

CLIENT COPY

FINANCIAL STATEMENTS AND REPORT

GANDHAR OIL & ENERGY DMCC

FOR THE YEAR / PERIOD ENDED ON 31/03/2020

KAILASH CHAND JAIN & CO.

CHARTERED ACCOUNTANTS

'EDENA' 1st Floor, 97, Maharshi Karve Road, Near Income Tax Office,
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KAILASH CHAND JAIN & CO. (Regd.)

CHARTERED ACCOUNTANTS

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To
The Board of Directors,
Gandhar Oil Refinery (India) Ltd.
18th Floor, DLH Park, S.V. Road,
Goregaon (W), Mumbai 400062, India.

Dear Sirs,

We have verified the translated version of the financial statements of **Gandhar Oil & Energy DMCC** for the year ended March 31, 2020. The financial statements have been translated by the company in Indian Rupee in accordance with **Ind AS 21**, The Effect of Changes in Foreign Currency Rates. The work is carried out by us in accordance with the **Standard on Related Services (SRS) 4400**, "Engagements to Perform Agreed upon Procedures regarding Financial Information" issued by the Institute of Chartered Accountants of India.

As required under Schedule VI Part A Item no. (11)(1)(A)(ii)(b) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), we have verified the translated financial information contained in the Annexures attached to this certificate which is proposed to be uploaded on the website of **Gandhar Oil Refinery (India) Limited** in connection with its proposed initial public offering of equity shares of **Gandhar Oil Refinery (India) Limited**.

We did not audit or review the financial statements of **Gandhar Oil & Energy DMCC**. These financial statements have been audited by other audit firm and we do not express any assurance on the same.

These translated financials should not in any way be constructed as a reissuance or re-dating of any of the previous audit reports, nor should these be constructed as a new opinion on any of the audited standalone financial statements referred to herein.

These translated financials are intended solely for the use of management of the company for uploading on website of **Gandhar Oil Refinery (India) Limited** in connection with the Initial Public Offering of equity shares of the Company. The Certificate should not be used, referred to or distributed for any other purpose except with our prior consent in writing.



The above Certificate is based on the information and explanations provided by the management of **Gandhar Oil Refinery (India) Limited** and its subsidiary **Gandhar Oil & Energy DMCC** without having any financial obligation on our part in any respect whatsoever more particularly as guarantor or otherwise.

For **Kailash Chand Jain & Co.**
Chartered Accountants
Firm Registration No: 112318W



Saurabh Chouhan
Partner



Membership No: 167453
UDIN: 22167453BDOKTS4622
Place: Mumbai
Date: November 19, 2022

Name of the Company: Gandhar Oil & Energy DMCC
Balance Sheet as at March 31, 2020

Amounts in INR

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non - current assets			
Fixed assets			
a. Property, Plant and Equipment	3a	1,65,346	8,79,679
b. Investment Property	3b	1,13,99,935	1,13,99,935
c. Intangible Assets	3c	50,435	76,915
Total Non-Current Assets		1,16,15,716	1,23,56,529
Current assets			
a. Financial Assets			
(i) Trade receivables	4	39,88,95,198	79,09,64,668
(ii) Cash and cash equivalents	5	4,37,17,300	2,23,08,736
(iii) Bank Balances other than (ii) above	6	9,68,66,323	12,72,35,059
(iv) Loans	7	9,42,568	6,50,204
(v) Other Financial Assets	8	12,33,245	-
b. Other Current Assets	9	30,99,97,940	35,77,18,980
Total Current Assets		85,16,52,574	1,29,88,77,647
Total Assets		86,32,68,290	1,31,12,34,176
EQUITY AND LIABILITIES			
EQUITY			
a. Share Capital	10	3,55,06,137	3,55,06,137
b. Other Equity	11	50,80,76,800	45,31,05,335
Total Equity		54,35,82,937	48,86,11,472
LIABILITIES			
Non current liabilities			
a. Financial Liabilities			
(i) Other Financial Liabilities	14	7,46,346	-
Current liabilities			
a. Financial Liabilities			
(i) Borrowings	12	26,90,58,104	43,21,30,604
(ii) Trade payables	13	38,51,237	17,62,95,741
(iii) Other Financial Liabilities	14	42,70,752	66,85,241
b. Other Current Liabilities	15	4,17,58,915	20,75,11,118
Total Current Liabilities		31,96,85,354	82,26,22,704
Total Liabilities		31,96,85,354	82,26,22,704
TOTAL		86,32,68,290	1,31,12,34,176

See accompanying notes forming part of the financial statements

For and on behalf of Gandhar Oil & Energy DMCC
Gandhar Oil Refinery (India) Limited

Aslesh Parekh
Director
DIN: 02225795



Place: Mumbai
Date: November 19, 2022

Name of the Company: Gandhar Oil & Energy DMCC
Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Note No.	Amounts in INR	
		As at March 31, 2020	As at March 31, 2019
INCOME			
Revenue from operations	16	1,20,06,30,223	4,97,46,92,283
Other Income	17	5,64,73,346	10,94,20,282
Total Income		1,25,71,03,569	5,08,41,12,565
EXPENSES			
Cost of Materials Consumed		-	-
Purchases of Traded Goods	18	1,04,26,77,905	4,80,89,25,917
Changes in Inventories of Finished Goods, Work -in Progress and Stock-in-Trade		-	-
Employee benefits expense	19	1,56,43,723	3,49,34,870
Finance Costs	20	2,92,54,957	3,15,90,742
Depreciation and amortization expense	21	7,40,813	21,56,188
Other expenses	22	15,72,69,240	5,41,09,581
Total Expenses		1,24,55,86,638	4,93,17,17,298
Profit Before Tax		1,15,16,931	15,23,95,267
Tax Expense :			
- Current Tax		-	-
Profit for the Year		1,15,16,931	15,23,95,267
Other Comprehensive Income			
Items that will be reclassified to Profit or Loss			
Exchange differences in translating financial statement of foreign operations		4,34,54,534	1,74,35,562
Total Comprehensive Income for the year		5,49,71,465	16,98,30,829
Earning per Ordinary Share			
-Basic & Diluted		5,758	76,198
Number of Shares used in computing Earning Per Share		2,000	2,000

See accompanying notes forming part of the financial statements

For and on behalf of Gandhar Oil & Energy DMCC
Gandhar Oil Refinery (India) Limited


Aslesh Parekh
Director
DIN: 02225795



Place: Mumbai
Date: November 19, 2022

Name of the Company: Gandhar Oil & Energy DMCC
Statement of Cash Flows for the year ended March 31, 2020

Amounts in INR

Particulars	As at March 31, 2020	As at March 31, 2019
A Cash flow from Operating activities		
Profit before tax, Extraordinary Items	1,15,16,931	15,23,95,267
Adjustment for :		
Exchange Rate difference on Foreign Currency translation	4,34,54,534	1,74,35,562
Finance Costs	2,92,54,957	3,15,90,742
Depreciation and amortization expense	7,40,813	21,56,188
Interest received	(34,78,723)	(37,25,818)
	6,99,71,581	4,74,56,674
	8,14,88,512	19,98,51,941
Operating Profit before working capital changes		
Adjustment for :		
Financial Assets	39,05,43,860	(66,18,01,539)
Non - Financial Assets	4,77,21,040	27,59,46,961
Financial Liabilities	(17,41,12,647)	16,06,13,911
Non-Financial Liabilities	(16,57,52,203)	11,18,07,245
	9,84,00,050	(11,34,33,422)
Cash generated from operations	17,98,88,562	8,64,18,519
Income Tax (paid) / refund	-	-
Cash flow before extraordinary items	17,98,88,562	8,64,18,519
Extraordinary Items	-	-
Net Cash From/ (used in) Operating Activities (A)	17,98,88,562	8,64,18,519
B Cash flows from Investing activities		
Sale/(Addition)of/to Fixed Assets	-	(1,03,682)
Interest received	34,78,723	37,25,818
Net Cash from/(used in) Investing Activities (B)	34,78,723	36,22,136
C Cash flows from Financing activities		
Finance Costs	(2,92,54,957)	(3,15,90,742)
Proceeds from issuance of share capital	-	-
Proceeds / repayment from/(of) Short-term borrowings	(16,30,72,499)	(9,49,67,123)
Fixed Deposits and margin deposit with bank not considered as cash equivalents -earmarked bank balances (net)	3,03,68,736	(6,15,08,119)
Dividend paid (including dividend tax)	-	-
Net cash from/(used in) financing activities (C)	(16,19,58,720)	(18,80,65,984)
D		
Net increase /(decrease) in cash and cash equivalents (A+B+C)	2,14,08,564	(9,80,25,329)
Cash and cash equivalents at the beginning of the year	2,23,08,736	12,03,34,065
Cash and cash equivalents at the end of the year	4,37,17,300	2,23,08,736

See accompanying notes forming part of the financial statements

For and on behalf of Gandhar Oil & Energy DMCC
Gandhar Oil Refinery (India) Limited


Aslesh Parekh
Director
DIN: 02225795



Place: Mumbai
Date: November 19, 2022

Name of the Company: Gandhar Oil & Energy DMCC

Notes forming part of the financial statement for the year ended March 31, 2020

1) General Information

Gandhar Oil & Energy DMCC (the "Company") is a Free Zone Company with limited liability incorporated and licensed at Dubai Multi Commodities Centre subject to the Laws, Regulations and Notices of the Dubai Multi Commodity Centre Authority in the Emirate of Dubai. The Company is operating under Trading License No. DMCC-094364 registered on 11 December 2014 by the DMCC Authority, Dubai, United Arab Emirates. The Company is fully owned by Gandhar Oil Refinery (India) Limited (the "Shareholder"). The registered office of the Company is Unit No: 302, Jumeirah Bay Tower X3, Plot no. JLTPH2-X3A, Jumeirah Lake Towers, Dubai, United Arab Emirates and the principal place of business of the Company is located at Dubai Multi Commodities Centre, Dubai, United Arab Emirates.

The principal activity of the Company is trading in refined oil products abroad, crude oil trading abroad, industrial & liquefied natural gas, petrochemicals, coal & firewood and cement products.

During the year, the manager of the company has changed and as per Trading License of the Company issued by Dubai Multi Commodity Centre Authority, Mr. Jacob Kunjumon Kunnappillil, Indian National has been appointed as Manager of the Company.

These financial statements relate to the period from 1 April 2019 to 31 March 2020.

2A) Summary of significant accounting policies

2.1 Basis of preparation and presentation of financial information

The Financial Statement have been prepared by the Management of the Company for the purpose of inclusion in the Draft Red Herring prospectus ("DRHP") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

- (a) In accordance with Schedule VI Part A Item no. (11)(I)(A)(ii)(b) of securities and Exchange Board of India (Issue of capital and Disclosure Requirement) Regulations, 2018, as amended ("SEBI ICDR Regulations")
- (b) Converting the financial statements from the reporting currency i.e USD to INR translated financial statements including the notes thereto in accordance with Ind AS 21.

2.2 Property, plant and equipment

Property, plant and equipment are initially recorded at cost together with any incidental expenses of acquisition or construction. Subsequently they are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost of property, plant and equipment less their estimated residual values over their estimated useful lives, as follows:

Description of the Asset	Estimated Useful Life (Years)
Furnitures and fixtures	4
Office equipment and software	4
Motor vehicle	4

Furniture and fixture and motor vehicle have been fully depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.



Name of the Company: Gandhar Oil & Energy DMCC

Notes forming part of the financial statement for the year ended March 31, 2020

2.3 Investment Property

Freehold property acquired for the purpose of earning rental income or for capital appreciation are defined as investment property and stated at cost.

2.4 Employees Terminal Benefit

Provision is made for employees' terminal benefits on the basis prescribed under the U.A.E. Labour Law based on current remuneration and their period of service at the end of the reporting period. Accordingly, the Company has no expectation of settling its employees' terminal benefits obligation in the near future.

2.5 Foreign Currency

Functional and presentation currency

The Company's functional currency is UAE Dirham (AED), however the financial statements have been prepared in US Dollar and are rounded off to nearest Dollar.

Transaction and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the reporting date are translated at rates of exchange ruling at the reporting date. Exchange differences arising in these cases are dealt with in the statement of comprehensive income. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.



2.6 Trade Receivables

Trade receivables are carried at their anticipated realisable values. A provision is made for impaired trade receivables based on a review of all outstanding amounts at the year-end. Impaired trade receivables are written-off during the period in which they are identified.

2.7 Trade Payables and Accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

2.8 Finance Charges

Finance charges that are directly attributable to the acquisition and constructing of property and equipment are capitalized as part of the cost of those assets. Other finance charges are recognized as an expense in the period in which they are incurred.

2.9 Cash & Cash Equivalents

Cash and cash equivalents consist of unrestricted cash and bank balances, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.10 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.11 Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss recognised immediately in profit or loss.

2.12 Impairment

Financial assets

At each reporting date, the Company assesses if there is any objective evidence indicating impairment of financial assets or non collectability of receivables.

An impairment loss, if any, arrived at as a difference between the carrying amount and the recoverable amount, is recognized in the statement of comprehensive income. The recoverable amount represents the present value of expected future cash flows discounted at original effective interest rate. Cash flows relating to short term receivables are not discounted.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the reversal of previously recognised impairment loss is recognised in the profit or loss.

Non financial assets

At each reporting date, the Company assesses if there is any indication of impairment of non financial assets. If an indication exists, the Company estimates the recoverable amount of the asset and recognizes an impairment loss in the statement of comprehensive income. The Company also assesses if there is any indication that an impairment loss recognized in prior periods no longer exists or has reduced. The resultant impairment loss or reversals are recognized immediately in the statement of comprehensive income.



Name of the Company: Gandhar Oil & Energy DMCC

Notes forming part of the financial statement for the year ended March 31, 2020

2.13 Financial Liabilities

All financial liabilities are initially measured at cost and are subsequently measured at amortized cost using the effective interest method.

2.14 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, customer returns and other sales taxes or duty.

The Company recognises revenue based on a five step model as set out in IFRS 15:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where any one of the above conditions are not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised in the profit or loss when significant risk and reward of ownership have been transferred to the customer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods can be estimated reliably, there is no continuing management involvement with the goods and amount of revenue can be measured reliably.



2.15 Other Income

Other income is recognised when the Company's right to receive payment is established.

2.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from the past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognized but are disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When an inflow is virtually certain, an asset is recognized.

2B) Critical accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

a) Depreciation of property, plant and equipment

Management assigns useful lives and residual values to property, plant and equipment based on the intended use and the economic lives of those assets. Subsequent changes in circumstances could result in the actual useful lives or residual values differing from initial estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life.

b) Impairment of assets

Assessments of net recoverable amounts of property, plant and equipment, investment property and all financial assets other than trade receivables (see below) are based on assumptions regarding future cash flows expected to be received from the related assets.

c) Impairment of trade receivables and due from related party

An estimate of the collectible amount of trade receivables and due from related party are made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates. The difference between the estimated collectible amount and the book amount is recognised as an expense in the statement of comprehensive income. Any difference between the amounts actually collected in future periods and the amounts expected to be collected will be recognized in the statement of comprehensive income.

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates and discounts. The Company's recognises the revenue from the sale of goods when the products have been delivered to the customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and when it can be reliably measured and it is probable that future economic benefits will flow to the establishment. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.



Name of the Company: Gandhar Oil & Energy DMCC

Notes forming part of the financial statement for the year ended March 31, 2020

2C) Covid-19

On 11 March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a global pandemic. As a result, economic uncertainties have arisen in many parts of the world and many businesses are facing significant operational disruptions. These events have a marginal impact on the Company's operations now and may have an increased implication on the Company's results of operations if the weakened economic environment continues. To alleviate the negative impact of COVID-19 pandemic, the UAE Government, Central Bank and other independent jurisdictions and regulators have taken measures and issued directives to support businesses and the UAE economy at large.

The impact of the coronavirus and the resulting economic impact of individual government measures and policies is a non-adjusting event and will not impact the ability of the company to continue to act as a going concern. These conditions are considered subsequent events and impacted the economic and risk environment in which the Company operates. Given the uncertainty related to the duration and effect of this pandemic, the impact on the Company's financial statements cannot be currently estimated and could impact future financial result, cash flows and financial position.

2D) Related party transactions

The Company enters into various transactions in the normal course of business with related parties. Related parties include the shareholder, key management personnel, fellow subsidiaries, associates, joint ventures, directors and entities which are controlled directly or indirectly by the shareholder or director or over which they exercise significant management influence. The prices and terms of these transactions were approved by the management. Due to related parties does not attract interest and is payable on demand. Certain related parties have issued guarantees for the facilities granted to the Company.

Balance between the Company and its related party is described below:

Particulars	As at 31 March	As at 31 March
	2020	2019
	INR	INR
Due to Related Party		
Gandhar Oil Refinery (India) Limited	-	40,11,490
Gandhar Global Singapore Pte Limited	-	13,41,16,673
Texol Lubritech FZC	75,915	-



2E) Financial Risk and Capital Management

(1) Financial risk factors

The Company's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance. Under the Company's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. The identified key risks are market risk, credit risk and liquidity risk:

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises : currency risk and interest rate risk. The Company's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The majority of the Company's financial assets and financial liabilities are either denominated in United States Dollar (USD) or currencies fixed to the USD. The Company manages the risks through regular monitoring of the currency markets to determine appropriate action to minimise the exposure to the currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is limited to its interest bearing assets and liabilities. The Company's interest rate risk arises primarily from borrowings.

Although the Company is exposed to interest rate risk the Shareholder consider that the impact of interest rate will not be material to the results of operations.

The Company has availed bank borrowings as disclosed in Note 12 to the financial statements. The interest rates on bank borrowings are at commercial rates which are generally obtained in the United Arab Emirates.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally of bank balances, due from related party and trade receivables. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade receivables and due from related party are subjected to credit evaluations and an allowance has been made for estimated irrecoverable amounts. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. The Company is not exposed to any significant concentration of credit risk because its exposure is spread over financial institutions and a large number of customers.

At the reporting date, 98% of net trade receivables are due from 2 customers (2019 - 79% from 4 customers).

Particulars	As at March 31, 2020	As at March 31, 2019
	INR	INR
Geographical classification of trade receivables		
Within United Arab Emirates	34,33,763	3,97,65,496
Outside United Arab Emirates:		
India	40,15,66,923	59,76,82,092
China	-	15,35,17,179
	40,50,00,686	79,09,64,767



Name of the Company: Gandhar Oil & Energy DMCC

Notes forming part of the financial statement for the year ended March 31, 2020

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Company manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Company maintains good working relations with its banks and ensures compliance with the covenants as stipulated in facility agreements.

The table analyses the Company's remaining contractual maturity or its financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Company may be required to pay.

As on March 31, 2020	Less than 1 year INR	More than 1 year INR	Total INR
Provision for employees terminal benefits	-	7,46,346	7,46,346
Borrowings	26,90,58,104	-	26,90,58,104
Trade payables and accruals	38,51,237	-	38,51,237
Due to related party	75,915	-	75,915

As on March 31, 2019	Less than 1 year INR	More than 1 year INR	Total INR
Borrowings	43,21,30,604	-	43,21,30,604
Trade payables and accruals	17,62,95,741	-	17,62,95,741
Due to related party	13,81,28,164	-	13,81,28,164



(2) Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Company manages the equity and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the equity, the Company may adjust the amount of dividends paid to shareholders, return funds to shareholders, issue new shares, or sell assets to reduce its exposure to debt.

2F) Contingent Liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
	INR	INR
Import bill	-	26,10,22,902
Letter of Credit	-	3,91,56,480
	-	30,01,79,382

2G) Commitments

There were no material capital commitments at the reporting date.

2H) Other notes

The translated financial statements have been prepared considering the requirements and presentation as per the standards applicable in India.

Unless otherwise stated, the figures (including previous year figures) under the translated financial statements have been regrouped / rearranged to the extent necessary to conform the fair presentation and current period's classification.

For the purpose of reporting requirement of translation to the reporting/presentation currency, the following has been taken into consideration:

- Assets and liabilities (except for non-current assets and equity which are reported at historical rate i.e. exchange rates prevailing at the transaction date) have been reported at the prevailing closing rate as at the date of that balance sheet;
- Income and expenses for each statement of profit and loss have been reported at yearly average rate except for items of changes in inventories, cost of material consumed and depreciation; and
- All accumulated exchange differences have been recognized in other comprehensive income.



Name of the Company: Gandhar Oil & Energy DMCC

Notes forming part of the financial statement for the year ended March 31, 2020

Note 3a	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Total
Gross Block (At Cost)					
As At March 31, 2019	7,32,135	69,81,255	3,77,236	38,626	81,29,252
Additions	-	-	-	-	-
Deductions	-	-	-	-	-
As At March 31, 2020	7,32,135	69,81,255	3,77,236	38,626	81,29,252

Depreciation					
As At March 31, 2019	5,91,734	64,15,738	2,28,150	13,951	72,49,573
Charge for the year	1,31,286	4,97,149	77,029	8,870	7,14,333
Deductions	-	-	-	-	-
As At March 31, 2020	7,23,020	69,12,886	3,05,179	22,821	79,63,906

Net Block					
As At March 31, 2019	1,40,401	5,65,517	1,49,085	24,675	8,79,679
As At March 31, 2020	9,115	68,368	72,056	15,806	1,65,346

Note 3b	Investment Property
Gross Block (At Cost)	
As At March 31, 2019	1,29,67,504
Additions	-
Deductions	-
As At March 31, 2020	1,29,67,504

Depreciation	
As At March 31, 2019	15,67,568
Charge for the year	-
Deductions	-
As At March 31, 2020	15,67,568

Net Block	
As At March 31, 2019	1,13,99,935
As At March 31, 2020	1,13,99,935

Note 3c	Intangibles
Gross Block (At Cost)	
At March 31, 2019	1,15,931
Additions	-
Deductions	-
At March 31, 2020	1,15,931

Depreciation	
At March 31, 2019	39,016
Charge for the year	26,480
Deductions	-
At March 31, 2020	65,496

Net Block	
At March 31, 2019	76,915
At March 31, 2020	50,435



Name of the Company: Gandhar Oil & Energy DMCC
Notes forming part of the financial statement for the year ended March 31, 2020

4 TRADE RECEIVABLES	As at March 31, 2020 INR	As at March 31, 2019 INR
Unsecured, considered good		
Trade Receivables	39,88,95,198	79,09,64,668
Trade Receivables - credit impaired	68,30,620	-
	40,57,25,818	79,09,64,668
Less; Provision for Bad and Doubtful Debts	68,30,620	-
	39,88,95,198	79,09,64,668

5 CASH AND CASH EQUIVALENTS	As at March 31, 2020 INR	As at March 31, 2019 INR
Cash and cash equivalents		
Balances with banks:		
-In Current Account	3,16,42,983	93,06,305
Cash on hand	1,20,74,316	1,30,02,431
	4,37,17,300	2,23,08,736

6 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS	As at March 31, 2020 INR	As at March 31, 2019 INR
Balances with banks:		
- In Term Deposits Accounts (Security against guarantee / margin money deposits)	9,68,66,323	12,72,35,059
	9,68,66,323	12,72,35,059

7 LOANS	As at March 31, 2020 INR	As at March 31, 2019 INR
(Unsecured, considered good)		
i) Security Deposits	8,95,903	6,50,204
ii) Other loans	46,665	-
	9,42,568	6,50,204

8 OTHER FINANCIAL ASSETS	As at March 31, 2020 INR	As at March 31, 2019 INR
i) Interest accrued on fixed deposits	12,33,245	-
	12,33,245	-

9 OTHER CURRENT ASSETS	As at March 31, 2020 INR	As at March 31, 2019 INR
i) Balances with the Government authorities		
Balances with the statutory authorities	17,866	5,127
ii) Advances to supplier	30,82,56,175	35,62,58,087
iii) Prepaid Expenses	17,23,899	14,55,765
	30,99,97,940	35,77,18,980

10 SHARE CAPITAL	As at March 31, 2020 (INR)	As at March 31, 2019 (INR)
<u>Issued and Paid Up:</u>		
2,000 Ordinary Shares of INR 17,440/- Each Issued and fully paid up.	3,55,06,137	3,55,06,137
	3,55,06,137	3,55,06,137

Notes:

- a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	INR	Nos.	INR
At the beginning of the year	2,000	3,55,06,137	100	17,85,759
Shares Issued during the year	-	-	1,900	3,37,20,378
Outstanding at the end of the year	2,000	3,55,06,137	2,000	3,55,06,137



Name of the Company: Gandhar Oil & Energy DMCC
Notes forming part of the financial statement for the year ended 31 March, 2020

b. Terms/rights attached to Ordinary shares

(i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value carry one vote per share without restriction.

During the year ended 31st March 2020, the amount of per share dividend recognized as distributions to Ordinary shareholders is (₹) Nil (March 31, 2019 : ₹ Nil/-)

c. Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Nos.	% of Share	Nos.	% of Share
a) Gandhar Oil Refinery (India) Limited	2,000	100.0%	2,000	100.0%

d. All the ordinary shares of the company are held by Gandhar Oil Refinery (India) Limited

Name of the Company: Gandhar Oil & Energy DMCC
Notes forming part of the financial statement for the year ended 31 March, 2020

11 RESERVES AND SURPLUS	As at March 31, 2020 (INR)	As at March 31, 2019 (INR)
Foreign Currency Translation Reserve		
Balance as per Last Financial Statements	1,46,90,543	(27,45,019)
Foreign Currency Translation for the year	4,34,54,533	1,74,35,562
Total	5,81,45,076	1,46,90,543
Surplus in the Statement of Profit and Loss		
Balance as per Last Financial Statements	43,84,14,793	31,97,39,903
Add: Profit for the year	1,15,16,932	15,23,95,267
Amount available for Appropriation	44,99,31,724	47,21,35,170
Less : Appropriations		
Bonus (18.03.2019)	-	3,37,20,378
Total of appropriations	-	3,37,20,378
Net Surplus in the Statement of Profit and Loss	44,99,31,724	43,84,14,793
Total	50,80,76,800	45,31,05,335

12 BORROWINGS

	As at March 31, 2020		As at March 31, 2019	
	Non-Current (INR)	Current (INR)	Non-Current (INR)	Current (INR)
Secured Loan				
- HDFC Banks	-	26,90,58,104	-	24,94,82,212
	-	26,90,58,104	-	24,94,82,212
Unsecured Loan				
Loans repayable on Demand				
- from related parties - Gandhar Global Singapore Pte Ltd	-	-	-	13,41,16,673
- from related parties -Rajiv Parekh	-	-	-	-
- from Others	-	-	-	4,85,31,719
	-	-	-	18,26,48,392
Total		26,90,58,104		43,21,30,604

13 TRADE PAYABLES

	As at March 31, 2020 (INR)	As at March 31, 2019 (INR)
Trade Payables	38,51,237	17,62,95,741
	38,51,237	17,62,95,741

14 OTHER FINANCIAL LIABILITIES

	As at March 31, 2020		As at March 31, 2019	
	Non-Current (INR)	Current (INR)	Non-Current (INR)	Current (INR)
Interest Accrued and due on borrowings				
(i) from related parties	-	-	-	-
(ii) from others	-	32,41,653	-	7,15,392
Deposit - Rent				
-Payable for Expenses	-	41,049	-	37,670
(i) Related parties	-	-	-	-
(ii) Others	7,46,346	9,88,050	-	19,20,688
Other Payables to related Party	-	-	-	40,11,490
	7,46,346	42,70,752	-	66,85,241

15 OTHER CURRENT LIABILITIES

	As at March 31, 2020 (INR)	As at March 31, 2019 (INR)
Contract Liabilities (Advance Payment from Customers)	4,17,58,914	20,75,11,118
Statutory Liabilities	-	-
	4,17,58,914	20,75,11,118



Name of the Company: Gandhar Oil & Energy DMCC

Notes forming part of the financial statement for the year ended March 31, 2020

16 REVENUE FROM OPERATIONS	As at March 31, 2020	As at March 31, 2019
	(INR)	(INR)
(A) Sale of products		
Traded Goods	1,08,32,41,676	4,94,04,96,993
(B) Sale of services		
	11,73,88,548	3,41,95,290
Revenue from operations	1,20,06,30,223	4,97,46,92,283

Notes:

(A) Details of Product sold

Traded Goods sold

Coal	1,18,19,28,119	4,73,84,37,493
Petroleum Products	4,33,21,769	20,20,59,500
Polymer	-	-
Gypsum/Iron Ore/ Others	1,18,93,00,730	-
PVC	-	-

Total	2,41,45,50,618	4,94,04,96,993
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(B) Details of Services Rendered

Freight	6,56,63,649	3,41,95,290
Demurage	-	-
	6,56,63,649	3,41,95,290

17 OTHER INCOME

Interest Income on

Bank FD	34,78,723	35,88,784
Others	-	1,37,034
Other Non-Operating income	5,29,94,623	10,56,94,465
	5,64,73,346	10,94,20,282

18 PURCHASE OF TRADED GOODS

	As at March 31, 2020	As at March 31, 2019
	(INR)	(INR)
Coal	1,03,31,28,884	4,62,56,20,176
Petroleum Products	95,49,021	18,33,05,741
Polymer	-	-
Gypsum/Iron Ore/others	-	-
PVC	-	-
	1,04,26,77,905	4,80,89,25,917

19 EMPLOYEE BENEFITS EXPENSE

Salaries, Wages, Bonus & Other Benefits	1,56,09,315	3,49,31,653
Staff Welfare Expenses	34,408	3,218
	1,56,43,723	3,49,34,870



20 FINANCE COSTS

	As at March 31, 2020 (INR)	As at March 31, 2019 (INR)
Interest Expense	1,43,91,948	2,43,34,952
Other Borrowing Cost	1,48,63,009	72,55,790
	2,92,54,957	3,15,90,742

21 DEPRECIATION AND AMORTIZATION

	As at March 31, 2020 (INR)	As at March 31, 2019 (INR)
Depreciation of Tangible assets	7,40,813	21,56,188
	7,40,813	21,56,188

22 OTHER EXPENSES

	As at March 31, 2020 (INR)	As at March 31, 2019 (INR)
Repairs and Maintenance -Building	2,30,700	8,27,921
Insurance	1,67,992	26,01,848
Freight and Transportation (net of Recovery)	11,27,52,640	3,82,43,977
Demurrage Expenses	-	-
Commission on Sales	66,084	1,89,767
Legal and Professional Fees	16,02,176	4,97,335
Payment to Auditor	-	-
Remuneration to Certified Public Accountant	-	-
Audit fees	60,992	1,19,940
Postage,Courier and Telephones	5,03,422	4,43,315
Advertisement and Sales Promotion	29,30,046	18,35,218
Travelling and Conveyance	7,45,492	10,53,241
Miscellaneous Expenses	8,68,077	5,29,928
Bad Debts Written off	2,84,86,129	38,75,861
Advances Written off	-	12,63,310
Provision for Doubtful Debts	64,44,289	-
Foreign Exchange Rate Fluctuation Loss (Net)	1,56,849	5,29,524
Fees and Stamps	3,22,186	4,51,459
Rent Expenses	19,32,165	16,46,937
	15,72,69,240	5,41,09,581



Date: November 14, 2022

To
Kailash Chand Jain & Co.,
Chartered Accountants
97, 'EDENA',
Maharshi Karve Road,
Near Income Tax Office,
New Marine Lines, Mumbai 400020,
Maharashtra, India.

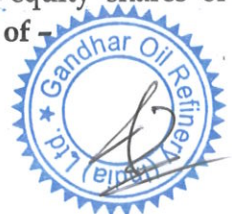
Subject: Management Representation for translated financial statements of Gandhar Oil & Energy DMCC for the year ended March 31, 2020.

Dear Sirs,

- 1) We confirm to the best of our knowledge and belief, the following representations given to you in connection with the review of the translated financial information of **Gandhar Oil & Energy DMCC**, wholly owned subsidiary of Gandhar Oil Refinery (India) Limited for the year ended **March 31, 2020**. We acknowledge as Directors / Management our responsibility for the preparation of this translated financial statements and information, which has been prepared to comply with the requirements stated Schedule VI Part A Item no. (11)(1)(A)(ii)(b) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations").
- 2) We hereby confirm taking into account the audited financial statements prepared by the statutory auditor of **Gandhar Oil & Energy DMCC** for the year ended **March 31, 2020** for the preparation of these translated financial statements, we confirm and represent the below.
- 3) We have prepared the translated financial information contained in the Annexures which is proposed to be uploaded on the website of **Gandhar Oil Refinery (India) Limited** in connection with its proposed initial public offering of equity shares of **Gandhar Oil Refinery (India) Limited** in terms of the requirements of

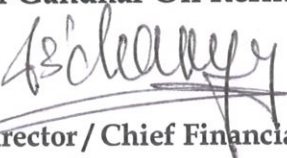
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Website : www.gandharoil.com

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- i. In accordance with Schedule VI Part A Item no. (11)(I)(A)(ii)(b) of securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulations, 2018, as amended.
 - ii. Converting the financial statements from the reporting currency i.e AED to INR translated financial statements including the notes thereto in accordance with Ind AS 21, The Effect of Changes in Foreign Currency Rates.
- 4) For the purpose of reporting requirement of translation to the reporting/presentation currency, the following has been taken into consideration:
- i. Assets and liabilities (except for non-current assets and equity which are reported at historical rate i.e. exchange rates prevailing at the transaction date) have been reported at the prevailing closing rate as at the date of that balance sheet;
 - ii. Income and expenses for each statement of profit and loss have been reported at yearly average rate except for items of changes in inventories, cost of material consumed and depreciation; and
 - iii. All accumulated exchange differences have been recognized in other comprehensive income.
- 5) The translated financial statements have been prepared considering the requirements and presentation as per the standards applicable in India.
- 6) Unless otherwise stated, the figures (including previous year figures) under the translated financial statements have been regrouped / rearranged to the extent necessary to conform the fair presentation and current period's classification.
- 7) We have relied upon the audited financial statements of Gandhar Oil & Energy DMCC audited by their respective years auditors for the year ended March 31, 2020 and March 31, 2019 for the purpose of translating the said financial information. We are not aware of any material transactions that have not been properly recorded in the accounting records underlying the Statement.
- 8) We confirm that these translated financial statements will be solely for the use of management of the Company for uploading on website of Gandhar Oil Refinery (India) Limited in connection with the Initial Public Offering of equity shares of the Company. It shall not be used, referred to or distributed for any other purpose except with your prior consent in writing.

For Gandhar Oil Refinery (India) Limited


Director / Chief Financial Officer

