

CLIENT COPY

# FINANCIAL STATEMENTS AND REPORT

GANDHAR OIL & ENERGY DMCC

FOR THE YEAR / PERIOD ENDED ON 31/03/2021

## KAILASH CHAND JAIN & CO.

CHARTERED ACCOUNTANTS

'EDENA' 1st Floor, 97, Maharshi Karve Road, Near Income Tax Office,  
MUMBAI - 400 020.

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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, 2021. 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) 400, "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: 22167453BDOKKV2348  
Place: Mumbai  
Date: November 19, 2022



Name of the Company: Gandhar Oil & Energy DMCC  
Balance Sheet as at March 31, 2021

Amounts in INR

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non - current assets</b>			
<b>Fixed assets</b>			
a. Property, Plant and Equipment	3a	66,547	1,65,346
b. Investment Property	3b	1,13,99,935	1,13,99,935
c. Intangible Assets	3c	21,452	50,435
<b>Total Non-Current Assets</b>		<b>1,14,87,934</b>	<b>1,16,15,716</b>
<b>Current assets</b>			
<b>a. Financial Assets</b>			
(i) Trade receivables	4	42,08,35,321	39,88,95,198
(ii) Cash and cash equivalents	5	3,41,56,778	4,37,17,300
(iii) Bank Balances other than (ii) above	6	9,81,15,514	9,68,66,323
(iv) Loans	7	62,66,363	9,42,568
(v) Other Financial Assets	8	3,73,691	12,33,245
<b>b. Other Current Assets</b>	9	<b>49,74,84,239</b>	<b>30,99,97,940</b>
<b>Total Current Assets</b>		<b>1,05,72,31,906</b>	<b>85,16,52,574</b>
<b>Total Assets</b>		<b>1,06,87,19,840</b>	<b>86,32,68,290</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a. Share Capital	10	3,55,06,137	3,55,06,137
b. Other Equity	11	63,41,40,043	50,80,76,800
<b>Total Equity</b>		<b>66,96,46,180</b>	<b>54,35,82,937</b>
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>			
<b>a. Financial Liabilities</b>			
(i) Other Financial Liabilities	14	15,24,687	7,46,346
<b>Total Non Current Liabilities</b>		<b>15,24,687</b>	<b>7,46,346</b>
<b>Current liabilities</b>			
<b>a. Financial Liabilities</b>			
(i) Borrowings	12	10,56,30,069	26,90,58,104
(ii) Trade payables	13	20,40,43,084	38,51,237
(iii) Other Financial Liabilities	14	13,18,336	42,70,752
<b>b. Other Current Liabilities</b>	15	<b>8,65,57,484</b>	<b>4,17,58,915</b>
<b>Total Current Liabilities</b>		<b>39,75,48,973</b>	<b>31,89,39,008</b>
<b>Total Liabilities</b>		<b>39,90,73,660</b>	<b>31,96,85,354</b>
<b>TOTAL</b>		<b>1,06,87,19,840</b>	<b>86,32,68,290</b>

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, 2021

Particulars	Note No.	Amounts in INR	
		As at March 31, 2021	As at March 31, 2020
<b>INCOME</b>			
Revenue from operations	16	2,48,02,14,267	1,20,06,30,223
Other Income	17	7,89,19,162	5,64,73,346
<b>Total Income</b>		<b>2,55,91,33,429</b>	<b>1,25,71,03,569</b>
<b>EXPENSES</b>			
Cost of Materials Consumed		-	-
Purchases of Traded Goods	18	2,17,78,51,335	1,04,26,77,905
Changes in Inventories of Finished Goods, Work -in Progress and Stock-in-Trade		-	-
Employee benefits expense	19	24,34,689	1,56,43,723
Finance Costs	20	1,55,52,217	2,92,54,957
Depreciation and amortization expense	21	1,27,781	7,40,813
Other expenses	22	21,97,19,012	15,72,69,240
<b>Total Expenses</b>		<b>2,41,56,85,035</b>	<b>1,24,55,86,638</b>
<b>Profit Before Tax</b>		<b>14,34,48,394</b>	<b>1,15,16,932</b>
Tax Expense :			
- Current Tax		-	-
<b>Profit for the Year</b>		<b>14,34,48,394</b>	<b>1,15,16,932</b>
<b>Other Comprehensive Income</b>			
<b>Items that will be reclassified to Profit or Loss</b>			
Exchange differences in translating financial statement of foreign operations		(1,73,85,151)	4,34,54,533
<b>Total Comprehensive Income for the year</b>		<b>12,60,63,243</b>	<b>5,49,71,465</b>
<b>Earning per Ordinary Share</b>			
-Basic & Diluted		71,724	5,758
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, 2021

Particulars	Amounts in INR	
	As at March 31, 2021	As at March 31, 2020
<b>A Cash flow from Operating activities</b>		
Profit before tax, Extraordinary Items	14,34,48,394	1,15,16,932
<b>Adjustment for :</b>		
Exchange Rate difference on Foreign Currency translation	(1,73,85,151)	4,34,54,533
Finance Costs	1,55,52,216	2,92,54,957
Depreciation and amortization expense	1,27,781	7,40,813
Interest received	(12,22,243)	(34,78,723)
	(29,27,396)	6,99,71,581
<b>Operating Profit before working capital changes</b>	14,05,20,998	8,14,88,512
<b>Adjustment for :</b>		
Financial Assets	(2,64,04,363)	39,05,43,860
Non - Financial Assets	(18,74,86,300)	4,77,21,040
Financial Liabilities	19,80,17,773	(17,41,12,647)
Non-Financial Liabilities	4,47,98,570	(16,57,52,203)
	2,89,25,680	9,84,00,050
<b>Cash generated from operations</b>	16,94,46,678	17,98,88,562
Income Tax (paid) / refund	-	-
<b>Cash flow before extraordinary Items</b>	16,94,46,678	17,98,88,562
Extraordinary Items	-	-
<b>Net Cash From/ (used in) Operating Activities ( A )</b>	16,94,46,678	17,98,88,562
<b>B Cash flows from Investing activities</b>		
Sale/(Addition)/of/to Fixed Assets	-	-
Interest received	12,22,243	34,78,723
<b>Net Cash from/(used in) Investing Activities ( B )</b>	12,22,243	34,78,723
<b>C Cash flows from Financing activities</b>		
Finance Costs	(1,55,52,216)	(2,92,54,957)
Proceeds from issuance of share capital	-	-
Proceeds / repayment from/(of) Short-term borrowings	(16,34,28,035)	(16,30,72,499)
Fixed Deposits and margin deposit with bank not considered as cash equivalents/earmarked bank balances (net)	(12,49,191)	3,03,68,736
Dividend paid (including dividend tax)	-	-
<b>Net cash from/(used in) financing activities ( C )</b>	(18,02,29,442)	(16,19,58,720)
<b>D Net increase /(decrease) in cash and cash equivalents (A+B+C)</b>	(95,60,521)	2,14,08,564
Cash and cash equivalents at the beginning of the year	4,37,17,300	2,23,08,736
Cash and cash equivalents at the end of the year	3,41,56,778	4,37,17,301
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



**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: 79, DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, 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. The Company has added an additional activity of metal ores trading as per the Trade licence issued by Dubai Multi Commodity Centre, Dubai.

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 2020 to 31 March 2021.

**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.

**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.





Name of the Company: Gandhar Oil & Energy DMCC  
Notes forming part of the financial statement for the year ended March 31, 2021

#### 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 31 March, 2021

### 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.





**Name of the Company: Gandhar Oil & Energy DMCC**

**Notes forming part of the financial statement for the year ended March 31, 2021**

#### **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.





**Name of the Company: Gandhar Oil & Energy DMCC**

**Notes forming part of the financial statement for the year ended March 31, 2021**

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, 2021**

**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. Notwithstanding, these developments are not expected to have a significant impact on the Company's future financial results, cash flows and financial position, and the management will continue to monitor and adopt the required mitigating actions during the next financial period.

**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
	2021	2020
	INR	INR
<b>Due to Related Party</b>		
Texol Lubritech FZC	33,20,605	75,915





**Name of the Company: Gandhar Oil & Energy DMCC**

**Notes forming part of the financial statement for the year ended March 31, 2021**

**2E) Financial Risk and Capital Management**

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, 80% of net trade receivables are due from 2 customers (2020 - 98% from 2 customers).



**Name of the Company: Gandhar Oil & Energy DMCC**

**Notes forming part of the financial statement for the year ended March 31, 2021**

Particulars	As at 31 March 2021 INR	As at 31 March 2020 INR
Geographical classification of trade receivables		
Within United Arab Emirate	-	34,33,763.5
Outside United Arab Emirate:		
India	29,40,30,646	40,15,66,923
China	12,68,04,714	-
	<b>42,08,35,361</b>	<b>40,50,00,686</b>

**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, 2021	Less than 1 year INR	More than 1 year INR	Total INR
Provision for employees terminal benefits	-	15,24,687.0	15,24,687
Borrowings	10,56,30,069	-	10,56,30,069
Trade payables and accruals	20,40,43,084	-	20,40,43,084
Due to related party	33,20,605.0	-	33,20,605

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





Name of the Company: Gandhar Oil & Energy DMCC

Notes forming part of the financial statement for the year ended March 31, 2021

## 2F) 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.

## 2G) Contingent Liabilities

Particulars	As at March 31,	As at March 31,
	2021	2020
	INR	INR
Import bill	-	-
Letter of Credit	14,66,31,062	-
	<u>14,66,31,062</u>	<u>-</u>

## 2H) Commitments

There were no material capital commitments at the reporting date.

## 2I) 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, 2021

Note 3a	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Total
<b>Gross Block (At Cost)</b>					
As At March 31, 2020	7,32,135	69,81,255	3,77,236	38,626	81,29,252
Additions	-	-	-	-	-
Deductions	-	-	-	-	-
As At March 31, 2021	7,32,135	69,81,255	3,77,236	38,626	81,29,252

Depreciation					
As At March 31, 2020	7,23,020	69,12,886	3,05,179	22,821	79,63,906
Charge for the year	2,457	61,750	24,935	9,657	98,799
Deductions	-	-	-	-	-
As At March 31, 2021	7,25,476	69,74,637	3,30,114	32,477	80,62,705

Net Block					
As At March 31, 2020	9,115	68,368	72,056	15,806	1,65,346
As At March 31, 2021	6,659	6,618	47,122	6,149	66,547

Note 3b	Investment Property
<b>Gross Block (At Cost)</b>	
As At March 31, 2020	1,29,67,504
Additions	-
Deductions	-
As At March 31, 2021	1,29,67,504

Depreciation	
As At March 31, 2020	15,67,568
Charge for the year	-
Deductions	-
As At March 31, 2021	15,67,568

Net Block	
As At March 31, 2020	1,13,99,935
As At March 31, 2021	1,13,99,935

Note 3c	Intangibles
<b>Gross Block (At Cost)</b>	
As At March 31, 2020	1,15,931
Additions	-
Deductions	-
As At March 31, 2021	1,15,931

Depreciation	
As At March 31, 2020	65,496
Charge for the year	28,983
Deductions	-
As At March 31, 2021	94,479

Net Block	
As At March 31, 2020	50,435
As At March 31, 2021	21,452





Name of the Company: Gandhar Oil & Energy DMCC  
Notes forming part of the financial statement for the year ended 31st March, 2021

4 TRADE RECEIVABLES	As at 31 March 2021 INR	As at 31 March 2020 INR
Unsecured, considered good		
Trade Receivables	42,08,35,321	39,88,95,198
Trade Receivables - credit impaired	-	68,30,620
	42,08,35,321	40,57,25,818
Less; Provision for Bad and Doubtful Debts	-	68,30,620
	42,08,35,321	39,88,95,198
5 CASH AND CASH EQUIVALENTS	As at 31 March 2021 INR	As at 31 March 2020 INR
Cash and cash equivalents		
Balances with banks:		
-In Current Account	3,34,12,487	3,16,42,983
Cash on hand	7,44,291	1,20,74,316
	3,41,56,778	4,37,17,300
6 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS	As at 31 March 2021 INR	As at 31 March 2020 INR
Balances with banks:		
- In Term Deposits Accounts (Security against guarantee / margin money deposits)	9,81,15,514	9,68,66,323
	9,81,15,514	9,68,66,323
7 LOANS	As at 31 March 2021 INR	As at 31 March 2020 INR
(Unsecured, considered good)		
i) Security Deposits	59,92,457	8,95,903
ii) Other loans	2,73,906	46,665
	62,66,363	9,42,568
8 OTHER FINANCIAL ASSETS	As at 31 March 2021 INR	As at 31 March 2020 INR
i) Other Receivables	-	-
ii) Interest accrued on fixed deposits	3,73,691	12,33,245
	3,73,691	12,33,245
9 OTHER CURRENT ASSETS	As at 31 March 2021 INR	As at 31 March 2020 INR
i) Balances with the Government authorities		
Balances with the statutory authorities	1,49,478	17,866
ii) Advances to supplier	49,73,34,762	30,82,56,175
iii) Prepaid Expenses	-	17,23,899
	49,74,84,239	30,99,97,940
10 SHARE CAPITAL	As at 31 March 2021 (INR)	As at 31 March 2020 (INR)
<b>Issued and Paid Up:</b>		
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:**

Ordinary Shares	As at 31 March 2021		As at 31 March 2020	
	Nos.	INR	Nos.	INR
At the beginning of the year	2,000	3,55,06,137	2,000	3,55,06,137
Shares Issued during the year	-	-	-	-
Outstanding at the end of the year	2,000	3,55,06,137	2,000	3,55,06,137

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 2021, the amount of per share dividend recognized as distributions to Ordinary shareholders is (₹) Nil ( March 31, 2020 : ₹ Nil/- )

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

Name of Shareholder	As at 31 March 2021		As at 31 March 2020	
	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 31st March, 2021

11 RESERVES AND SURPLUS	As at 31 March 2021 (INR)	As at 31 March 2020 (INR)		
Foreign Currency Translation Reserve				
Balance as per Last Financial Statements	5,81,45,076	1,46,90,543		
Foreign Currency Translation for the year	(1,73,85,151)	4,34,54,533		
Total	4,07,59,925	5,81,45,076		
Surplus in the Statement of Profit and Loss				
Balance as per Last Financial Statements	44,99,31,724	43,84,14,792		
Add: Profit for the year	14,34,48,394	1,15,16,932		
Amount available for Appropriation	59,33,80,118	44,99,31,724		
Less : Appropriations				
Bonus (18.03.2019)	-	-		
Total of appropriations	-	-		
Net Surplus in the Statement of Profit and Loss	59,33,80,118	44,99,31,724		
Total	63,41,40,043	50,80,76,800		
12 BORROWINGS				
	Non-Current	Current	Non-Current	Current
	As at 31 March 2021		As at 31 March 2020	
	(INR)	(INR)	(INR)	(INR)
Secured Loan				
- HDFC Banks	-	10,56,30,069	-	26,90,58,104
	-	10,56,30,069	-	26,90,58,104
13 TRADE PAYABLES	As at 31 March 2021 (INR)	As at 31 March 2020 (INR)		
Trade Payables	20,40,43,084	38,51,237		
	20,40,43,084	38,51,237		
14 OTHER FINANCIAL LIABILITIES	As at 31 March 2021 (INR)	As at 31 March 2021 (INR)	As at 31 March 2020 (INR)	As at 31 March 2020 (INR)
	Current	Non-Current	Current	Non-Current
Interest Accrued and due on borrowings				
(i) from related parties	-	-	-	-
(ii) from others	2,09,425	-	32,41,653	-
Deposit - Rent	39,856	-	41,049	-
-Payable for Expenses				
(i) Related parties	-	-	-	-
(ii) Others	10,69,055	15,24,687	9,88,050	7,46,346
Other Payables to related Party	-	-	-	-
	13,18,336	15,24,687	42,70,752	7,46,346
15 OTHER CURRENT LIABILITIES	As at 31 March 2021 (INR)	As at 31 March 2020 (INR)		
Contract Liabilities (Advance Payment from Customers)	8,65,57,484	4,17,58,915		
Statutory Liabilities	-	-		
	8,65,57,484	4,17,58,915		





Name of the Company: Gandhar Oil & Energy DMCC

Notes forming part of the financial statement for the year ended 31st March, 2021

<b>16 REVENUE FROM OPERATIONS</b>	<b>As at 31 March 2021 (INR)</b>	<b>As at 31 March 2020 (INR)</b>
<b>(A) Sale of products</b>		
Traded Goods	2,41,45,50,618	1,08,32,41,676
<b>(B) Sale of services</b>		
	6,56,63,649	11,73,88,548
<b>Revenue from operations</b>	<b>2,48,02,14,267</b>	<b>1,20,06,30,223</b>

Notes:

**(A) Details of Product sold**

**Traded Goods sold**

Coal	1,18,19,28,119	1,07,27,35,961
Petroleum Products	4,33,21,769	1,05,05,715
Polymer	-	-
Gypsum/Iron Ore/ Others	1,18,93,00,730	-
PVC	-	-

<b>Total</b>	<b>2,41,45,50,618</b>	<b>1,08,32,41,676</b>
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**(B) Details of Services Rendered**

Freight	6,56,63,649	11,73,88,548
Demurage	-	-
	<b>6,56,63,649</b>	<b>11,73,88,548</b>

**17 OTHER INCOME**

Interest Income on

Bank FD	12,22,243	34,78,723
Others	-	-
Other Non-Operating income	7,76,96,919	5,29,94,623
	<b>7,89,19,162</b>	<b>5,64,73,346</b>

**18 PURCHASE OF TRADED GOODS**

	<b>As at 31 March 2021 (INR)</b>	<b>As at 31 March 2020 (INR)</b>
Coal	1,11,29,78,340	1,03,31,28,884
Petroleum Products	3,88,25,620	95,49,021
Polymer	-	-
Gypsum/Iron Ore/others	1,02,60,47,375	-
PVC	-	-
	<b>2,17,78,51,335</b>	<b>1,04,26,77,905</b>

**19 EMPLOYEE BENEFITS EXPENSE**

Salaries, Wages, Bonus & Other Benefits	24,34,689	1,56,09,315
Staff Welfare Expenses	-	34,407
	<b>24,34,689</b>	<b>1,56,43,723</b>



Name of the Company: Gandhar Oil & Energy DMCC  
Notes forming part of the financial statement for the year ended 31st March, 2021

<b>20 FINANCE COSTS</b>	<b>As at 31 March 2021 (INR)</b>	<b>As at 31 March 2020 (INR)</b>
I	73,94,470	1,43,91,948
Other Borrowing Cost	81,57,747	1,48,63,009
	<b>1,55,52,217</b>	<b>2,92,54,957</b>
<b>21 DEPRECIATION AND AMORTIZATION</b>	<b>As at 31 March 2021 (INR)</b>	<b>As at 31 March 2020 (INR)</b>
Depreciation of Tangible assets	1,27,781	7,40,813
	<b>1,27,781</b>	<b>7,40,813</b>
<b>22 OTHER EXPENSES</b>	<b>As at 31 March 2021 (INR)</b>	<b>As at 31 March 2020 (INR)</b>
Repairs and Maintenance -Building	-	2,30,700
Insurance	26,90,093	1,67,992
Freight and Transportation (net of Recovery)	6,52,29,306	11,27,52,640
Demurrage Expenses	(74)	-
Commission on Sales	6,92,89,834	66,084
Legal and Professional Fees	33,21,602	16,02,176
Payment to Auditor	-	-
Remuneration to Certified Public Accountant	-	-
Audit fees	1,21,186	60,992
Postage,Courier and Telephones	4,09,183	5,03,422
Advertisement and Sales Promotion	5,75,809	29,30,046
Travelling and Conveyance	6,24,306	7,45,492
Miscellaneous Expenses	6,76,579	8,68,077
Bad Debts Written off	7,33,04,996	2,84,86,129
Provision for Doubtful Debts	-	64,44,289
Foreign Exchange Rate Fluctuation Loss (Net)	2,08,629	1,56,849
Fees and Stamps	7,79,493	3,22,186
Rent Expenses	24,88,071	19,32,165
	<b>21,97,19,012</b>	<b>15,72,69,240</b>





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, 2021.**

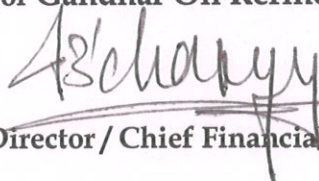
Dear Sirs,

- 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, 2021**. 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, 2021** 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 =



- 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, 2021 and March 31, 2020 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

