (f)] | - | (95,199) | (1,529,533) | (782,698) | (1,476,726) | (24,229) | (65,964) | (3,974,349) |
| Depreciation retirement | - | - | 4,169 | - | - | 37,283 | 130,579 | 172,031 |
| Exchange fluctuation | 16,117 | 65,287 | 327,576 | 349,328 | 2,699,285 | 1,340 | 9,658 | 3,468,591 |
| **As at 31 March 2021, net of accumulated depreciation/ depletion** | **642,882** | **2,558,209** | **12,810,073** | **13,441,551** | **106,741,677** | **44,417** | **444,872** | **136,683,681** |
| **As at 31 March 2020** | | | | | | | | |
| Gross carrying amount | 626,765 | 3,381,521 | 27,262,569 | 21,406,898 | 115,119,511 | 369,234 | 564,665 | 168,731,163 |
| Accumulated depreciation | - | (815,481) | (14,372,617) | (7,531,977) | (9,600,393) | (311,814) | (224,167) | (32,856,449) |
| **Net Carrying amount #** | **626,765** | **2,566,040** | **12,889,952** | **13,874,921** | **105,519,118** | **57,420** | **340,498** | **135,874,714** |
| **As at 31 March 2021** | | | | | | | | |
| Gross carrying amount | 642,882 | 3,490,766 | 29,092,162 | 21,957,361 | 118,079,727 | 351,071 | 609,572 | 174,223,541 |
| Accumulated depreciation | - | (932,557) | (16,282,091) | (8,515,808) | (11,338,050) | (306,653) | (164,701) | (37,539,860) |
| **Net carrying amount** | **642,882** | **2,558,209** | **12,810,071** | **13,441,553** | **106,741,677** | **44,418** | **444,871** | **136,683,681** |

*Building includes premises acquired for USD 83,061 (31 March 2020: USD 80,979) which is not registered in the name of the company up to previous year. The same has been registered in the name of the Company during the Current year.

**Well capitalization**

During the year ended 31 March 2021, the Company has capitalized Nil wells (31 March 2020: 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: 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. These estimates are reviewed at least annually.

Refer note 12 of security details.

(All amounts in US dollars unless otherwise stated)

### 4.2 Right-of-use Asset

The Company has lease contracts for various items of leasehold lands, corporate office and equipment's used in its operations. 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. Generally, the company is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

| | Right of use (leashold land) |
|---|---|
| **Carrying amount as at 1 April 2019, net of accumulated depreciation/ depletion** | 1,651,212 |
| Additions during the year | - |
| Disposals/ retirements | - |
| Depreciation/ depletion charge for the year [refer 2.3 (f)] | (91,100) |
| Depreciation retirement | - |
| Exchange fluctuation | (130,782) |
| **As at 31 March 2020, net of accumulated depreciation/ depletion** | **1,429,330** |
| **Carrying amount as at 1 April 2020, net of accumulated depreciation/ depletion** | 1,429,330 |
| Additions during the year | - |
| Disposals/ retirements | - |
| Depreciation/ depletion charge for the year [refer 2.3 (f)] | (87,038) |
| Depreciation retirement | - |
| Exchange fluctuation | 35,925 |
| **As at 31 March 2021, net of accumulated depreciation/ depletion** | **1,378,217** |
| | |
| **As at 31 March 2020** | |
| Gross carrying amount | 1,690,685 |
| Accumulated depreciation | (261,355) |
| **Net carrying amount** | **1,429,330** |
| **As at 31 March 2021** | |
| Gross carrying amount | 1,690,685 |
| Accumulated depreciation | (312,468) |
| **Net carrying amount** | **1,378,217** |

Also Refer Note 28 for Leases and arrangements containing lease taken by the Company
Refer Note 12 for Security Details

(All amounts in US dollars unless otherwise stated)

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

| | As at 31 March | |
|---|---|---|
| | **2021** | **2020** |
| **Opening balance** | **8,172,920** | **8,100,768** |
| Additions during the period | - | 787,618 |
| Capitalisation/others | (596,942) | - |
| Effect of movement in foreign exchange rates | 204,476 | (715,466) |
| **Closing balance** | **7,780,454** | **8,172,920** |

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 2021, CWIP includes advances to capital equipment supply vendors amounting to USD 58,304 (31 March 2020: USD 104,904). 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 | Total |
|---|---|---|---|---|
| **As at 31 March 2019, net of accumulated amortization** | **115,861** | **12,167** | **699** | **128,727** |
| Additions during the year | - | - | - | - |
| Amortisation charge for the year | (8,464) | (5,115) | (432) | (14,011) |
| Exploration asset written off | - | - | - | - |
| Exchange fluctuation | (9,051) | (699) | (32) | (9,782) |
| **As at 31 March 2020, net of accumulated amortization** | **98,346** | **6,353** | **235** | **104,934** |
| Additions during the year | - | - | - | - |
| Amortisation charge for the year | (8,086) | (3,122) | (240) | (11,448) |
| Exploration asset written off | - | - | - | - |
| Exchange fluctuation | 2,451 | 133 | 5 | 2,589 |
| **As at 31 March 2021, net of accumulated amortization** | **92,711** | **3,364** | **0** | **96,075** |
| **As at 31 March 2020** | | | | |
| Cost | 187,027 | 220,549 | 77,359 | 484,935 |
| Accumulated amortization | (88,681) | (214,196) | (77,124) | (380,001) |
| **Net carrying amount** | **115,861** | **12,167** | **699** | **104,934** |
| **As at 31 March 2021** | | | | |
| Cost | 191,837 | 226,220 | 79,349 | 497,406 |
| Accumulated amortization / write off | (99,126) | (222,856) | (79,349) | (401,331) |
| **Net carrying amount** | **92,711** | **3,364** | **-** | **96,075** |

Refer note 12 for security details.
*Refer note 29 of the financial statements.

## 7 Prepayments

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Non-financial assets** | | |
| Prepaid expenses | 191,616 | 193,618 |
| | **191,616** | **193,618** |
| **Less: Non current portion** | | |
| - Prepaid expenses | 80,397 | 109,498 |
| **Total non-current portion** | **80,397** | **109,498** |
| **Current portion** | **111,219** | **84,120** |

Prepaid expenses include an amount of USD 29,388 (31 March 2020: USD 28,651) on account of rent paid in advance to a related party, YKM Holdings Private Limited (refer note 26).

(All amounts in US dollars unless otherwise stated)

## 8 Trade and other receivables

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **Financial assets** | | | |
| Trade receivables | | 745,962 | 712,859 |
| Receivable towards minimum gurantee offtake | | 11,713 | 2,148 |
| Unbilled revenue | | - | 1,210 |
| Receivable from related parties (refer note 25) | | 29,388 | 28,651 |
| Advances to employees | | 3,710 | 663 |
| Security deposits | | 29,752 | 43,928 |
| Interest receivable | | 26,717 | 144,671 |
| Deposits with Non Banking Finance Companies (NBFCs) | | 470,631 | 1,157,883 |
| Other receivable | | 29,229 | 19,407 |
| | **(A)** | **1,347,102** | **2,111,420** |
| **Non-financial assets** | | | |
| Amount deposited with Government agencies under protest | | 68,027 | 66,322 |
| | **(B)** | **68,027** | **66,322** |
| **Total trade and other receivables** | | **1,415,129** | **2,177,742** |
| **Less: Non current portion:** | | | |
| Receivable from related parties (refer note 25) | | 29,388 | 28,651 |
| Advances to employees | | 1,261 | - |
| Security deposits | | 29,752 | 29,006 |
| Amount deposited with Government agencies under protest | | 68,027 | 66,322 |
| Other receivable | | 15,306 | 14,922 |
| **Total non-current portion** | | **143,734** | **138,901** |
| **Current portion** | | **1,271,395** | **2,038,841** |

Notes:

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

b. 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.

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

d. The trade receivables does not comprise of any balances more than 6 months.

e. Refer note 12 for security details.

## 9a Liquid investments

| | As at 31 March | |
|---|---|---|
| | **2021** | **2020** |
| **Investments** | | |
| Investment carried at fair value through profit or loss | | |
| Investment in mutual funds - Quoted | | |
| ICICI Prudential Money market fund - Direct plan - Growth - 923,673 (31 March 2020: 1,654,868) units of market value USD 4.02 each (31 March 2020: USD 3.70 each) | 3,710,757 | 6,130,076 |
| SBI Saving Fund- Direct plan- Growth 4,951,315 (31 March 2020: 6,440,245) units of maket value USD 0.47 (31 March 2020: USD 0.43) | 2,303,594 | 2,764,974 |
| ICICI Prudential liquid fund - Daily dividend - 7.188 (31 March 2020: 6.938) units of market value USD 1.36 each (31 March 2020: USD 1.33 each) | 10 | 9 |
| | **6,014,361** | **8,895,059** |

## 9b Restricted deposits with banks

| | As at 31 March | |
|---|---|---|
| **Financial assets** | **2021** | **2020** |
| Fixed deposits held as margin money | 1,654,037 | 1,446,469 |
| Total non-current portion | - | - |
| Current portion | 1,654,037 | 1,300,953 |

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 | |
|---|---|---|
| | **2021** | **2020** |
| **Financial assets** | | |
| Cash in hand | 123 | 347 |
| Cash at banks | 37,763 | 56,061 |
| Deposits with original maturity of less than 3 months | - | 128,333 |
| | **37,886** | **184,741** |

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 statement of financial position 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 | |
|---|---|---|
| | **2021** | **2020** |
| ***Authorised shares*** | | |
| 70,000,000 (31 March 2020: 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 2020: 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.

43,193,995 equity shares (72.52% of total number of equity shares) represent 86,387,990 Global Depository Receipts (GDR) [31 March 2020: 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

### Securities premium

Securities 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 2013, such a reserve has a restricted use until the redemption of debentures and necessary additions are made basis maturity profile of the debentures.

(All amounts in US dollars unless otherwise stated)

***Retained Earning***

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit or Loss. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders

**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 Interest bearing loans and borrowings (including accrued interest)

| | As at 31 March | |
|---|---|---|
| **Financial liabilities** | **2021** | **2020** |
| **Non-current** | | |
| 14% non-convertible redeemable debentures | 8,342,301 | 8,920,805 |
| Indian currency loan from banks and financial institutions | 23,352,664 | 28,710,213 |
| External commercial borrowing | 19,803,464 | 19,806,108 |
| Vehicle loan | - | 13,647 |
| **Total non-current** | **51,498,429** | **57,450,773** |
| **Current** | | |
| **Current maturities** | | |
| 14% non-convertible redeemable debentures | 450,612 | 439,316 |
| Indian currency loan from banks and financial institutions | 6,105,034 | 7,431,998 |
| External commercial borrowing | 1,284,980 | 1,208,630 |
| Vehicle loan | 14,093 | 12,803 |
| **Total (A)** | **7,854,719** | **9,092,747** |
| **Short-term borrowings** | | |
| Directors loan | 1,224,490 | 1,193,792 |
| **Total (B)** | **1,224,490** | **1,193,792** |
| **Total current (A+B)** | **9,079,209** | **10,286,539** |

(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 2021 | As at 31 March 2020 |
|---|---|---|---|---|
| Non-Convertible redeemable debentures [refer (a) below] | INR | 31-Dec-29 | 14.28% | 14.28% |
| External commercial borrowing [refer (b) below] | Euro | 31-Mar-30 | Margin 4.372% + 6 month Euribor | Margin 4.372% + 6 month Euribor |
| Indian rupee loan [refer (c) below] | INR | 31-Mar-30 | Respective bank base rate + 3%, 2.5%, 2.55%, approx-imately 11.50% | Respective bank base rate + 3%, 2.5%, 2.55%, approximately 12.30% |
| Indian rupee loan [refer (d) below] | INR | 31-Mar-22 | Base rate + 3.55% | Base rate + 3.55% |
| Indian rupee loan [refer (e) below] | INR | | - | LFRR-3.95% LFRR-2.95% LFRR-3.45% |
| 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% |
| Indian rupee loan [refer (i) below] | INR | 15-Nov-26 | 13.65% | - |
| Vehicle loan [refer (j) 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.

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.

(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.

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.

(c) During the year ended 31 March 2012, the Company had been sanctioned Rupee Term Loan Facility equivalent to USD 33,333,333 (Rs. 2,450,000,000) from consortium of banks. The Company has drawn USD 32,464,790 (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:

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 8,163,265 (Rs. 600,000,000) repayable in 14 variable quarterly installments 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. This loan is fully paid and closed in March 2021.

(f) Unsecured Rupee Term loan of USD 1,224,490 (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 6,802,721 (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 34,014 (Rs. 2,500,000).

(h) During the financial year 2016-2017, the Company had been sanctioned Rupee Term Loan Facility equivalent to USD 6,802,721 (Rs. 500,000,000). The Company has drawn USD 5,305,743 (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 and Key management personnel, Mr. Y K Modi;

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

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

(i) 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.

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

(k) The Company has availed an unsecured loan from directors carrying an interest of 18% p.a. and payable monthly. The loan is repayable on demand.

(All amounts in US dollars unless otherwise stated)

## 13 Employee benefit liabilities

| | As at 31 March | |
|---|---|---|
| | **2021** | **2020** |
| Gratuity payable (defined benefit plan) | 684,997 | 654,886 |
| Compensated leave absences | 622,165 | 595,185 |
| | **1,307,162** | **1,250,071** |
| **Less: Non current portion** | 581,338 | 554,355 |
| **Current portion** | **725,824** | **695,716** |

The following tables summarize the components of gratuity expense recognised in the statement of profit or loss and the other comprehensive income and the amounts recognised in the statement of financial position for the respective plans.

| | As at 31 March | |
|---|---|---|
| | **2021** | **2020** |
| Current service cost | 54,079 | 59,749 |
| Interest cost on benefit obligations | 45,422 | 35,471 |
| Remeasurements (Gains) / losses recognised in the year | (60,808) | 80,746 |
| | **38,693** | **175,966** |
| Charged to the statement of profit or loss | 99,501 | 95,220 |
| Charged to other comprehensive income | (60,808) | 80,746 |
| | **38,693** | **175,966** |

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

| | As at 31 March | |
|---|---|---|
| | **2021** | **2020** |
| **Opening defined benefit** | 654,886 | 554,797 |
| Current service cost | 54,079 | 59,749 |
| Interest cost | 45,422 | 35,471 |
| Remeasurements (Gains)/ losses arising from | | |
| - experience adjustment | (60,808) | 80,746 |
| Exchange fluctuation | 10,394 | (55,055) |
| Benefits paid | (18,977) | (20,823) |
| **Closing defined benefit obligation** | **684,997** | **654,886** |

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

(All amounts in US dollars unless otherwise stated)

The principal actuarial assumptions used for gratuity were as follows:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Particulars** | | |
| Salary growth | 6.00% | 6.00% |
| Inflation factor | 6.00% | 6.00% |
| Discount rate | 6.96% | 6.68% |
| Mortality rates have been taken as per | IALM Ultimate 2006-2008 | IALM Ultimate 2006-2008 |
| Retirement age | 65 years | 65 years |

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**

A quantitative sensitivity analysis of the changes in the defined benefit obligation due to changes in significant assumptions are shown below:

**As at 31 March 2021**

| | 1% increase | 1% decrease |
|---|---|---|
| Discount rate | (83,156) | 100,534 |
| Future salary growth | 99,919 | (84,087) |
| Withdrawal rate | 596 | (394) |

**As at 31 March 2020**

| | 1% increase | 1% decrease |
|---|---|---|
| Discount rate | (89,632) | 109,360 |
| Future salary growth | 108,372 | (90,412) |
| Withdrawal rate | 17,414 | (11,609) |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized in the statement of financial position.

The method and types of assumptions used in the preparing the sensitivity analysis did not change compared to the prior period.

(All amounts in US dollars unless otherwise stated)

**Risk exposure**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Changes in bond yields:** A decrease in bond yields will increase plan liabilities.

**Salary Growth :** Higher than expected increases in salary will increase the defined benefit obligation.

**Inflation risks:** In the gratuity plans, the gratuity payment are not linked to inflation, so this is a less material risk.

**Life expectancy:** The gratuity plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

**Maturity profile of defined benefit obligation:**

| | **As at 31 March** | |
|---|---|---|
| **Year** | **2021** | **2020** |
| April 2021 to March 2022 | 104,302 | 74,858 |
| April 2022 to March 2023 | 6,748 | 2,947 |
| April 2023 to March 2024 | 7,362 | 3,427 |
| April 2024 to March 2025 | 8,022 | 3,976 |
| April 2025 to March 2026 | 8,739 | 4,602 |
| April 2026 onwards | 1,957,217 | 2,000,021 |
| **Total** | **2,092,390** | **2,089,830** |

The average duration of the defined benefit plan obligation at the end of the reporting period is 21 Years (2020: 20 years).

**Compensated absences plan**

The liability for the compensated absences plan is USD 622,165 (31 March 2020: USD 595,186). During the year, USD 20,289 (31 March 2020: USD 122,086) has been charged/(credited) to statement of profit or loss 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 4,718 (31 March 2020: USD 35,955). The Company contributed USD 218,374 (31 March 2020: USD 230,993) to the Provident fund which has been charged to statement of profit or loss.

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(All amounts in US dollars unless otherwise stated)

## 14 Trade and other payables

| | | As at 31 March | |
|---|---|---|---|
| | | 2021 | 2020 |
| **Financial liabilities** | | | |
| Trade payables for goods and services | | 2,336,682 | 2,366,586 |
| Payable to related parties (refer note 25) | | 522,483 | 512,117 |
| Employee benefit liability | | 214,357 | 203,761 |
| Security deposits | | 230,454 | 224,608 |
| Other liabilities | | 507 | 18,621 |
| | **(A)** | **3,304,483** | **3,325,693** |
| **Non-financial liabilities** | | | |
| Statutory dues | | 219,663 | 284,400 |
| Advances from customers | | 121,607 | 137,135 |
| | **(B)** | 341,270 | 421,535 |
| **Current portion** | **(A+B)** | **3,645,753** | **3,747,228** |

Terms and conditions of the above financial liabilities:

- Trade payable and other liabilities are non-interest bearing and repayable within 60 days.
- 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 and without interest.

## 15 Provisions

**Movement in provision for site restoration**

| | As at 31 March | |
|---|---|---|
| | 2021 | 2020 |
| **Opening balance** | **266,923** | **245,895** |
| Addition during the year | - | - |
| Effect of discounting | 1,740 | 43,945 |
| Effect of movement in foreign exchange rates | 6,880 | (22,917) |
| **Closing balance** | **275,543** | **266,923** |
| **Less: Non current portion** | 275,543 | 266,923 |
| **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.

(All amounts in US dollars unless otherwise stated)

Since there have been no additional drillings in the current year, management is not expecting any material change to the gross undiscounted decommissioning liability.

## 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.

| | As at 31 March | |
|---|---|---|
| | **2021** | **2020** |
| **Deferred tax liabilities:** | | |
| Deferred tax liabilities | 22,429,339 | 20,748,367 |
| **Deferred tax assets:** | | |
| Deferred tax assets | (23,477,364) | (22,007,165) |
| **Deferred tax Assets (net)** | **(1,048,025)** | **(1,258,798)** |

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

| | Property, plant and equipment |
|---|---|
| **Deferred tax liabilities** | |
| **At 1 April 2019** | **2,63,47,997** |
| Additions/ (reversal) during the year | (36,43,786) |
| Exchange differences | (19,55,844) |
| **At 31 March 2020** | **2,07,48,367** |
| Additions/ (reversal) during the year | 11,36,618 |
| Exchange differences | 5,44,354 |
| **At 31 March 2021** | **2,24,29,339** |

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

| Particulars | Employee benefits | Unabsorbed depreciation* | Exploration assets | Others | Minimum alternate tax (MAT) | Total |
|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | |
| **At 1 April 2019** | **380,240** | **13,951,556** | **265,190** | **80,857** | **9,509,937** | **24,187,780** |
| Additions/(reversals) during the year | 16,116 | (964,371) | (258,792) | 23,540 | 986,717 | (196,790) |
| Exchange differences | (32,336) | (1,093,373) | (6,398) | (8,080) | (843,638) | (1,983,825) |
| **At 31 March 2020** | **364,020** | **11,893,812** | **-** | **96,317** | **9,653,016** | **22,007,165** |
| Additions/(reversals) during the year | 7,196 | 707,829 | - | 507 | 186,362 | 901,894 |
| Exchange differences | 9,429 | 312,582 | - | (3,699) | 249,995 | 568,307 |
| **At 31 March 2021** | **380,645** | **12,914,223** | **-** | **93,125** | **10,089,373** | **23,477,366** |

(All amounts in US dollars unless otherwise stated)

*Unabsorbed depreciation does not have any specific life for adjustment in current taxation law, further Company do not have any carry forward tax losses.

Additions / reversals during the year in deferred tax assets and liabilities have been recognized in the statement of profit or loss except for a charge of USD 17,707 (previous year gain of USD 23,513) on employee benefits which has been recorded in other comprehensive income.

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 carry forward are as below:

| Amounts in USD | Year of origination | Available for utilization till |
|---|---|---|
| 434,657 | 2012-13 | 2027-28 |
| 2,953,774 | 2013-14 | 2028-29 |
| 2,342,840 | 2014-15 | 2029-30 |
| 204,859 | 2015-16 | 2030-31 |
| 404,281 | 2017-18 | 2032-33 |
| 2,613,138 | 2018-19 | 2033-34 |
| 947,687 | 2019-20 | 2034-35 |
| 188,137 | 2020-21 | 2035-36 |
| **10,089,373** | | |

The Company basis its current gas reserve estimates and business plan is hopeful of realising the same in the available carry forward period, considering the significant time gap between the expected time of utilisation and the permissible carry forward period. The Company does not have any unrecognised deferred tax assets.

The tax expense in the statement of profit or loss for the year differs from the standard tax rate of corporate tax in India. The Corporate tax rate has been reduced to 29.12% during the previous period, further the reconciliation between tax (expense) income and the product of accounting profit (loss) multiplied by India's standard corporate tax rate of 29.12% (31 March 2020: 29.12%) is as follows:

| | **For the year ended 31 March** | |
|---|---|---|
| | **2021** | **2020** |
| Profit before tax: | 1,861,052 | 6,489,382 |
| Tax credit/ (expense) at domestic tax rate | (541,938) | (1,889,708) |
| Tax effects of: | | |
| - Effect of evaluation of deferred tax balances in future years | 156,888 | 2,651,921 |
| - Non-deductible expenses | (42,161) | (197,107) |
| - 'Income tax for earlier years | (61,246) | - |
| - Changes in tax rate | - | 1,899,170 |
| **Tax (charge) / income** | **(488,456)** | **2,464,276** |

(All amounts in US dollars unless otherwise stated)

| | For the year ended 31 March | |
|---|---|---|
| | 2021 | 2020 |
| **Income tax expense / (income)** | | |
| Current tax expense | (186,362) | (982,718) |
| Income tax for earlier years | (61,246) | - |
| Deferred tax (expenses)/ income | (240,848) | 3,446,994 |
| | **(488,456)** | **2,464,276** |

The Taxation Laws (Amendment) Act, 2019 received the assent of the President on December 11, 2019 and published in the Gazette of India on December 12, 2019. The amendment provides an option for the companies to opt for reduced corporate tax rate of 22% provided they do not claim certain tax benefits under the Income Tax Act. Based on the expected timing of exercising of Section 115BAA, the Company re-measured its deferred tax balances on March 31, 2020 and consequential deferred tax credit of USD 2,651,921 had been recognized during the previous year.

## 17 Other income

| | For the year ended 31 March | |
|---|---|---|
| | 2021 | 2020 |
| Provisions/liabilities no longer required written back | 18,360 | 69,488 |
| Miscellaneous income | 146,632 | 66,849 |
| Net gain on financial instruments measured at fair value through profit or loss | 456,695 | 520,675 |
| | **621,687** | **657,012** |

## 18 Employee benefit expenses

| | For the year ended 31 March | |
|---|---|---|
| | 2021 | 2020 |
| Wages and salaries | 3,558,310 | 3,861,982 |
| Defined contribution plans (refer note 13) | 229,147 | 240,618 |
| Provision for gratuity (refer note 13) | 99,501 | 95,220 |
| Staff Welfare | 7,411 | 8,336 |
| | **3,894,369** | **4,206,156** |

(All amounts in US dollars unless otherwise stated)

## 19 Other expenses

| | For the year ended 31 March | |
|---|---|---|
| | **2021** | **2020** |
| Stores and spares consumed | 780,357 | 732,966 |
| Workover expenses | 283,136 | 568,580 |
| Audit fees | 109,730 | 109,821 |
| Electricity charges | 15,732 | 24,673 |
| Repairs and maintenance | 1,263,386 | 1,416,507 |
| Insurance | 139,248 | 67,819 |
| Rent | 169,821 | 171,328 |
| Rates and taxes | 36,365 | 27,698 |
| Postage, printing and stationery | 8,087 | 8,282 |
| Telephone charges | 65,323 | 73,841 |
| Travelling and conveyance | 158,404 | 482,932 |
| Consultancy charges | 309,398 | 372,210 |
| Fee and legal charges | 531,656 | 707,966 |
| Sitting fees/ commission paid to non-executive directors (refer note 25) | 62,817 | 71,095 |
| Hire charges | 423,422 | 516,568 |
| Security expenses | 2,028,149 | 2,287,191 |
| Selling and distribution expenses | 88,450 | 204,775 |
| Royalty | 1,589,146 | 2,202,868 |
| Production level payment | 397,287 | 550,717 |
| Conference and subscription | 22,195 | 49,227 |
| Excise duty on sales | 106,749 | 267,795 |
| Donation to political party | - | 35,271 |
| Miscellaneous expenses | 169,791 | 139,039 |
| | **8,758,649** | **11,089,169** |

## 20 Finance income

| | For the year ended 31 March | |
|---|---|---|
| | **2021** | **2020** |
| Interest on bank deposit | 149,715 | 365,966 |
| Interest from others | 10,036 | 24,231 |
| | **159,752** | **390,197** |

(All amounts in US dollars unless otherwise stated)

## 21 Finance cost

| | For the year ended 31 March | |
|---|---|---|
| | **2021** | **2020** |
| Interest | 7,042,331 | 8,607,536 |
| Unwinding of discount on site restoration cost | 1,740 | 43,945 |
| Bank charges | 33,209 | 46,554 |
| | **7,077,280** | **8,698,035** |

## 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 March | |
|---|---|---|
| | **2021** | **2020** |
| Profit after tax attributable to equity share holders for the year | 1,372,596 | 8,953,658 |
| Weighted average number of ordinary shares for basic and diluted earnings per share | 59,561,950 | 59,561,950 |
| Face value of share (INR) | 10 | 10 |
| Basic and diluted earnings per share (USD) | 0.02 | 0.15 |

## 23 Contingent Liabilities

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

(i) Petroleum and Natural Gas Regulatory Board ("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 and challenged the jurisdiction of PNGRB on this matter. PNGRB passed an Order against the Company of USD 136,054 (Rs. 10,000,000) (31 March 2020: USD 132,644) and a penalty of USD 2,721 (Rs. 200,000) (31 March 2020: USD 2,653) per day.

The Company challenged the same in Delhi High Court and the Court directed PNGRB not to take any coercive action against the Company. It further directed that the Company shall continue to supply the gas as of today through existing pipeline. The writ petition is currently pending in the Delhi High Court for final hearing. The Company believe that the it has a strong case in its favour.

(ii) One of the Contractor, D.S. Steel had filed a suit against the Company before the Civil Judge, Asansol for recovery of USD 109,030 (Rs. 8,013,685) (31 March 2020: USD 106,296) along with interest till realization for non-payment of bills for developing wells and enabling drilling to extract methane gas from certain sites. The Court passed the judgement in favour of the Contractor on 22 December 2015 of USD 80,472 (Rs. 5,914,685) (31 March 2020: USD 78,455) along with interest. from the date of filing the suit till realization of the claim. The Company has preferred the appeal before the Hon'ble High Court of

Calcutta which is pending before the Hon'ble Court. The Company is of the strong view of being successful in the matter.

(iii) Jakson Limited had initiated arbitration against the Company claiming USD 141,413 (Rs. 10,393,826) (31 March 2020: USD 137,867) along with interest. towards unpaid sale price for Gas Generator sets supplied. The Company has disputed the claim of the vendor and has filed its counter claim of USD 15,778,032 (Rs. 1,159,685,351) (31 March 2020: USD 15,382,482) 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 matter is at the stage of evidence before the Arbitration Tribunal. The Company is of the strong view that it will be able to recover its claims.

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

Goel Construction initiated arbitration proceedings claiming of USD 384,455 (Rs. 28,257,466) (31 March 2020: USD 374,817) along with interest. The Company filed counter claim of USD 80,947 (Rs. 5,949,623) (31 March 2020: USD 78,918). The Arbitration is at argument stage before the Arbitration Tribunal. The Company is of the strong view that it will be able to recover its claims.

(v) M/s Sopan Projects ("Sopan") filed a statement of claim for goods and services provided to the Company for USD 1,111,789 (Rs. 81,716,509) plus interest in GGS (North) matter before the Arbitration Tribunal. The Company filed its counter claim of USD 16,957,567 (Rs. 1,246,381,155) (31 March 2020: USD 16,532,447) against Sopan for deficiency in services. The Arbitrator has passed an award dated November 10, 2017 in the GGS (North) matter against the Company of USD 190,987 (Rs. 14,037,569) (31 March 2020: USD 186,199) plus interest. Aggrieved by the said Award, the Company filed a petition in the Delhi High Court to set aside the award. Sopan has also filed a petition to set aside the said award before the Delhi High Court.

In August 2016, Sopan has filed two separate claim petitions before the Arbitration Tribunal of USD 2,046,946 (Rs. 150,450,546) (31 March 2020: USD 1,995,630) plus interest and USD 250,825 (Rs. 18,435,619) (31 March 2020: USD 244,537) plus for GGS (South) and MDPE Pipelines matters respectively. The Company has filed Counter Claims to the tune of USD 5,720,694 (Rs. 420,471,015) (31 March 2020: USD 5,577,278) plus interest and USD 1,157,714 (Rs. 85,091,970) (31 March 2020: USD 1,128,690) plus interest respectively. In respect of GGS (South) and MDPE pipeline matter the Arbitration Tribunal has reserved the award. The Company is of the strong view that it will be able to recover its claims.

(vi) Directorate General of Hydrocarbons ("DGH") has demanded additional Production Level Payment ("PLP") of USD 1,555,261 (Rs. 114,311,686) (31 March 2020: USD 1,516,271) for the financial years from 2007-08 to 2016-17. The contention of DGH was that the Company has not obtained any approval for claiming deduction toward compression and transportation. 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.

(vii) (a) Excise Department has issued various Show Cause notices / demand levying excise duty on certain sales amounting to USD 1,277,221 (Rs. 93,875,750) (31 March 2020: USD 1,176,923) from the period

(All amounts in US dollars unless otherwise stated)

September 2007 to September 2020. The Company has clarified the position to the department and is of the strong view that no liability shall arise.

(b) The Company has received show cause notice / demand levying service tax on payment of service tax on payment of Royalty & Production level payment amounting to USD 365,673 (Rs. 26,876,983) (31 March 2020: USD 356,506) from April 2016 to June 2017. The Company has clarified the position to the department and is of strong view that no liability shall arise. The Company has also filed writ petition before Calcutta High Court to quash the demand raised by the Department.

(viii) 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 till 30 April 2034. In 2014, a dispute arose between the parties with regard to the commercial terms of the GSPA.

The Company initiated arbitration proceedings and filed a claim of USD 55,242,402 (Rs. 4,060,316,520) (31 March 2020: USD 53,857,495) largely towards Minimum Guarantee Offtake ("MGO") along with interest and SRMB filed its counter claim of USD 15,564,336 (Rs. 1,143,978,731) (31 March 2020: USD 15,174,144) along with interest. The Company is of the strong view that the Company would able to recover its claim. The matter is currently pending at arguments stage before the Arbitration Tribunal.

(ix) Apergy Apergy Artificial has invoked arbitration to claim a sum of USD 160,555 (Rs 11,800,778/-) (31 March 2020: USD Nil) alongwith interest for recovery of dues on account of ‘progressing cavity’ pumps supplied by them to the Company that were found to be of poor efficiency. The Company has filed a counter claim amounting USD 11,563,060 (Rs. 849,884,746/-) (31 March 2020: USD Nil) alongwith interest for the loss incurred due to poor efficiency of the pumps. The matter is currently pending at arguments stage before the Arbitration Tribunal. The Company is of the strong view that it would able to recover its claim.

(x) In respect of the assessment year 2014-15, the TDS Officer (Income-tax) had passed an assessment order under section 201(1)/201(1A) of the Income Tax Act and had made a tax demand amounting to USD 36,232 (Rs. 2,663,021) (31 March 2020: USD Nil). The Company had filed an appeal with the Commissioner of Income Tax (Appeals), which is pending. The Company has also submitted an application to TDS Officer (Income-tax) subsequent to year end, on 14 April 2021 for the stay of recovery of demand u/s 220(6).

(xi) The Company has other claims amounting to USD 7,354 (Rs. 540,496) (31 March 2020: USD 67,236).

**24 Capital and other commitments:**

| | **As at** | |
|---|---|---|
| | **31 March 2021** | **31 March 2020** |
| Estimated amount of contracts remaining to be executed on capital account and not provided for: | | |
| - For land | 13,373 | 13,966 |
| - For others | 21,603 | 974,149 |
| | **34,976** | **988,115** |

(All amounts in US dollars unless otherwise stated)

## 25 Related party disclosures

### a) Related parties where control exists:

**a) Relationship with related parties**

**Related parties where control exists:**
The Company is controlled by Mr. Yogendra Kr. Modi & Mr. 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<br>· Mr. Prashant Modi - Managing Director and Chief Executive Officer<br>· Mr. G.S Talwar - Independent Director<br>· Mr. S. Sundareshan - Independent Director<br>· Mr. Sushil Kumar Roongta - Independent Director<br>· 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 2021 and 2020.

| Related Party | Nature of transaction | For the year ended 31 March | |
|---|---|---|---|
| | | 2021 | 2020 |
| YKM Holdings Private Limited | Lease rentals | 151,485 | 151,029 |
| | Reimbursement of expenses | 29,314 | 29,724 |

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

| | For the year ended 31 March | |
|---|---|---|
| | 2021 | 2020 |
| Short term employee benefits | 1,253,913 | 1,312,775 |
| Defined contribution plan | 100,270 | 104,966 |
| Commission | 47,709 | 55,280 |
| Consultancy charges | 3,369 | 3,527 |
| Interest Paid | 218,329 | 229,181 |
| | **1,623,590** | **1,705,729** |

- In addition to above payments, the Company has also paid USD 15,108 (31 March 2020: USD 15,815) as sitting fees to the non-executive directors for attending various meetings and the same are included in 'other expenses' in the statement of profit or loss(refer note 19).

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

(All amounts in US dollars unless otherwise stated)

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 and note 12 (j) for terms of borrowings obtained from them.

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

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | **Receivable** | **Payable** | **Receivable** | **Payable** |
| YKM Holdings Private Limited (refer notes 7, 8)* | 58,776 | | 57,302 | - |
| Mr. Yogendra Kr. Modi (refer note 12,14) | - | 1,186,469 | - | 1,145,009 |
| Mr. Prashant Modi (refer note 12,14) | - | 577,817 | - | 560,901 |
| Ms. Prarthana Modi | - | 262 | - | 249 |
| | **58,776** | **1,764,548** | **57,302** | **1,706,159** |

*Amounts recoverable from YKM Holdings Private Limited consists of USD 29,388 (31 March 2020: USD 28,651) on account of security deposits paid for property taken on lease, recoverable on expiry of lease agreement (refer note 8) and USD 29,388 (31 March 2020: USD 28,651) on account of advance rent paid, adjustable against future occupation of property taken on lease (refer note 7). Amount payable to Mr. Yogendra Kr. Modi and Mr. Prashant Modi includes outstanding borrowings payable by the Company of USD 952,381 (31 March 2020: USD 928,505) and USD 272,109 (31 March 2020: USD 265,287) respectively.

**e) Terms and conditions of transactions with related parties**

Outstanding balances at the year-end are unsecured and settlement occurs in cash. For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: USD Nil). This assessment is undertaken on a forward-looking basis at each reporting period end through examining the historical information and financial position of the related party that is adjusted to reflect current conditions of market in which the related party operates.

## 26 Segment reporting

The Chief Operating Decision Maker (CODM) of the Company takes decision in respect of allocation of resources and assesses the performance basis the report/ information provided by functional heads and are thus considered to be Chief Operating Decision Maker.
Based on the Company's business model, extraction and sale of CBM / CNG gas have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of IFRS 8 ‘Operating segment’ and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

The entire sale has been made to external customers domiciled in India. Revenue of approximately USD 16,933,774 (31 March 2020: USD 22,291,110) is from 1 customer (31 March 2020: 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 are located in India.

(All amounts in US dollars unless otherwise stated)

## 27 Revenue

The details of revenue during the year ended 31 March 2021 and 2020 are as follows:

**Revenue from Operations**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Sale of products (including excise duty)** | | |
| - Coal bed methane gas | 2,46,53,056 | 3,33,00,254 |
| - Compressed natural gas | 8,69,245 | 21,80,610 |
| | **2,55,22,301** | **3,54,80,864** |
| **Other operating revenue** | | |
| - Minimum guarantee income | 1,56,071 | 1,07,580 |
| **Total other operating revenue** | **1,56,071** | **1,07,580** |
| **Revenue from Operations** | **2,56,78,372** | **3,55,88,444** |

**The details of gas sold by the Company:**

| | 31 March 2021 SCM* | 31 March 2020 SCM* |
|---|---|---|
| Coal bed methane | 7,97,73,686 | 10,42,41,460 |
| Compressed natural gas | 15,35,631 | 33,96,149 |
| | **8,13,09,317** | **10,76,37,609** |

* SCM represents Standard Cubic Meter

Sale of products includes excise duty collected from customers of USD 106,749 (31 March 2020: USD 267,795). The revenue related to sale of gas is recorded at point in time.

Other operating revenue represents minimum guarantee income charged from the customers when they are unable to lift the minimum contracted quantities. These revenues are recorded at point in time. Also refer note 30 (i). For details of trade and other receivables related to revenue, refer note 8.

During the year, besides normal losses and line pack amounting to 12.11 million scm (31 March 2020: 12.24 million scm) of gas, the Company flared 0.15 million scm (31 March 2020: 0.20 million scm) of gas. This has been reported to the Director General of Hydrocarbons.

**Contract balances**

| | As at 31 March 2021 | As at 31 March 2020 | 1st April 2019 |
|---|---|---|---|
| Trade receivables | 745,962 | 712,859 | 1,270,699 |
| Receivable towards minimum gurantee offtake | 11,713 | 2,148 | - |
| Unbilled revenue | - | 1,210 | 6,950 |
| Contract liabilities | 38,800 | 55,674 | 44,022 |

**28 Leases and arrangements containing lease**

The Company enters 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 leasing arrangement ranges up to 12 months. All the lease agreements are cancellable and renewable on mutual consent of parties as per mutually agreeable terms and do not contain any non-cancellable period.

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 Company’s leasing arrangements are in respect for premises, equipment and site office/store yard. These leasing arrangement ranges from 12 months to 3 years. All the lease agreements are cancellable and renewable on mutual consent of parties as per mutually agreeable terms and do not contain any non-cancellable period.

The company also has certain leases with lease terms of 12 months or less and leases of corporate office is cancellable in nature by either party by notice period mentioned in agreement. All the lease agreements are cancellable and renewable on mutual consent of parties as per mutually agreeable terms and do not contain any non-cancellable period.

The Company applies the short-term lease recognition exemptions for above leases.

Lease rentals accrued during the year for the premises, equipment and site office/store yard amounting to USD 169,821 (previous year USD 171,328) have been charged to the Statement of profit or loss.

There are no amounts payable toward variable and low value lease payments recognised for the year ended 31 March 2020 and 31 March 2021.

**29 Exploration asset**

The Company had entered into a Contract for exploration and production of Coal Bed Methane gas (‘Contract’) with the Government of India (GOI) on 29 July 2010, for carrying out CBM activities in Mannurgudi, Tamil Nadu. The Government of Tamil Nadu on the recommendations of the GOI granted Petroleum Exploration Licenses (PELs) to the Company for the entire block of 667 Sq. km. The Environmental Clearance for the block was also granted by the Ministry of Environment & Forest, Government of India. Thereafter, a dispute was raised by another party with regard to overlapping/unhindered access to the Company for the entire contractual area.

The Company referred the matter before an Arbitral Tribunal, where it is currently pending.

Since substantial time had elapsed, the Company during an earlier year had written off the expenditure incurred on the said block as no benefits are expected of it. As per legal advice obtained, writing of this amount will have no effect on the ongoing Arbitration.

**30 Other litigations**

(i) The Company had entered into a Gas Sale and Purchase Agreement ("GSPA") with Matix Fertilizers & Chemicals Limited ("Matix") in July 2017 which was valid till 31 August 2018. The Contract included a Minimum Guarantee Offtake ("MGO") by Matix and required the customer to deposit an interest free security amount of USD 3,193,660 (Rs. 234,734,032) in cash and to issue two Bank Guarantees ("BGs") for a total of USD 6,111,428 (Rs.449,190,000) [each Bank Guarantee of USD 3,055,714 (Rs.224,595,000)] in favour of the Company. Matix paid the security deposit but did not submit the BGs as per the terms of the GSPA. Matix was also obligated under the contract to purchase a minimum of 240,000 scm gas per day during the contract period. However, Matix defaulted in payment of the Invoices as per the GSPA and declared a shutdown of its plant in November 2017 without adhering to the terms of the GSPA.

As per the GSPA, the Company had raised the claim of USD 20,156,054 (Rs. 1,481,469,991) [USD 18,637,354 (Rs. 1,369,845,518) towards MGO and USD 1,518,700 (Rs. 111,624,473) towards interest upto August 30, 2018] plus further interest till realisation after adjusting the security deposit of USD 3,193,660 (Rs. 234,734,032). Matix had also filed a claim against the Company for an amount of USD 81,590,939 (Rs. 5,996,934,032) along with interest towards loss of profit due to non-operation of its plant, which in the opinion of the Company is without merit. The dispute had been referred to Arbitration and the award has been reserved for pronouncement after conclusion of final arguments by both sides. The Company basis external legal opinion believes that it has a strong probability of its claim being upheld before the arbitral panel. During an earlier year, the Company had recognized revenue only to the extent of monies received from Matix as there is significant counter party credit risk with respect to receivables from Matix considering their current financial condition.

**31 Covid 19**

India and global markets have experienced significant disruption resulting from Covid 19 pandemic. Considering that the entity is in the business of essential services and facts and circumstances available, the management has assessed that there is not much of a significant impact likely on operations of the Company, liquidity position, recoverability of its assets etc due to this pandemic. The Company continues to maintain sufficient liquidity to meet all its obligations. However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration and the impact of Covid-19 may be different from that estimated as at the date of approval of these financial statements and the Company will continue to monitor any material changes to future economic conditions.

**32 Impact of Code on Social Security, 2020**

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020 and subsequently the Code has also been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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

**On behalf of Board of Directors**

| | |
|---|---|
| **Yogendra Kr. Modi** | **Prashant Modi** |
| Executive Chairman | Managing Director & Chief Executive Officer |
| Place: Delhi | Place: Delhi |
| Date: 13 July 2021 | Date: 13 July 2021 |