

CLIENT COPY

# FINANCIAL STATEMENTS AND REPORT

TEXOL LUBRITECH FZC

FOR THE YEAR / PERIOD ENDED ON 31/03/2022

**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 **Texol Lubritech FZC** for the year ended March 31, 2022. 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 **Texol Lubritech FZC**. 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 **Texol Lubritech FZC** 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: 22167453BDOIYE2778  
Place: Mumbai  
Date: November 19, 2022



Name of the Company: Texol Lubritech FZC  
Balance Sheet as at March 31, 2022

Amounts in INR

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>1. Non - current assets</b>			
a. Property, Plant and Equipment	3a	82,67,09,729	84,03,67,186
b. Capital Work-in-progress	3b	53,03,920	-
c. Investment Property		-	-
d. Right-of-use assets	3c	23,41,95,739	15,76,25,824
e. Intangible assets	3d	47,27,392	37,33,278
<b>Total Non-Current Assets</b>		<b>1,07,09,36,780</b>	<b>1,00,17,26,288</b>
<b>2. Current assets</b>			
a. Inventories	4	67,53,42,135	22,54,88,515
b. Financial Assets			
(i) Trade receivables	5	43,00,53,207	51,35,63,124
(ii) Cash and cash equivalents	6	16,02,25,581	3,77,84,406
(iii) Bank Balances other than (ii) above	7	22,55,50,213	6,65,98,358
(iv) Loans	8	-	-
(v) Other Financial Assets	9	71,43,673	49,52,697
c. Other current assets	10	3,85,55,110	6,87,72,239
<b>Total Current Assets</b>		<b>1,53,68,69,919</b>	<b>91,71,59,339</b>
<b>Total Assets</b>		<b>2,60,78,06,699</b>	<b>1,91,88,85,627</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a. Equity Share Capital	11	1,74,40,000	1,74,40,000
b. Other Equity	12	37,49,68,316	11,75,69,873
<b>Total Equity</b>		<b>39,24,08,316</b>	<b>13,50,09,873</b>
<b>LIABILITIES</b>			
<b>Non-Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	13	37,11,41,191	35,78,15,403
(ii) Lease Liabilities	13(a)	24,55,249	23,67,093
<b>Total Non-Current Liabilities</b>		<b>37,35,96,440</b>	<b>36,01,82,496</b>
<b>Current liabilities</b>			
<b>a. Financial Liabilities</b>			
(i) Borrowings	13	78,04,14,201	94,29,47,361
(ii) Lease Liabilities	13(a)	25,88,82,313	16,13,69,873
(iii) Trade payables	14	67,95,34,384	12,98,60,806
(iv) Other Financial Liabilities	15	4,35,34,425	3,36,94,004
b. Other current liabilities	16	7,94,36,620	15,58,21,213
<b>Total Current Liabilities</b>		<b>1,84,18,01,943</b>	<b>1,42,36,93,257</b>
<b>Total Liabilities</b>		<b>2,21,53,98,383</b>	<b>1,78,38,75,753</b>
<b>TOTAL</b>		<b>2,60,78,06,699</b>	<b>1,91,88,85,627</b>

See accompanying notes forming part of the financial statements

For and on behalf of Texol Lubritech FZC  
Gandhar Oil Refinery (India) Limited

Aslesh Parekh  
Director  
DIN: 02225795



Place: Mumbai  
Date: November 19, 2022





Name of the Company: Texol Lubritech FZC  
Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Note No.	Amounts in INR	
		As at March 31, 2022	As at March 31, 2021
<b>INCOME</b>			
Revenue from operations	16	6,16,78,21,960	3,40,22,65,774
Other Income	17	4,76,566	73,80,952
<b>Total Income</b>		<b>6,16,82,98,526</b>	<b>3,40,96,46,726</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	18	5,49,44,42,214	2,94,15,50,416
Purchases of Traded Goods	19	-	-
Changes in Inventories of Finished Goods, Work -in Progress and Stock-in-Trade	20	(12,01,34,417)	(4,01,61,183)
Employee benefits expense	21	8,54,24,019	5,96,21,959
Finance Costs	22	7,30,80,612	5,66,61,149
Depreciation and amortization expense	23	3,63,45,591	3,40,68,943
Other expenses	24	29,42,11,063	15,68,27,434
<b>Total Expenses</b>		<b>5,86,33,69,082</b>	<b>3,20,85,68,718</b>
<b>Profit Before Tax</b>		<b>30,49,29,444</b>	<b>20,10,78,009</b>
Tax Expense :		-	-
- Current Tax		-	-
<b>Profit for the Year</b>		<b>30,49,29,444</b>	<b>20,10,78,009</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		(4,75,31,001)	3,48,92,595
<b>Total Comprehensive Income for the year</b>		<b>25,73,98,443</b>	<b>23,59,70,604</b>
<b>Earning per Ordinary Share</b>			
-Basic & Diluted		3,04,929	2,01,078
Number of Shares used in computing Earning Per Share		1,000	1,000

See accompanying notes forming part of the financial statements

For and on behalf of Texol Lubritech FZC  
Gandhar Oil Refinery (India) Limited

  
Aslesh Parekh  
Director  
DIN: 02225795



Place: Mumbai  
Date: November 19, 2022



Name of the Company: Texol Lubritech FZC  
Statement of Cash Flows for the year ended 31st March, 2022

Amounts in INR

Particulars	As at March 31, 2022	As at March 31, 2021
<b>A Cash flow from Operating activities</b>		
Profit before tax, Extraordinary Items	30,49,29,444	20,10,78,009
<b>Adjustment for :</b>		
Exchange Rate difference on Foreign Currency translation	(4,75,31,001)	3,48,92,595
Finance Costs	7,30,80,612	5,66,61,149
Depreciation and amortization expense	3,63,45,591	3,40,68,943
Interest received	-	(12,46,781)
	6,18,95,202	12,43,75,905
	36,68,24,645	32,54,53,914
<b>Operating Profit before working capital changes</b>		
<b>Adjustment for :</b>		
Financial Assets	8,13,18,940	(39,18,65,513)
Non - Financial Assets	3,02,17,129	(2,15,56,177)
Inventories	(44,98,53,617)	(3,99,68,946)
Financial Liabilities	55,95,13,999	(1,00,69,349)
Non-Financial Liabilities	(7,63,84,593)	13,87,68,162
	14,48,11,858	(32,46,91,824)
<b>Cash generated from operations</b>	<b>51,16,36,504</b>	<b>7,62,090</b>
Income Tax (paid) / refund	-	-
<b>Cash flow before extraordinary items</b>	<b>51,16,36,504</b>	<b>7,62,090</b>
Extraordinary Items	-	-
<b>Net Cash From/ ( used in ) Operating Activities ( A )</b>	<b>51,16,36,504</b>	<b>7,62,090</b>
<b>B Cash flows from Investing activities</b>		
Sale/(Addition)/of/to Fixed Assets	(2,27,00,215)	(1,99,38,299)
Interest received	-	12,46,781
<b>Net Cash from/(used in) Investing Activities ( B )</b>	<b>(2,27,00,215)</b>	<b>(1,86,91,518)</b>
<b>C Cash flows from Financing activities</b>		
Finance Costs	(7,30,80,612)	(5,66,61,149)
Proceeds from issuance of share capital	-	-
Proceeds / repayment from/(of) long-term borrowings	1,33,25,788	(3,02,97,095)
Proceeds / repayment from/(of) Short-term borrowings	(16,25,33,161)	12,73,08,997
Fixed Deposits and margin deposit with bank not considered as cash equivalents/earmarked bank balances (net)	(15,89,51,855)	(1,38,88,108)
Dividend paid (including dividend tax)	-	-
Principal payment of lease liabilities	2,94,32,476	2,64,104
Finance Costs paid towards lease liabilities	(1,46,87,750)	(77,10,859)
<b>Net cash from/(used in) financing activities ( C )</b>	<b>(36,64,95,114)</b>	<b>1,90,15,890</b>
<b>D Net increase /(decrease) in cash and cash equivalents (A+B+C)</b>	<b>12,24,41,175</b>	<b>10,86,461</b>
Cash and cash equivalents at the beginning of the year	3,77,84,406	3,66,97,945
<b>Cash and cash equivalents at the end of the year</b>	<b>16,02,25,581</b>	<b>3,77,84,406</b>

See accompanying notes forming part of the financial statements

For and on behalf of Texol Lubritech FZC  
Gandhar Oil Refinery (India) Limited

Aslesh Parekh  
Director  
DIN: 02225795



Place: Mumbai  
Date: November 19, 2022



**Name of the Company: Texol Lubritech FZC**

**Notes forming part of the translated financial statement for the year ended March 31, 2022**

**1) General Information**

Texol Lubritech FZC (the Company) is a Free Zone Company with Limited Liability registered with Hamriyah Free Zone Authority (HAFZA), Hamriyah Free Zone, Sharjah, United Arab Emirates. The registered office and principal place of business of the company is P.O. Box. 50802, Hamriyah Free Zone, Sharjah, United Arab Emirates.

The licensed activities of the Company are manufacturing of lubricants, white oil, transformer oil, beauty products & specialty products and import, export & trading of oil, petroleum products, lubricants and petrochemicals.

These financial statements relate to the period from 1st April 2021 to 31st March 2022.

**2) 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. AED 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 is stated at cost less accumulated depreciation and identified impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items including installation costs. 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 profit or loss during the reporting period in which they are incurred.

Capital work-in-progress is stated at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

The depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows;

Description of the Asset	Estimated Useful Life (Years)
Buildings and improvements	40
Storage tanks	40
Plant and machinery	15-40
Tools and other equipments	25-40
Furnitures, fixtures and other equipment	4-10
Motor vehicles	4

In the case of buildings & improvements and storage tanks constructed on leased land, it is assumed that the lease will continue to be renewed over the useful life.

The assets' residual values and useful lives are reviewed at the end of the reporting period, with the effect of any changes in estimates adjusted 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.

The gains or losses arising on the disposal or retirement of an item of property, plant and equipment is determined by comparing the disposal proceeds with the carrying amount of the asset and is recognised in the profit or loss.





### 2.3 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lease extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.





Name of the Company: Texol Lubritech FZC

Notes forming part of the translated financial statement for the year ended March 31, 2022

#### 2.4 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each reporting period end.

Intangible assets represent trademarks and are amortised over their estimated useful life of 10 years.

#### 2.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing them to their present location and condition. Net realisable value represents the estimate of the selling price in the ordinary course of business, less all estimated costs to completion and costs necessary to make the sale

Costs incurred in bringing each item to its present location and condition are accounted for as follows:

a. Raw materials, packing materials and Consumables - Purchase cost

b. Finished goods - Cost of direct materials and labour and a portion of overheads based on normal operating capacity but excluding borrowing costs.

#### 2.6 Impairment of property, plant and equipment, right-of-use and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.



Name of the Company: Texol Lubritech FZC

Notes forming part of the translated financial statement for the year ended March 31, 2022

## 2.7 Financial Instruments

Financial assets and financial liabilities are recognised in 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 (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) are initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

### *Financial assets*

A financial asset is classified as measured at: amortised cost; fair value through other comprehensive income "FVTOCI" — debt investment; fair value through other comprehensive income "FVTOCI" — equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are; solely; payments of principal and interest on the outstanding principal amount.

All financial assets of the Company are classified as and are subsequently measured at amortised cost using the effective interest method and is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### *Financial Liabilities*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

All financial liabilities of the Company are classified as and are subsequently measured at amortised cost using the effective interest method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the sum of consideration paid and payable is recognised in profit or loss.





**Name of the Company: Texol Lubritech FZC**

**Notes forming part of the translated financial statement for the year ended March 31, 2022**

## **2.8 Impairment of Financial Assets**

'Expected Credit Loss' (ECL) model requires considerable judgement in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Company records an allowance for ECLs for all financial assets at amortised cost, debt investments at FVTOCI, but not to investments in equity instruments.

The Company measures impairment allowances using general or simplified approach as considered appropriate. Loss allowances are measured on either of the following bases:

12 month ECLs: these are ECLs that result from possible default within 12 months after the reporting date; and

Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

ECLs under the general approach are a probability weighted estimate of credit losses which are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs under the standard's simplified approach are calculated based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by Company.

## **2.9 Cash and cash Equivalents**

Cash and cash equivalents comprise cash on hand and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and other short-term highly liquid investments with a maturity date of three months or less from the date of investment, net of temporary bank overdrafts.

## **2.10 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is recognised in the profit or loss, net of any reimbursement.

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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Provisions are not recognised for future operating losses.



### 2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

All borrowing costs are recognised in profit or loss in the period in which they are incurred. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

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

### 2.12 Revenue Recognition

Revenue is recognised when a customer obtains control of the goods. Determining the timing of the transfer of control, at a point in time or over time, requires judgement. The Company recognises revenue from sale of goods based on a five-step model as follows:

Step 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.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods to the customer.

Step 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 to a customer, excluding amounts collected on behalf of third parties.

Step 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.

Step 5. Recognise revenue when (or as) the Company satisfies a performance obligation.

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

- 1.The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
  - 2.The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
  3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.
- For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

#### Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of goods and issuance of the invoices to customers.

#### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable.





Name of the Company: Taxol Lubritech FZC

Notes forming part of the translated financial statement for the year ended March 31, 2022

Note 3a	Building/Leasehold Improvements	Plant and machinery	Furniture & Fixtures	Vehicles	Tools and equipments	Computers	Total
<b>Gross Block (At Cost)</b>							
As At March 31, 2021	40,43,80,861	36,39,27,496	1,53,59,747	22,46,052	8,58,36,654	1,13,34,733	88,30,85,543
Additions	15,18,750	61,50,492	2,16,999	39,62,824	24,31,863	16,22,835	1,59,03,763
Deductions				2,02,500			2,02,500
<b>As At March 31, 2022</b>	<b>40,58,99,611</b>	<b>37,00,77,988</b>	<b>1,55,76,746</b>	<b>60,06,376</b>	<b>8,82,68,517</b>	<b>1,29,57,568</b>	<b>89,87,86,806</b>
<b>Depreciation</b>							
As At March 31, 2021	1,49,87,504	1,68,64,931	23,94,984	10,24,311	45,67,430	28,79,197	4,27,18,357
Charge for the year	1,01,14,225	1,15,35,752	16,01,237	10,42,426	30,83,466	21,39,001	2,95,16,107
Deductions				1,57,388			1,57,388
<b>As At March 31, 2022</b>	<b>2,51,01,730</b>	<b>2,84,00,683</b>	<b>39,96,221</b>	<b>19,09,350</b>	<b>76,50,896</b>	<b>50,18,197</b>	<b>7,20,77,077</b>
<b>Net Block</b>							
As At March 31, 2021	38,93,93,356	34,70,62,565	1,29,64,763	12,21,741	8,12,69,224	84,55,536	84,03,67,186
<b>As At March 31, 2022</b>	<b>38,07,97,881</b>	<b>34,16,77,305</b>	<b>1,15,80,525</b>	<b>40,97,027</b>	<b>8,06,17,621</b>	<b>79,39,371</b>	<b>82,67,09,729</b>
Note 3b	<b>Capital WIP</b>		<b>As At March 31, 2022</b>	<b>As At March 31, 2021</b>			
	Plant & Machinery	-		-			
	Capital WIP	15,71,513		-			
	Work in Progress (Stainless Steel Plate)	38,26,697		-			
	Capital WIP Diff (Several Items)	(94,289)	53,03,920	-			
Note 3c	<b>RIGHT OF USE ASSETS</b>		<b>As At March 31, 2022</b>	<b>As At March 31, 2021</b>			
	Right of Use Asset-Lease	25,01,79,693					
	Accumulated Depreciation Lease Asset	(1,59,83,954)	23,41,95,739	15,76,25,824	15,76,25,824		
Note 3d	<b>INTANGIBLE ASSETS</b>		<b>As At March 31, 2022</b>	<b>As At March 31, 2021</b>			
	Trade Mark	47,27,392		37,33,278			
	Trade Mark Diff (Several Items)	-	47,27,392		37,33,278		



Name of the Company: Texol Lubritech FZC  
Notes forming part of the translated financial statement for the year ended March 31, 2022

4	<b>INVENTORIES</b>	As at March 31, 2022	As at March 31, 2021
		(INR)	(INR)
	Raw Materials	48,28,10,399	15,30,91,197
	Finished Goods	19,25,31,736	7,23,97,319
	Stock-in-trade	-	-
	<b>Total</b>	<b>67,53,42,135</b>	<b>22,54,88,515</b>

5	<b>TRADE RECEIVABLES</b>	As at March 31, 2022	As at March 31, 2021
		(INR)	(INR)
	Unsecured, considered good		
	Trade Receivables	43,00,53,207	51,35,63,124
	Trade Receivables - credit impaired	2,06,10,000	12,97,023
		45,06,63,207	51,48,60,147
	Less: Provision for Bad and Doubtful Debts	2,06,10,000	12,97,023
	<b>Total</b>	<b>43,00,53,207</b>	<b>51,35,63,124</b>

**Trade Receivable Ageing Schedule as at March 31, 2022**

Particulars	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	32,57,17,294	8,14,04,365	2,29,31,549	-	-	43,00,53,207
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	1,03,05,000	1,03,05,000	-	2,06,10,000
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>32,57,17,294</b>	<b>8,14,04,365</b>	<b>3,32,36,549</b>	<b>1,03,05,000</b>	<b>-</b>	<b>45,06,63,207</b>

**Trade Receivable Ageing Schedule as at March 31, 2021**

Particulars	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	49,19,57,346	1,09,20,155	1,06,85,623	-	-	51,35,63,124
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	12,97,023	-	-	12,97,023
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>49,19,57,346</b>	<b>1,09,20,155</b>	<b>1,19,82,647</b>	<b>-</b>	<b>-</b>	<b>51,48,60,147</b>

6	<b>CASH AND CASH EQUIVALENTS</b>	As at March 31, 2022	As at March 31, 2021
		(INR)	(INR)
	Cash and cash equivalents		
	Balances with banks:		
	-In Current Account	15,56,87,452	3,67,81,538
	Cash on hand	45,38,129	10,02,868
	<b>Total</b>	<b>16,02,25,581</b>	<b>3,77,84,406</b>

7	<b>OTHER BANK BALANCES</b>	As at March 31, 2022	As at March 31, 2021
		(INR)	(INR)
	Balances with banks:		
	- In Term Deposits Accounts (Security against guarantee / margin money deposits )	22,55,50,213	6,65,98,358
	<b>Total</b>	<b>22,55,50,213</b>	<b>6,65,98,358</b>

8	<b>LOANS</b>	As at March 31, 2022	As at March 31, 2021
		(INR)	(INR)
	(Unsecured, considered good )		
i)	Security Deposits	-	-
ii)	Other loans	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>

9	<b>OTHER FINANCIAL ASSETS</b>	As at March 31, 2022	As at March 31, 2021
		(INR)	(INR)
i)	Security Deposits	71,43,673	49,52,697
	<b>Total</b>	<b>71,43,673</b>	<b>49,52,697</b>





Name of the Company: Texol Lubritech FZC  
Notes forming part of the translated financial statement for the year ended March 31, 2022

10	OTHER CURRENT ASSETS	As at March 31, 2022 (INR)	As at March 31, 2021 (INR)
A	Capital advances	-	3,80,759
		-	3,80,759
B	Other Advances recoverable in cash or kind or for value to be received		
i)	Balances with the Government authorities		
	Balances with the statutory authorities	45,35,879	73,12,327
ii)	Advances to supplier	2,71,70,050	5,59,28,376
iii)	Prepaid Expenses	57,90,581	48,31,302
iv)	Advances to Employees	10,58,599	3,19,475
	<b>Total</b>	<b>3,85,55,110</b>	<b>6,83,91,480</b>
		<b>3,85,55,110</b>	<b>6,87,72,239</b>

11	SHARE CAPITAL	As at March 31, 2022 (INR)	As at March 31, 2021 (INR)
	<b>Issued and Paid Up:</b>		
	1,000 Ordinary Shares of INR 17,440/- Each Issued and fully paid up.	1,74,40,000	1,74,40,000
	<b>Total</b>	<b>1,74,40,000</b>	<b>1,74,40,000</b>

**Notes:**

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

	As at March 31, 2022		As at March 31, 2021	
	Nos.	INR	Nos.	INR
Ordinary Shares				
At the beginning of the year	1,000	1,74,40,000	1,000	1,74,40,000
Shares Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>1,000</b>	<b>1,74,40,000</b>	<b>1,000</b>	<b>1,74,40,000</b>

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.

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

Name of Shareholder	As at March 31, 2022		As at March 31, 2021	
	Nos.	% of Share	Nos.	% of Share
a) Gandhar Oil Refinery (India) Limited	501	50.1%	500	50.0%
b) ESPE Petrochemicals FZC	499	49.9%	500	50.0%

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

12	RESERVES AND SURPLUS	As at March 31, 2022 (INR)	As at March 31, 2021 (INR)
	<b>Foreign Currency Translation Reserve</b>		
	Balance as per Last Financial Statements	(3,29,95,359)	(6,78,87,954)
	Foreign Currency Translation for the year	(4,75,31,001)	3,48,92,595
	<b>Total</b>	<b>(8,05,26,360)</b>	<b>(3,29,95,359)</b>
	<b>Surplus in the Statement of Profit and Loss</b>		
	Balance as per Last Financial Statements	15,05,65,232	(5,05,12,777)
	Add: Profit for the year	30,49,29,444	20,10,78,009
	Amount available for Appropriation	45,54,94,677	15,05,65,232
	Less : Appropriations	-	-
	<b>Total of appropriations</b>	<b>-</b>	<b>-</b>
	<b>Net Surplus in the Statement of Profit and Loss</b>	<b>45,54,94,677</b>	<b>15,05,65,232</b>
	<b>Total</b>	<b>37,49,68,316</b>	<b>11,75,69,873</b>

13	BORROWINGS	As at March 31, 2022		As at March 31, 2021	
		Non-Current (INR)	Current (INR)	Non-Current (INR)	Current (INR)
	Secured				
	Term Loans				
	- From Banks	37,11,41,191	1,18,91,187	35,78,15,403	7,90,64,240
		37,11,41,191	1,18,91,187	35,78,15,403	7,90,64,240

Loan Details	Interest Rate	Repayment Schedule
Bank of Baroda- UAE	5.75%	'As at 31.3.22, balance is repayable in 37 months. Scaled payments with a hike in monthly installments every 12 months. Monthly installments of approximately AED 3,97,907 till April 2023, AED 4,98,915 till April 2024 and AED 6,27,041 ending April 2025.



Name of the Company: Texol Lubritech FZC

Notes forming part of the translated financial statement for the year ended March 31, 2022

13(a) LEASE LIABILITIES	Non-Current	Current	Non-Current	Current
	As at March 31, 2022		As at March 31, 2021	
	(INR)	(INR)	(INR)	(INR)
Lease Liabilities	24,55,249	25,88,82,313	23,67,093	16,13,69,873
	24,55,249	25,88,82,313	23,67,093	16,13,69,873

**BORROWINGS**

	As at March 31, 2022 (INR)	As at March 31, 2021 (INR)
<b>Secured Loan</b>		
From Banks - Working Capital		
- Cash Credit facility	22,77,87,413	33,09,30,092
	22,77,87,413	33,09,30,092
<b>Unsecured</b>		
Loans repayable on Demand		
- from related parties - ESPE Petrochemicals FZC	54,07,35,601	53,29,53,030
- from related parties - Rajiv Parekh	-	-
- from Others	-	-
	54,07,35,601	53,29,53,030
Current Maturities of Long-Term Borrowings	1,18,91,187	7,90,64,240
	1,18,91,187	7,90,64,240
	78,04,14,201	94,29,47,361

14 TRADE PAYABLES	As at March 31, 2022 (INR)	As at March 31, 2021 (INR)
Trade Payables	67,95,34,384	12,98,60,806
	67,95,34,384	12,98,60,806

Trade Payables due for payments:					
Trade Payables Ageing Schedule					
As at March 31, 2022					
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	67,95,34,384	-	-	-	67,95,34,384
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>67,95,34,384</b>	-	-	-	<b>67,95,34,384</b>

Trade Payables due for payments:					
Trade Payables Ageing Schedule					
As at March 31, 2022					
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	12,98,60,806	-	-	-	12,98,60,806
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>12,98,60,806</b>	-	-	-	<b>12,98,60,806</b>

15 OTHER FINANCIAL LIABILITIES	As at March 31, 2022 (INR)	As at March 31, 2021 (INR)
Current Maturities of Long-Term Borrowings	-	-
Interest Accrued and due on borrowings from related parties	-	-
from others	-	-
Deposit - Rent	-	-
- Payable for Expenses	-	-
Related parties	-	-
Others	4,35,34,425	3,36,94,004
Other Payables to related Party	-	-
	4,35,34,425	3,36,94,004

16 OTHER CURRENT LIABILITIES	As at March 31, 2022 (INR)	As at March 31, 2021 (INR)
Contract Liabilities (Advance Payment from Customers)	7,94,36,620	15,58,21,213
Statutory Liabilities	-	-
	7,94,36,620	15,58,21,213





Name of the Company: Texol Lubritech FZC  
Notes forming part of the translated financial statement for the year ended March 31, 2022

16	<u>REVENUE FROM OPERATIONS</u>	<u>As at March 31 2022</u> <u>(INR)</u>	<u>As at March 31 2021</u> <u>(INR)</u>
(A)	Sale of products - Petroleum Products/Speciality Oils	6,14,76,48,526	3,38,24,67,930
(B)	Sale of services	2,01,73,434	1,97,97,844
	Revenue from operations	<u>6,16,78,21,960</u>	<u>3,40,22,65,774</u>
	Notes:		
(A)	Details of Product sold		
	Finished Goods Sold		
	Petroleum Products	6,14,76,48,526	3,38,24,67,930
	Total	<u>6,14,76,48,526</u>	<u>3,38,24,67,930</u>
(B)	Details of Services Rendered		
	Job work charges	7,66,242	-
	Freight	1,94,07,191	1,97,97,844
	Total	<u>2,01,73,434</u>	<u>1,97,97,844</u>
17	<u>OTHER INCOME</u>	<u>As at March 31 2022</u> <u>(INR)</u>	<u>As at March 31 2021</u> <u>(INR)</u>
	Interest Income on		
	Bank FD	4,37,481	12,46,781
	Profit on Sale of Fixed Assets	38,813	
	Other Non Operating Income	272	61,34,171
	Total	<u>4,76,566</u>	<u>73,80,952</u>
18	<u>COST OF MATERIALS CONSUMED</u>	<u>As at March 31 2022</u> <u>(INR)</u>	<u>As at March 31 2021</u> <u>(INR)</u>
	Cost of raw materials consumed	5,49,44,42,214	2,94,15,50,416
	Total	<u>5,49,44,42,214</u>	<u>2,94,15,50,416</u>
19	<u>PURCHASE OF TRADED GOODS</u>	<u>As at March 31 2022</u> <u>(INR)</u>	<u>As at March 31 2021</u> <u>(INR)</u>
	Petroleum Products	-	-
		<u>-</u>	<u>-</u>
20	<u>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK- IN-PROGRESS AND TRADED GOODS</u>	<u>As at March 31 2022</u> <u>(INR)</u>	<u>As at March 31 2021</u> <u>(INR)</u>
(A)	Inventories at the end of the year		
	Finished Goods	19,25,31,736	7,23,97,319
	Stock-in-trade	-	-
		<u>19,25,31,736</u>	<u>7,23,97,319</u>
(B)	Inventories at the beginning of the year		
	Finished Goods	7,23,97,319	3,22,36,136
	Stock-in-trade	-	-
		<u>7,23,97,319</u>	<u>3,22,36,136</u>
	(Increase)/decrease in Stock ( B - A )	<u>(12,01,34,417)</u>	<u>(4,01,61,183)</u>



Name of the Company: Texol Lubritech FZC

Notes forming part of the translated financial statement for the year ended March 31, 2022

21	<u>EMPLOYEE BENEFITS EXPENSE</u>	As at March 31 2022 (INR)	As at March 31 2021 (INR)
	Salaries, Wages, Bonus & Other Benefits	8,01,92,878	5,44,76,395
	Gratuity	13,78,154	14,78,823
	Staff Welfare Expenses	38,52,987	36,66,741
	<b>Total</b>	<b>8,54,24,019</b>	<b>5,96,21,959</b>
22	<u>FINANCE COSTS</u>	As at March 31 2022 (INR)	As at March 31 2021 (INR)
	Interest Expense	5,56,98,159	4,71,07,522
	Other Borrowing Cost	1,73,82,453	95,53,627
	<b>Total</b>	<b>7,30,80,612</b>	<b>5,66,61,149</b>
23	<u>DEPRECIATION AND AMORTIZATION EXPENSE</u>	As at March 31 2022 (INR)	As at March 31 2021 (INR)
	Depreciation of Tangible assets	2,95,16,108	2,82,16,110
	Depreciation of right-of-use assets	62,85,954	55,66,648
	Amortization of Intangible assets	5,43,530	2,86,185
	<b>Total</b>	<b>3,63,45,591</b>	<b>3,40,68,943</b>
24	<u>OTHER EXPENSES</u>	As at March 31 2022 (INR)	As at March 31 2021 (INR)
	Power and Fuel	72,59,240	61,43,504
	Labour Charges	1,32,35,710	1,54,50,195
	Repairs and Maintenance -Plant & Machineries	47,25,917	14,31,786
	Repairs and Maintenance -Factory Building	1,57,950	-
	Repairs and Maintenance -Computer & IT	14,79,581	8,48,045
	Insurance	46,10,475	32,86,744
	Freight and Transportation ( net of Recovery )	17,30,69,366	8,98,69,622
	Supervision & Testing Expenses	30,04,973	25,86,305
	Commission on Sales	7,43,175	-
	Legal and Professional Fees	26,06,142	39,95,472
	Payment to Auditor	-	-
	Remuneration to Certified Public Accountant	-	-
	Audit fees	6,98,625	80,720
	In other capacity-	-	-
	Taxation matters	-	-
	Postage, Courier and Telephones	43,26,681	36,98,775
	Printing and Stationary	8,39,910	4,10,374
	Advertisement and Sales Promotion	85,18,289	42,60,381
	Travelling and Conveyance	1,26,93,983	67,47,662
	Miscellaneous Expenses	33,89,599	32,14,461
	Storage Charges	3,00,80,007	1,37,90,688
	Provision for Bad and Doubtful Debts	2,02,50,000	-
	Foreign Exchange Rate Fluctuation Loss (Net)	(2,61,123)	(3,67,006)
	Fees and Stamps	27,82,562	13,79,708
	<b>Total</b>	<b>29,42,11,063</b>	<b>15,68,27,434</b>





## 25 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS:

The preparation of the Company's financial statements requires management to make judgements, 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 year are discussed below;

### a) *Estimated useful lives of property, plant & equipment and intangible assets*

Management assigns useful lives and residual values to property, plant & equipment and intangible assets 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/amortised over the revised remaining useful life.

### b) *Impairment of non-financial assets*

Assessments of net recoverable amounts of property, plant and equipment, intangible, right-of-use assets and other non-financial assets are based on assumptions regarding future cash flows expected to be received from the related assets.

### c) *Inventory provisions:*

The Company reviews the carrying amounts of the inventories at the end of the reporting period and assesses the likely realization proceeds taken into account, the age of inventory, estimated future demand for various items in the inventory, and physical damage etc. Based on the assessment, no provisions are required as at the end of the reporting period.

### d) *Business model assessment*

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

### e) *Significant increase in Credit risk*

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

### f) *Calculation of loss allowance*

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

### g) *Lease term and useful lives of right-of-use assets*

The Company's management determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.



Name of the Company: Texol Lubritech FZC

Notes forming part of the translated financial statement for the year ended March 31, 2022

## 26 COVID-19 Impact

As the outbreak of COVID-19 continues through subsequent phases, the Management is continuously monitoring the situation and will take appropriate actions on a timely basis to respond as necessary. The Company was proactive in implementing a range of measures designed to mitigate the impact of COVID-19 and to fully implement governmental regulations and recommendations to ensure the safety and security of staff and provide, to the extent possible, uninterrupted services. Following the analysis of different possible scenarios, the Management has concluded that sufficient reserves are available in respect of the liquidity and also the equity base of the Company to guarantee continuity of its operations at the date of the authorization of these financial statements. Accordingly, the Management remains wholly satisfied that it is appropriate for the Company to prepare the financial statements on a going concern basis.

## 27 Related Party Transactions

Related parties include the shareholders, key management personnel, fellow subsidiaries, associates, joint ventures, directors and entities which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence. Balances and transactions between the Company and its related parties are described below. Transactions with related parties were entered into on terms agreed by the management.

During the year, the Company entered into the following transactions with related parties:

Particulars	As at March 31, 2022	As at March 31, 2021
	INR	INR
Sale of Goods	14,47,08,161	1,82,63,566
Purchases	71,78,26,030	52,58,54,698
Net movement in the shareholders' current accounts	(1,20,65,712)	9,79,06,305
Key Management Remuneration	1,06,28,719	85,33,618

Key management remuneration represents the compensation paid or payable to key management for employee services. Key management represents the Managing Director and the remuneration is included in employee costs allocated to administrative expenses. The compensation of key management remuneration for the year is shown below:

Particulars	As at March 31, 2022	As at March 31, 2021
	INR	INR
Short term Benefits	1,03,27,500	82,33,440
Post-employment Benefits	3,01,219	3,00,178
	1,06,28,719	85,33,618

The following balances were outstanding at the end of the reporting period:

Particulars	As at March 31, 2022	As at March 31, 2021
	INR	INR
a. Due from Related Party	34,26,495	33,11,177
b. Due to Related Party	16,68,11,157	-
c. Due from Related Party included in trade receivables	27,09,679	3,36,33,611
d. Due to Related Party included in trade payables	21,34,79,988	5,26,61,083





Name of the Company: Texol Lubritech FZC

Notes forming part of the translated financial statement for the year ended March 31, 2022

## 28 Financial Risk Management

### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's management. The management identifies and evaluates financial risks on regular basis to minimise the adverse impact over the Company's operation.

#### (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: interest rate risk and currency risk. The Company's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

##### (i) Foreign Currency Risk

Foreign 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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, when revenue or expense are denominated in a different currency from the Company's functional currency which is AED.

##### (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 has interest bearing liabilities as disclosed in Notes 16 and 17. The interest rates on these liabilities are at commercial rates which are generally obtained in the United Arab Emirates.

#### (b) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables and committed transactions) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Company deals only with highly reputed local and international banks. In respect of major customers, credit risk is managed by assessing the credit quality of these major customers, taking into account their financial position, past experience and other factors including regular follow up of the trade receivables balance of INR 45.06 Crores (2021: INR 51.48) at the end of the period, INR 13.51 Crores (2021: INR 23.60 Crores) is due from two customers (customers with more than 10% of total balance have been considered).



Name of the Company: Texol Lubritech FZC

Notes forming part of the translated financial statement for the year ended March 31, 2022

Significant concentration of credit risk by geography is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
	INR	INR
UAE	25,05,80,914	18,96,06,713
Other Asian Countries	10,91,88,585	27,18,50,511
Other Countries	9,08,93,707	5,34,02,970
	<b>45,06,63,206</b>	<b>51,48,60,194</b>

(c) Liquidity Risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Company manages the liquidity risk through risk management framework for the Company's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent to ensure funds are available to meet its commitments for liabilities as they fall due.

The table analyses the Company's remaining contractual maturity for 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 the 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.

Particulars	As at March 31, 2022	As at March 31, 2021
	INR	INR
<b>Less than 1 year</b>		
Trade Payables	67,95,34,384	12,98,60,806
Borrowings	78,04,14,201	94,29,47,361
Lease Liabilities	25,88,82,313	16,13,69,873
	<b>1,71,88,30,898</b>	<b>1,23,41,78,040</b>





Name of the Company: Texol Lubritech FZC

Notes forming part of the translated financial statement for the year ended March 31, 2022

Particulars	As at March 31, 2022	As at March 31, 2021
	INR	INR
<b>More than 1 year</b>		
Borrowings	37,11,41,191	35,78,15,403
Lease Liabilities	24,55,249	23,67,093
	37,35,96,440	36,01,82,497
<b>Total</b>	<b>2,09,24,27,337</b>	<b>1,59,43,60,537</b>

## 29 Commitments and Contingencies

Details of the commitments and outstanding contingent liabilities of the Company which are in the normal course of the business activities are as follows:

### 29.1 Capital commitments

As at the end of the reporting period, the Company has approved capital commitments of INR 79 Lakhs relating to the construction of the storage tanks and implementation of ERP.

### 29.2 Contingent Liabilities

As at the end of the reporting period, the following contingent liabilities were outstanding:

Particulars	As at March 31, 2022	As at March 31, 2021
	INR	INR
Letters of Credit	27,87,29,516	6,50,50,148
Guarantees Issued In favour of Hamriyah Free Zone Authority Performance Guarantee	37,75,113	32,47,136
	15,18,957	-
	<b>28,40,23,586</b>	<b>6,82,97,283</b>

### 29.3 Operating Lease Arrangements

The Company has entered into commercial leases of certain offices and other business related premises. These leases have an average life of one to ten years and the Company does not have an option to purchase the leased properties at the expiry of the lease period. The Company has recognised a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less and leases of low value assets).

## 30 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:

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.



Date: November 15, 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 Texol Lubritech FZC for the year ended March 31, 2022.**

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 **Texol Lubritech FZC**, partly owned subsidiary of Gandhar Oil Refinery (India) Limited for the year ended **March 31, 2022**. 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 **Texol Lubritech FZC** for the year ended **March 31, 2022** 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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- 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 Texol Lubritech FZC audited by their respective years auditors for the year ended **March 31, 2022** and **March 31, 2021** for the purpose of translating the 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**

