NAYARA
ENERGY

SCALING NEW HEIGHTS

Essar Oil Limited
Annual Report
2016-17

Contents

Scaling New Heights

Crude and product storage facility at the Refinery

Keeping up with its tradition of setting new records, Essar Oil continued its streak of stellar performance for yet another year in FY 2016-17. The Company clocked its highest-ever crude throughput of 20.94 MMT in FY 2016-17, while production of HSD and MS also stood at its best 10,053 kT and 3,498 kT, respectively. Essar Oil's crude receipt through SPM also hit its peak at 18.8 MMT for the first time in the Company's history.

In line with its focus to enter new markets, Essar Oil initiated production and sales of VG-40 Bitumen Grade along with other products like modified bitumen, packed bitumen, molten sulphur, etc. We discovered new markets for packed bitumen across North East India and Nepal. We also penetrated in the public-sector domain of HSD market.

In a bid to further expand retail reach, we added 1,400 new retail outlets tallying 3,499 operational outlets across the country while around 2,631 retail outlets were under various stages of implementation as of March 31, 2017. Thanks to this expansion as well as to deregulation of diesel prices, we recorded 69% growth in sales from our retail operations, jumping to 2.80 million KL in FY 2016-17 from 1.64 million KL in FY 2015-16.

Given the Company's commitment to superior performance, we have been regularly investing in the process and technology improvement. Through a slew of proactive strategies, we have been able to achieve three-fold increase in sales of petcoke to small-scale customers. As a result of these efforts, our petcoke sales grew by 11% in FY 2016-17 while sulphur sales grew by 17%. Our market share strengthened by nearly 3% year-on-year, despite huge imports of bitumen during FY 2016-17.

Our consistent performance underscores the operational efficiency, continuous leverage of technology investments and strategic expansion of our retail network, all of which have helped us take the business to new heights.

The World of Essar Oil

Essar Oil is an independent, fully integrated oil refining Company of international scale with strong presence in refining of crude oil and retail of transportation fuels. The Company has refinery plant situated in Vadinar, District Devbhumi Dwarka in Gujarat with a capacity of 20 MMTPA. The refinery is supported by port, storage and power facilities. Essar Oil has a country wide network of retail outlets. As of March 31, 2017 the Company had 3,499 operational fuel stations with another 2,631 sites under various stages of implementation.

DHDT Unit

Business Segments

Product pipeline at Jetty

Refinery Business

- First private Company in India to enter the retail business
- Second largest single location refinery in India
- One of the most Complex refineries of the world
- Capacity – 20 MMTPA
- Produces high quality Euro IV and V grade products

Retail outlet at Bhuj

Marketing Business

- 3,499 operational outlets
- 2,631 retail outlets under implementation
- One-stop destination for retail customers with ever-changing needs

(As of March 31, 2017)

Snapshot of FY 2016-17

Making MS and HSD

Strategic Highlights

- New markets for packed bitumen were discovered in North East India and Nepal
- Successfully penetrated HSD market of Govt. sector industries such as fisheries under Govt. of Gujarat and Maharashtra, ONGC Petro-Additions Limited, etc and to India's largest HSD consumer – Railways
- Molten sulphur was introduced in the market
- Hiving off of Exploration & Production Business, to its wholly owned subsidiary, Essar Oil and Gas Exploration and Production Limited

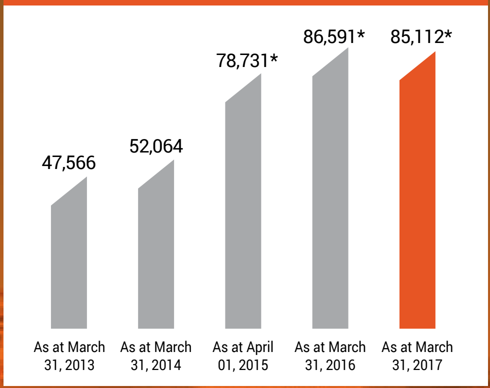
Operational Highlights

- Highest crude throughput of 20.94 MMT achieved in FY 2016-17
- Highest production of HSD (10,053 kT) and MS (3,498 kT) achieved
- Highest crude receipt through SPM (18.8 MMT) achieved
- Production and Sales of VG-40 Bitumen Grade started
- Revamp of NHT/ISOM/CCR units started for the up-gradation of Naphtha to MS
- Three fold increase in sales of petcoke to small scale customers, increasing the customer spread as well as realization
- Despite huge imports of bitumen, Essar Oil's market share increased by ~3%
- Petcoke sales increased by 11%
- Sulphur sales grew by 17%

Preheat Exchangers in CDU

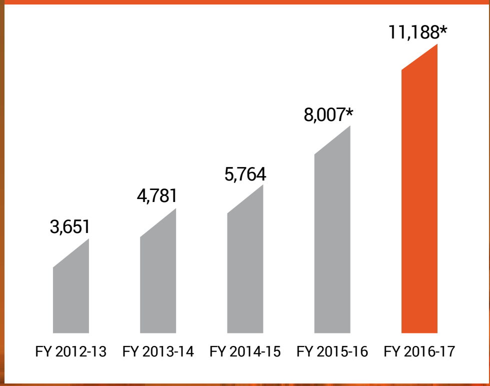
Key Performance Indicators

Total Assets (in ₹ crore)



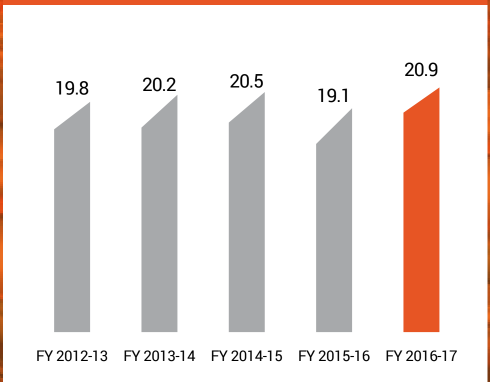
* As per IND AS

EBITDA (in ₹ Crore)

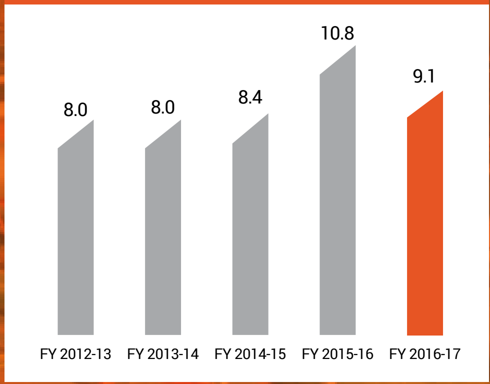


* As per IND AS

Throughput (MMT)



CP GRM (USD/bbl)



Message from the Former Chairman

Dear Shareholders,

It is with mixed feelings that I write this note, my last as the Chairman of Essar Oil, a Company that I, with stellar support from my colleagues at Essar, had the privilege to incubate, nurture and grow over the last two and a half decades. As you know, Essar Oil is now owned by the Russian oil major, Rosneft, and a consortium led by Trafigura & UCP (United Capital Partners).

The Company's ownership changed on August 18, 2017 following a historic transaction that valued Essar Oil at USD 12.9 billion. This transaction includes sale of the Vadinar Oil refinery, the retail network, as well as the captive port and terminal facility (Vadinar Oil Terminal Limited) and captive power plant (Vadinar Power Company Limited), which are both at Vadinar in Devbhumi Dwarka. Until date, this is the largest Foreign Direct Investment (FDI) in India and is also Russia's largest investment ever in any country, heralding a new era in Indo-Russian ties.

With this deal, we have completed our monetisation and deleveraging programme, which is the largest undertaken by any corporate in recent years. We have substantially deleveraged our portfolio companies' balance sheets, reducing debt by over USD 11 billion (₹ 70,000 crore).

I want to thank all my colleagues at Essar Oil for being a part of the 22-year-old journey that started way back in 1995 when we launched an IPO to build the 20 million tonne Vadinar refinery, India's second largest private refinery as well as among the world's most complex refineries. It is a journey that has had many milestones.

I can vividly recall the day we received the first crude consignment and started trial production in 2006, and inaugurated the Vadinar Port and Vadinar Power the same year, followed by so many more memorable events: the completion of the expansion and optimization projects in 2012, and receiving PetroFed award for the 'Refinery of the Year' in 2016.

A special thanks to the management team of Lalit Gupta, Managing Director & CEO; C Manoharan, Director (Refinery); Ajit Mishra, Chief Marketing Officer; Madhur Taneja, CEO-Retail; Sunil Misra, Head of International Supply & Trading;

Sreedhar Rudraraju, Chief Planning Officer; and Suresh Jain, who worked with the Company as Director Finance for their exemplary contribution in building and managing such a world-class business. I am also grateful to them for their support in concluding the Essar Oil sale transaction with Rosneft and the Trafigura-UCP consortium.

Rosneft, as some of you may perhaps know, is the world's largest publicly traded oil company with not only a very impressive track record of performance, but also a positive growth outlook. Acquisition of Essar Oil will help them find a strong foothold in the expanding Indian oil market, which is in line with their inorganic growth plans.

The credentials of the other two companies that are party to this deal are also equally impeccable. Trafigura, which is expanding its presence in India, is one of the world's largest physical commodities trading groups. UCP, on the other hand, is among the leading private investments groups with a successful track record of investing in a wide range of sectors.

I am certain that the experience and stature of these large corporations will mean a fascinating journey for Essar Oil going ahead. Having completed its monetisation and capex programmes, Essar, too, is poised for growth with a more sustainable balance sheet and a right-sized portfolio across the sectors of Mineral & Metals, Energy, Infrastructure and Services, which have tremendous growth opportunity.

As Shri. Shashi Ruia, Essar Founder, said: "I congratulate Rosneft and the Trafigura-UCP consortium for investing in a world-class oil business and global scale assets, which we are proud to have incubated and built. I would like to extend a very warm welcome to these large global corporations who are sure to make a positive impact on Essar Oil's future and India's growing oil market. For Essar, the closure of this landmark transaction ushers in a new phase of growth and consolidation across a portfolio of businesses that hold great promise because of India's enduring development story."

We are proud to have grown Essar Oil, a 100% Made in India Company, to a position where it has attracted global attention. This reaffirms Essar's unique ability to build world-class assets. None of this would have been possible without your support and contribution. Please accept my sincere gratitude to you for that.

I am also happy that the new Essar Oil will continue to use the Essar brand in the foreseeable future. It is a validation of the contributions of thousands of Essarites who built the Company and demonstrates the umbilical ties that Essar and Essar Oil will always share.

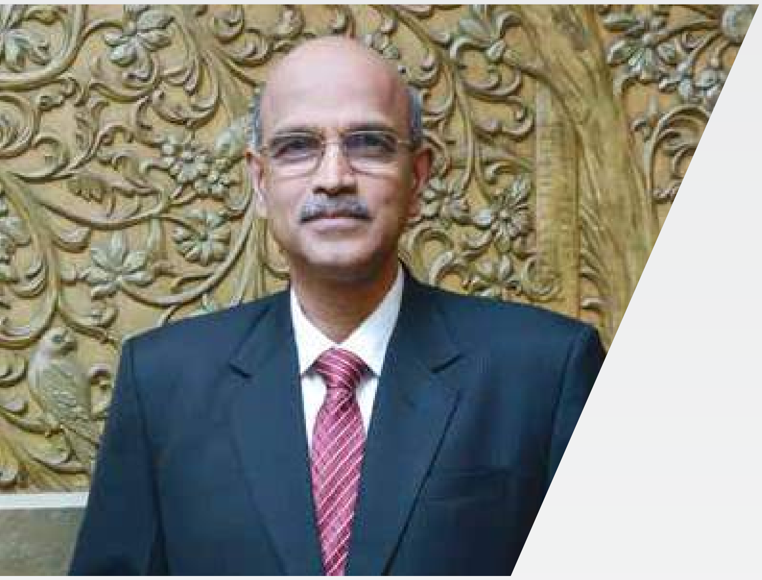
In conclusion, I would like to welcome the new Board, management and shareholders at Essar Oil. I wish you all great success in taking this world-class Company to even greater heights.

Best Wishes,

Prashant Ruia
August 19, 2017

"The Company's ownership changed on August 18, 2017 following a historic transaction that valued Essar Oil at USD 12.9 billion. This transaction includes sale of the Vadinar Oil refinery, the retail network, as well as the captive port and terminal facility (Vadinar Oil Terminal Limited) and captive power plant (Vadinar Power Company Limited), which are both at Vadinar in Devbhumi Dwarka."

Message from the Former Managing Director & CEO



Dear Shareholders,

It is my pleasure to present the performance of your Company for the Financial Year ended March 31, 2017, which saw your Company report record Operational and Financial performance.

FY 2016-17 Performance

Your Company has closed the Financial Year with its highest ever EBITDA of ₹ 11,188 crore up by 40% from ₹ 8,007 crore and highest ever Throughput of 20.94 MMT from 19.1 MMT previous year aiding your Company to report Revenue from operations of ₹ 72,085 crore for the year, which is an improvement of ~16% over ₹ 62,381 crore reported in FY 2015-16.

Your Company continued to expand its retail network for sale of petroleum products while successfully leveraging the potential of the existing network. Our retail outlets network touched 6,130 as of March 31, 2017 – of these 3,499 were operational while 2,631 were under implementation as of March 31, 2017. Retail sales grew by 71% from 1.64 million KL in FY 2015-16 to 2.8 million KL in FY 2016-17.

Your Company believes in sustainable development with safety and security being at the core of all its functions. Your refinery achieved a yet another Lost Time Injury (LTI) free year, with a cumulative record of 3,286 LTI free days for employees, 1,078 LTI free days for contract staff and 2,871 major fire free days as of March 31, 2017.

To focus more on refining and marketing activities, your Company has hived off its E&P Business to its wholly-owned subsidiary, Essar Oil and Gas Exploration and Production Limited with effect from March 31, 2017, which was eventually sold to a third party.

Industry Overview

India's oil demand continues to grow and outpace demand in other Asian countries including China. With demand growth in China losing pace, India is expected to emerge as the driver of growth in the region. India is the second largest consumer of oil in the Asia Pacific region and the per capita oil consumption of the country is expected to grow from 1.2 barrels per year to 1.5 barrels per year in the next five years. Given India's growth trajectory, its burgeoning middle class and rapid urbanisation with a consequential rise in demand for energy and petrochemicals will propel growth in the industry. Although the government has been taking concerted efforts to promote renewable and alternative energy, the country continues to meet 80% of its crude oil requirements through imports. Besides, as the after-effects of demonetization scheme launched in November 2016 start to phase out, demand for automobiles and passenger vehicles as well as in other sectors would normalize, thereby boosting demand for fuel and other petrochemical products.

Recognitions

I am extremely happy to share that your Company has been recognized as "the Industry Leader in Downstream sector" in the Platts Global Energy Awards 2016 acknowledging the excellence that we have demonstrated and highlights our position as Industry leader. We have also won the "Refinery of the year- 2015" awarded by PetroFed (Now FIPI), the apex governing body for the Indian Downstream Sector, which is another jewel in your Company's ever shining Crown.

Your Company firmly believes that sustainable growth can only be achieved by promoting social, environmental and economic development. I am happy to share that Essar Oil was recognised as the top Climate Performance Leader in the Energy/Oil & Gas sector for India for the sixth consecutive year by Carbon Disclosure Project (CDP), UK, in its annual report for India –

"India Inc. Readies for Paris Agreement & Beyond". Moreover, your Company ranks on the top of the second quartile of the CDP and leads the oil and gas sector in India and globally.

Corporate Social Responsibility

Your Company believes in serving the society and create a positive impact in people's lives. As part of its CSR activities, your Company provides basic medical services to 12 villages under its Community Health Project. Moreover, your Company regularly conducts specialized projects such as eye-check camps and healthcare camps to manage blood pressure, diabetes and skincare in partnership with the district administration. Your Company continues to develop Model Anganwadis in the villages in the vicinity of its refinery, as per state government guidelines. Essar also empowers 5,000 students of over 15 schools in Jamnagar and Devbhumi Dwarka districts every year through multiple education initiatives such as Shala Pravesh Utsav, Indradhanush and other scholarships schemes. As part of the water resource development plan, your Company engages in enhancing the soil moisture, water table, checked soil erosion, and improved water management for proper utilisation for drinking and irrigation purposes. As part of the Swach Bharat initiatives the Company has started door-to-door collection of garbage in three villages on pilot basis in co-ordination with village authorities.

On the occasion of National Road Safety week Essar Oil and United Spirits (USL), a Diageo Group Company, announced a path-breaking collaboration to promote road safety in India. This programme aims at building awareness and to drive a definitive behaviour change, especially among commercial vehicle and truck drivers through a combination of on-ground at the point of sale (petrol pumps) and digital activities.

Sale of approximately 98% shareholding by Essar Group

I am very happy to inform you that the transaction of sale of approximately 98% equity by Essar Group to Rosneft and Consortium led by Trafigura and United Capital Partners (New Shareholders) has been successfully completed after almost two and half years of hard work. As you are aware Rosneft is a Russian Oil Major with production of over 5 million barrels of Oil per day along with over 100 million Tons of Refining Capacity. Trafigura on the other hand is the world's largest physical commodity Trading House and UCP is the leading Private Equity Fund of Russia. It is indeed a matter of pride for all of us to have created such a large value for all stakeholders and have brought large international names to India in the Largest FDI Transaction in the Indian Corporate history.

The New Shareholders have decided to restructure the Management in which a Management Board has been constituted with powers of Management. I have relinquished my executive position as Managing Director & CEO and will be taking over the new role as the Senior Advisor to the Management Board with immediate effect. In the last six years of my tenure with the Company, we have relentlessly worked to maximise the value for all stakeholders, which is clearly getting reflected in more than 5 times increase in the Market Capitalisation from ₹ 9,400 crore to over ₹ 50,400 crore.

The Board of Essar Oil with representatives of New Shareholders in its first meeting held on August 19, 2017 have decided to appoint Mr B. Anand as the new CEO of Essar Oil. Mr Anand is a Chartered Accountant and brings with him over 30 years of rich experience in the fields of corporate finance, strategy and investment banking. Before being appointed as the CEO of Essar Oil, he was the CFO of Trafigura India Pvt. Ltd. I am confident that under his leadership Essar Oil will achieve new heights in the time to come.

I would like to thank all the shareholders for reposing their faith in the Management and all my colleagues at Essar Oil for delivering the benchmarking performance year after year on sustained basis.

With best wishes and regards,

Lalit Kumar Gupta
August 19, 2017

"In the last six years of my tenure with the Company, we have relentlessly worked to maximise the value for all stakeholders, which is clearly getting reflected in more than 5 times increase in the Market Capitalisation from ₹ 9,400 crore to over ₹ 50,400 crore."

Corporate Information

Board of Directors (Upto August 19, 2017)

Mr. Prashant Ruia, Chairman
Mr. Lalit K Gupta, Managing Director & CEO
Mr. C Manoharan, Director (Refinery)
Mr. Suresh Jain, Director
Mr. Dilip J Thakkar, Independent Director
Mr. K N Venkatasubramanian, Independent Director
Mr. R Sudarsan, Life Insurance Corporation of India, Nominee
Ms. Suparna Singh, Director

Company Secretary

Mayank Bhargava

Transfer Agents

M/s.Datamatics Financial Services Ltd.
Unit: Essar Oil Limited
Plot No. B-5, Part B Cross Lane,
MIDC, Andheri (East), Mumbai – 400 093
Tel: +91-22-66712001 to 66712006
Fax: +91-22-66712209
Email: eolinvestors@dfssl.com
Website: www.dfssl.com

AUDITORS

M/s Deloitte Haskins & Sells, Ahmedabad

BANKERS

State Bank of India
ICICI Bank Limited
Axis Bank Limited
IDBI Bank Limited
Punjab National Bank
Indian Overseas Bank
Bank of India
Central Bank of India
State Bank of Mysore
Oriental Bank of Commerce
Allahabad Bank
Yes Bank Limited
Indian Bank

REGISTERED OFFICE

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Fax: +91-2833-662929
Email: eolinvestors@essaroil.co.in
Website: www.essaroil.co.in

CORPORATE OFFICE

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Mumbai – 400070.
Tel: +91-22-67335000
Fax: +91-22-67082183

Directors' Report

To,

The Members of Essar Oil Limited

Your Directors have pleasure in presenting the 27th Annual Report and audited Financial Statements of the Company for the financial year ended March 31, 2017.

Financial Highlights

(₹ in crore)

Particulars	2016-17	2015-16
Revenue from operations	72,084.57	62,381.17
Total Revenue including other income	74,933.83	64,669.47
Earnings before finance cost, depreciation / amortization, exceptional items, discontinued operation and tax (EBIDTA)	11,187.67	8,006.65
Profit before Exceptional Items, Discontinued Operations and Tax	5,741.00	3,751.29
Exceptional items	5,251.19	712.77
Profit before Discontinued Operations and Tax	489.81	3,038.52
Loss from Discontinued Operations (after tax)	2,208.49	251.08
Tax	(597.64)	1,498.85
Net Profit/ (Loss) after tax	(1,121.04)	1,288.59
Add: Balance brought forward from previous year	10,912.12	9,623.53
Balance to be carried to Balance Sheet	9,791.08	10,912.12

State of Company's Affairs

Our Refinery has delivered excellent operating and financial performance for the financial year ended March 31, 2017 post successful completion of a shut-down in the mid of FY 2015-16. We have generated an impressive momentum in expanding our retail network for sale of petroleum products as well as leveraging the potential of our existing network. Our retail network reached to 6,130 as of March 31, 2017 out of which 3,499 retail outlets were operating and balance sites were under various stages of implementation.

We operate in an industry that involves heavy machinery, chemical processes that have the potential for hazards. Essar Oil is committed to the health and safety of its employees, contractors and customers. Keeping our employees safe, healthy and secure is our highest priority. We believe our safety culture starts with organizational leaders and extends to all who work for our organization and by actively caring for each other, our customers and the community. We are happy to share that the refinery has set a benchmark with 3,286 LTI free days as on March 31, 2017.

Global Markets and Industry Overview

Global growth is expected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018 led by stronger economic activity in last quarter of 2016, resulting in higher growth expectations in the coming years.

The oil demand growth registered in 2016 was 1.6 million bpd including unexpected growth in the mature Organisation for Economic Co-operation and Development (OECD) markets partly due to colder than normal weather and higher demand from industrial fuel users. More than 75% of the global growth in output and consumption will be contributed by emerging markets and developing economies like India and China.

During the year, Dubai crude prices moved higher from USD 35/bbl in March 2016 to USD 51/bbl by March 2017, partly due to the agreement by the Organization of the Petroleum Exporting Countries (OPEC) and other producers to cut oil production. While question-marks remain over the adequacy and duration of the production cuts, compliance has been good and the agreement has provided price support. Stronger activity and expectations of more robust future global demand also contributed to strengthening of oil prices since their lows in early 2016 despite higher production of shale oil.

The energy markets would continue to be impacted by the geo-political developments around the globe. US instance on climate change, as well as US policy with respect to infrastructure spending, international trade and Iran are likely to impact global energy markets. In Europe, the impact of Brexit and the rise of populist parties also will have an impact on the political stability and the economies of the Europe while China's 'One Belt, One Road' programme and India's 'Make in India' initiative should add new impetus to economic growth in the major East of Suez markets.

Aerial view of refinery complex

On the oil products markets, gasoline demand remained strong in the wake of lower oil prices even though the pace of growth was not as high as previous year. Demand growth in the US, India and China has supported gasoline prices and margins though they were not as high as previous year due to high stock levels. Distillate demand which had been at a low ebb, impacted by the slowdown in Chinese economic growth, picked up towards the end of the year with increased mining and oil drilling activity in US. Cleaner fuels mandates in the US, China and India will tighten the market for ultra-low Sulphur grades of gasoline and diesel. Naphtha margins also remained supported due to high petrochemical margins and resultant increased demand from Far East Asia.

A significant development that has occurred in the previous year is the decision by the International Maritime Organization (IMO) to proceed with lowering sulphur bunker fuel emissions standards in 2020. This will serve to transform bunker fuel from a low quality residual product to a much higher quality blended fuel. Responses to 'IMO 2020' will transform both the shipping and refining industries, and are likely to have a significant impact on crack spread relationships both for fuel oil and for middle distillates.

India Perspective:

India has become the world's sixth largest economy by GDP, overtaking United Kingdom during the previous financial year. The country is also the world's fastest growing large economy, surpassing China, and would retain the title for foreseeable future as per the International Monetary Forum.

India's high growth trajectory coincides with oil demand growth far outpacing any other country in the region. The country is gradually becoming the focus of attention as Chinese demand growth slows. Indeed, India has overtaken Japan and South Korea as the second largest consumer of oil in Asia-Pacific. Indian per capita oil consumption is expected to grow from the current 1.2 barrels per year to 1.5 barrels per year over the next 5 years.

To meet its energy requirements, the country is dependent on a mix of Coal, Oil and Gas. While the government is providing impetus to the renewable sources of energy, India remains the third largest crude importer in the world, behind US and China. The country is dependent on imports to meet nearly 80% of its oil needs.

The country has benefited immensely from the current low oil price environment, which has aided the government in removing obstacles to investment in energy supply while also focusing on energy efficiency and pricing reforms. The initiatives towards use of cleaner fuels like LPG and low-emission transportation fuels has benefitted millions of domestic consumers, apart from helping the environment.

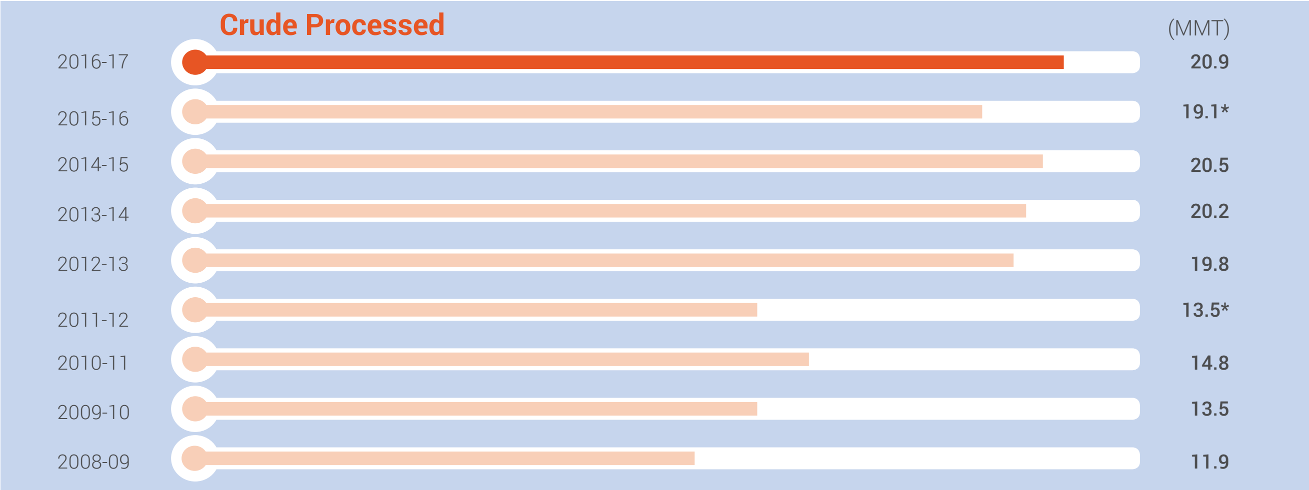
Refinery Operations

The refinery made a remarkable step forward in its journey during the year 2016-17 where your Company achieved several significant milestones. Your Company could scale up its performance and reach new heights due to committed hard work, excellent coordination, focus on execution and innovation. This gives huge satisfaction and confidence that our Refinery will achieve greater heights in future.

Continuing its record of operating beyond its rated capacity, the Refinery processed 20.94 MMT of crude during the year, highest ever, against its nameplate capacity of 20.00 MMTPA. Other major performance highlights include highest ever production of HSD (10,053 kT), MS (3,498 kT) and highest ever crude receipt through SPM (18.7 MMT). Another major successful achievement has been processing alternate Crudes for Mangala in CDU – 2.

The highest reliability & availability of units is the main factor for achieving the best refinery performance so far. All process units at the Refinery were operated with high level of capacity utilization with excellent reliability & safety. Your Company achieved 100% availability of primary units and 99.5% average availability of all refinery units.

In order to sustain and further improve reliability, Project "Vishisht", Asset Performance Management for Risk Based Inspection and Reliability Centric Maintenance was successfully operationalised.



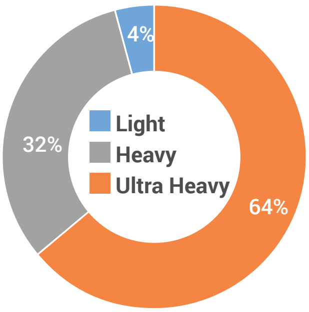
* Throughput was low due to Refinery Turnaround in the respective years.

Crude and Product Slate

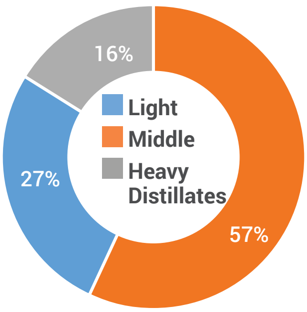
Company's product mix comprised approximately 84% light and middle distillates (27% light distillates and 57% middle distillates) despite processing 96% heavy and ultra-heavy crude oils.

Your company is continuously looking for opportunities available in the market for realizing maximum value for the products it produces. As part of this, a new grade of Naphtha was introduced for Domestic market domestic and international markets. During financial year 2016-17, your Company sold 8.97 MMT of products in the domestic market, representing 47% of our total sales and the remaining 53% products were sold in the International market. Public sector oil marketing companies continued to be our major customers, contributing to around 38% of our entire domestic sales volumes.

Actual Crude Slate



Actual Product Slate



Retail outlet at Udaipur

Marketing Performance

Your Company continued to expand its retail network. In FY 2016-17, your Company added 1,400 new retail outlets to reach 3,499 operational retail outlets across the country and 2,631 retail outlets were under various stages of implementation as of March 31, 2017. The sales from retail operations grew by 69% from 1.64 million KL in financial year 2015–16 to 2.80 million KL in FY 2016–17. This growth can mainly be attributed to expansion of Company's retail network as well as opportunity presented to the private players in the retail segment by deregulation of diesel prices, thereby linking the price of diesel to the global markets.

Your Company continues to be the preferred supplier to a wide range of customers in diverse industrial segments such as cement factories, power plants, chemical industries, fertilizer plants and construction companies. Essar Oil sells its products in both

In another landmark reform, the Government of India has implemented daily pricing for Motor Spirit and High Speed Diesel. Initially, it was implemented on pilot basis in 5 cities namely Udaipur, Vizag, Puducherry, Jamshedpur and Chandigarh effective from May 1, 2017 and from June 16, 2017, the same was implemented across the country, thus, aligning the prices at the Retail Outlets to the international markets on daily basis.

Performance of Exploration & Production Division

The Company had a portfolio of six E&P assets out of which five blocks were in the unconventional coal bed methane (CBM) space at various locations across the country. CBM production from our flagship CBM Project, located at Raniganj East, Durgapur in West Bengal registered a significant growth during this year, with production of close to 920,000 scmd as of March 31, 2017.

As part of your Company's plans to move out of Exploration & Production business and to focus on Refining and Marketing activities, the Company had obtained approval of the Shareholders by way of postal ballot on January 9, 2017 for hiving off of E&P Business, to its wholly owned subsidiary, Essar Oil and Gas Exploration and Production Limited (EOGEPL). The Company entered into a Business Transfer Agreement (BTA) with EOGEPL. The E&P Business has been transferred to EOGEPL on March 31, 2017 pursuant to the BTA. As approved by Shareholders, the investment in EOGEPL was subsequently sold to Essar Exploration and Production Limited, Mauritius.

Sustainability

Our sites at Vadinar and Durgapur continued to undertake several interventions during the year ranging from environmental protection initiatives, safety campaigns, strengthening of process safety to institutionalising a culture of continual learning. The refinery achieved a Lost Time Injury (LTI) free year achieving a record 3,286 LTI free days for employees and 2,871 major fire free days as on March 31, 2017. The refinery had also observed ~ 77% reduction in overall process safety event frequency rate which dropped from 0.78 during previous year to 0.18 this year.

Essar Oil was recognised as the top Climate Performance Leader in the Energy/Oil & Gas sector for India for the 6th year in a row by Carbon Disclosure Project (CDP), UK, in its annual report for India – "India Inc. readies for "Paris Agreement & Beyond". This year with a focus on "Climate Performance", CDP published its annual index for India which ranks companies under quartile categorisation, on the basis of their energy management techniques, adoption of renewable energy and climate change initiatives taken. Essar Oil topmost Quartile with a place in the CDP India A List, leads the Oil and Gas sector in India, and globally, it is ahead of the major Oil & Gas companies.

CDP
DRIVING SUSTAINABLE ECONOMIES

Financial Performance

Your Company has successfully implemented Indian Accounting Standards (Ind AS) effective from FY 2016-17. All numbers including comparative numbers for FY 2015-16 and as at April 01, 2015 represented in financials statement are based on Ind AS.

Your Company generated gross revenue from operations of ₹ 72,085 crore for the financial year ended March 31, 2017, as compared to ₹ 62,381 crore for the financial year ended March 31, 2016. The increase in revenue was mainly due to increase in the quantity of products sold and higher realisation. Current Price Gross Refinery Margin (CP GRM) was lower at USD 9.14/bbl in FY 2016-17 as against USD 10.81/bbl in FY 2015-16 mainly due to lower IEA Margin by 1.38 USD/bbl. EBITDA was up by 40% to ₹ 11,188 crore from ₹ 8,007 crore in the preceding financial year mainly on account of higher throughput and inventory gains. The Company incurred a loss of ₹ 1,121 crore in the current financial year against a profit of ₹ 1,289 crore mainly due to certain one time exceptional items like non recovery of certain dues and loss incurred in the process of disposal of E&P division.

Considering the funds requirement for meeting the operations, the Board has not recommended any dividend for the financial year ended March 31, 2017. Further, no amounts are proposed to be transferred to the General Reserve.

Effective July 1, 2017, the Government of India has introduced a major reform in the field of indirect taxation. The new indirect tax regime introduced as "Goods & Service Tax Act" is a game changer, as it will subsume a plethora of Central and State indirect taxes like Central Excise Duty, Service Tax, State VAT, Entry Tax, Octroi, etc. All goods and services have been brought under the tax net. However, some of the petroleum products like High Speed Diesel (HSD) & Motor Spirit (MS) produced by of the Company, continue to remain under the existing tax regime. Your Company is required to follow both existing tax regime and GST regime in view of non-inclusion of certain petroleum products under GST regime. This will also lead to some input credit reversals. The industry as a whole has represented this matter to Government of India through Federation of Indian Petroleum Industries for amicable resolution, as it affects the Petroleum Industry as a whole. The Board is happy to report that your Company has successfully implemented GST effective from July 1, 2017.

No material changes and commitments have occurred after the closure of FY 2016-17 till the date of this Report, which would affect the financial position of your Company.

Increase in Share Capital

During the FY 2014–15, your Company had received advance of ₹ 1,500.53 crore from Essar Energy Holdings Limited, towards issue of Global Depository Shares (GDS). Pending delisting process initiated by promoters of your Company, the Company did not issue GDS and the amount was shown in the financial statements as 'advance towards issue of GDS'. In FY 2016–17, post delisting of shares from Stock Exchanges, your Company initiated the process for issuing GDS. However, owing to inability expressed by Overseas Depository / Domestic Custodian to support issuance of further Depository Receipts on account of non-issuance of operational guidelines under the Depository Receipts Scheme 2014, it was decided to issue Equity Shares in place of GDS after receiving 'no objection' from the Reserve Bank of India. After obtaining necessary approvals, the Company had, on February 10, 2017, allotted 39,892,796 equity shares of ₹ 10/- each to EEHL on private placement basis at a price of ₹ 376.14 per equity share (at premium of ₹ 366.14 per equity share) for aggregate consideration of ₹ 1,500.53 crore.

In view of the above, the fully paid-up capital of the Company increased to ₹ 1,490.56 crore comprising of 1,490,561,155 equity shares of ₹ 10/- each.

Completion of Exit Offer made to Residual Public shareholders post delisting of equity shares of the Company

The Board had informed you in the last year's Report about delisting of Equity Shares of the Company w.e.f. February 17, 2016 from 'BSE Limited' and 'The National Stock Exchange of India Limited'. An exit opportunity was given by Oil Bidco (Mauritius) Limited, acquirer company to those public shareholders who could not successfully participate in the reverse book building process to tender their shares at exit price of ₹ 262.80 per share. The exit offer process commenced on February 17, 2016 and ended on February 16, 2017. The shares, validly tendered by the public shareholders during exit offer period, were acquired by Oil Bidco (Mauritius) Limited.

Consolidated Financial Statements

The audited Consolidated Financial Statements of the Company as required under Section 129 of the Companies Act, 2013 (Act) form part of this Annual Report.

Holding, Subsidiary, Joint Venture and Associate Companies

Execution of sale and purchase agreements by Promoters for sale of at least 98% in equity share capital of the Company

The Directors had in their last Report informed you about the execution of two separate Sale and Purchase Agreements (SPAs) by the promoter group companies, Essar Energy Holdings Limited and Oil Bidco (Mauritius) Limited on October 15, 2016 for the sale of approximately 98% of the paid-up share capital of Essar Oil Limited. The first sale and purchase agreement envisaged sale of approximately 49% paid-up share capital of the Company to Petrol Complex Pte Ltd (a subsidiary of PJSC Rosneft Oil Company) and the second sale and purchase agreement envisaged sale of approximately 49% share capital to Kesani Enterprises Company Limited (a consortium led by Trafigura Pte Ltd and UCP PE Investments Limited). As per the SPAs, shares acquired by the promoters from the public shareholders pursuant to the delisting exit window were also required to be sold to these companies. The closing of the above transactions was conditional upon receiving requisite regulatory approvals and compliance with other customary conditions.

As part of conditions to be met under the above referred SPAs, post March 31, 2017 your Company has acquired 100% stake in share capital of Vadinar Power Company Ltd. which owns and operates co-generation power and steam plants for captive use by the Company and 97.63% (which is entire Promoters holding) in Vadinar Oil Terminal Ltd. which manages storage and cargo handling facilities for the refinery.

Post satisfying all conditions precedent and upon obtaining all necessary regulatory and contractual approvals, the promoters of your Company had, on August 18, 2017, transferred their entire stake in the Company of approx. 98% comprising of 513,189,039 equity shares and 6,218,718 Global Depository Shares, in equal proportion, to Petrol Complex Pte Ltd and Kesani Enterprises Company Limited.

Holding Company

As on March 31, 2017, Essar Energy Holdings Limited (EEHL) was the holding company of your Company. EEHL is wholly owned subsidiary of Essar Oil & Gas Limited, Mauritius which in turn is a wholly owned subsidiary of Essar Energy Limited, U.K.

Now, upon transfer of stake in equity share capital of the Company by promoters on August 18, 2017, as aforesaid, EEHL ceased to be holding company of your Company effective from August 18, 2017. Post transfer of securities, the Company does not have any holding company.

Subsidiary and associate companies

During the financial year 2016-17, there was no change in subsidiaries and associate companies of your Company, except for incorporation of a wholly owned subsidiary Essar Oil and Gas Exploration and Production Limited. Since the controlling stake in your Company is held by foreign entities, any downstream investment by your Company amounts to indirect foreign investment under the Foreign Direct Investment (FDI) Policy. Your Company has obtained a certificate from Statutory Auditors, M/s Deloitte Haskins & Sells, Ahmedabad certifying due compliances with applicable rules of FDI Policy including intimation to Foreign Investment Promotion Board (FIPB) on compliances with the FDI Policy.

A report on the performance and financial position of each of the subsidiaries and associates, in Form AOC -1 forms part of Annual Report and hence is not repeated here for the sake of brevity.

The Financial Statements of these subsidiaries are uploaded on the website of the Company in compliance with Section 136 of the Act. Further, the Financial Statements of these subsidiaries and other related information will be made available to any member of the Company/its subsidiary(ies) seeking such information at any point of time and are also available for inspection by any member at the Registered Office/Corporate Office of the Company.

Information Technology

While technology continues to play an integral part in the growth of your Company, last year Information Technology (IT) team has spent significant time in introducing new and transformative technologies in the areas of Refinery & Retail. During the last financial year, we have also created a standalone IT setup for the Company.

Few of the significant milestones of the Company in IT in FY 2016-17 include rollout of applications for Fleet owners & drivers loyalty, setting up of Dealers, Business Development, Fleet & Consumer Helpdesk to receive and address issues/problems related to RO dealers and putting in place a logistics optimizer application and vehicle tracking system for product movement to our retail outlets. We also developed certain IT tools for procurement and refinery operations.

Employees

We believe that the well-being of our employees is of prime importance to the success of our organization. We focus not just on the goals of the organization but also on the aspirations of the employees to stay true to our HR vision "... emotionally connecting people to +vely engage in value creation". During the year our emphasis was on strategic workforce planning, talent attraction and management, recruitment, learning and development, employee engagement and wellness and overall improvement of operational efficiencies.

Power plant control room

Our manpower as on March 31, 2017 was 1,873 regular employees and 39 fixed term Advisors.

Learning and development in Essar Oil saw a huge emphasis on Technical trainings, Retail Sales training and Managerial trainings apart from other functional and health and safety trainings. At Essar Oil Limited we have recognised that it is not only important to attract and retain the right talent; but also crucial to build capability thereby enabling leadership continuity and build succession management pool. In view of the same career conversations focusing on employee's aspirations, career achievements, training and development needs were launched. These conversations played a pivotal role in aligning and engaging critical talent with organisations cultural and business objectives. Apart from this several monetary and non-monetary initiatives like stay interviews, retention dialogues, job rotation, management development programs and interaction with leadership were taken during the year to keep critical talent engaged. The strength of the leadership pipeline has resulted in most of the senior and middle management positions being filled through job rotations – role enhancement, role enlargement and role changes.

To foster an appreciative culture the year saw inclusion of additional rewards and recognition in Essar Oil. In line with creating an inclusive work environment Essar Oil recognised women across departments who showcased commitment and contributed in Essar Oil growth. There were further efforts made to build a knowledge sharing culture by recognising internal trainers and their families. Special Utkarsh awards were introduced for best performing field employees.

Health & wellness of employees remained the focus of Essar Oil. FY 2016-17 saw the launch of Employee assistance program for employees in remote areas to cater to stress due to personal and professional reasons. Initiative like "Little Healthy Competition" were conducted to promote a healthy way of living at an intervention of 3 months consisting of workshop on mindful eating, Diet, Physical Activities & Weight Loss along with Body fat analysis and some fun contests.

In accordance with 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013' ['Prevention of Sexual Harassment (POSH) Act'] the Company has set up Essar Oil POSH Committee in Mumbai and Vadinar to help promote a safe working environment for women. The Company emphasises the need for regular awareness and training session for both male and female employees to sensitize them on the issue. Posters and E-mailers are being used at regular intervals to ensure recall of the POSH guidelines and Committee members. We had no POSH complaints registered in the current financial year.

Employee Stock Options

Post delisting of Equity Shares of the Company from Stock Exchanges, the outstanding options which were due for vesting would not have been able to provide the long term incentive as envisaged at the time of introduction of Employee Stock Option Scheme – 2011 (ESOP Scheme). Hence, in order to compensate the eligible employees who were granted options under the ESOP Scheme for the loss of benefit, the Board of Directors of your Company had decided to give an opportunity to them to surrender their outstanding unvested options and to compensate those eligible employees, who opt for opportunity to surrender the options, by way of payment of differential amount between the exercise price and price payable by promoters to public shareholders for the outstanding unvested options held by them. In response to the opportunity given by the Board, as aforesaid, all eligible employees had surrendered their outstanding unvested options and as on March 31, 2017, there were no options outstanding.

The disclosures required to be made under the applicable provisions of the Act are enclosed as Annexure - A.

Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility (CSR) Committee named as CSR, Safety and Sustainability Committee. The Board of Directors on the recommendations of the Committee, has adopted a CSR Policy indicating the activities to be undertaken by the Company. The policy can be accessed on the Company's website at the link https://www.essaroil.co.in/media/15032/EOL_CSR_-Policy.pdf


Cleanliness drive

The annual report on CSR containing the details of the CSR Policy adopted by the Company, the CSR initiatives taken during the financial year and other particulars specified in the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this Report as Annexure- B.

Directors and Key Managerial Personnel

Directors

During the period under review, IFCI Limited had nominated Mr. Sachikanta Mishra as Nominee Director in place of Mr. Sudhir Garg. The appointment was approved by the Board of Directors on February 22, 2017. IFCI Limited had, by letter dated August 8, 2017, withdrawn nomination of Mr. Sachikanta Mishra as Nominee Director. Mr. Suresh Jain, Director Finance and Chief Financial Officer of the Company, resigned from the position of whole time director in the capacity of Director (Finance) and as Chief Financial Officer on June 30, 2017. He continues on the Board as Non-Executive Director. The Board places on record its sincere appreciation for the services rendered by Mr. Sudhir Garg and Mr. Sachikanta Mishra as Nominee Directors and Mr. Suresh Jain as Director (Finance) and Chief Financial Officer. All the Independent Directors have given declarations that they fulfil the criteria of independence as prescribed under Section 149(6) of the Act.

Performance Evaluation of the Board, Chairman, Committees and Individual Directors

The Board carried out a formal evaluation of the performance of the Board, its Committees, the Chairman, and Individual Directors for FY 2016-17. Moreover, Independent Directors have evaluated performance of the Chairman, non-independent Directors, and the Board. Feedback from the individual Directors was sought based on a structured questionnaire covering, among others, Board and Committee composition, skills of Directors, quality and content of agenda, and performance of Directors at the meetings. Evaluation was carried out based on responses from all the Directors compiled by a professional agency. The evaluation was reviewed by the Nomination and Remuneration Committee and the Board of Directors.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) of the Act, it is hereby confirmed that:

i) In the preparation of the annual accounts for FY 2016-17, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) The Directors had selected such accounting policies, and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of FY 2016-17 and of the profit and loss of the Company for the period;

iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) The Directors had prepared the accounts for the year ended March 31, 2017 on a 'going concern' basis;

v) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws, and that such systems were adequate and operating effectively.

Policy on Appointment of Directors and Remuneration

The Board has adopted a policy for appointment, remuneration, training, and evaluation of directors and employees. The policy inter-alia includes the criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Act. Relevant chapters of the Policy relating to Directors' appointment and remuneration are enclosed as Annexure - C.

Key Managerial Personnel

During FY 2016-17, the following executives were designated as Key Managerial Personnel under the Act:

a. Mr. L. K. Gupta – Managing Director & CEO

b. Mr. C. Manoharan – Director (Refinery)

c. Mr. Suresh Jain – Director Finance effective April 7, 2016 and discharged duties as CFO for FY 2016-17.

d. Mr. Sheikh S. Shaffi – Company Secretary (retired on September 30, 2016)

e. Mr. Mayank Bhargava – Company Secretary (appointed with effect from October 19, 2016)

As stated earlier, Mr. Suresh Jain resigned as Company's Director Finance and CFO on June 30, 2017, and continues on the Board as Non-Executive Director.

Risk Management and Internal Financial Controls

Audit Committee

The Audit Committee comprised three members – Mr. Prashant S. Ruia, Mr. D. J. Thakkar, and Mr. K. N. Venkatasubramanian. During the period under review, there was no change in the constitution of Audit Committee. Mr. D. J. Thakkar, Independent Director, chairs the meetings. During the year, all the recommendations of the committee were accepted by the Board.

Risk Management

Risk management is an integral part of day-to-day business activities in your Company. The enterprise risk management function in your Company is monitored by the Board of Directors through the Audit Committee. Your Company has appropriate risk management policies for managing commodity price, credit, and market risks. Risk management procedures are also in place for health, safety, environment, and fire. The perceived risks are regularly reviewed along with their mitigations plans in the risk registers. The Company documents and maintains updated risk registers pertaining to all its business divisions, functions, and departments capturing the area, process, sub-process, potential business risks, risk category, risk occurrence, risk impact, and risk control or mitigation measures. In the opinion of Board, the Company has no risks, which would threaten its existence.

Internal Financial Controls and their adequacy

The Company has in place a robust system and framework of Internal Financial Controls. This framework provides a reasonable assurance regarding the adequacy of operating effectiveness of controls with regards to reporting, operational, and compliance risks. The framework ensures that the Company has policies and procedures for ensuring orderly and efficient conduct of the business, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records, and timely preparation of reliable financial information. The Company has devised appropriate systems and framework including proper delegation of authority, effective IT systems aligned to business requirements, risk based internal audits, risk management framework and whistle blower mechanism.

The Company has also developed and implemented a framework for ensuring internal controls over financial reporting. This framework includes a risk and control matrix covering entity level controls, process and operating level controls and IT general controls. Such controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

The entity level policies include anti-fraud policies such as code of conduct, conflict of interest, confidentiality and whistle blower policy and other policies (viz. organization structure, insider trading policy, HR policies, IT security policies).

During the year, controls were tested and no material weakness in design and effectiveness was observed. Nonetheless your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

The statutory auditors have pointed out certain deficiencies in the Internal Financial Controls and the same has been addressed by the Company in the paragraphs below under the heading "auditors and Audit".

Vigil Mechanism

The Company has established a Vigil Mechanism process by adopting a Whistle Blower Policy for directors and employees. This policy outlines the procedures for reporting, handling, investigating, and deciding on the course of action to be taken in case inappropriate conduct or behaviour is noticed, reported, or suspected. The policy provides for adequate safeguards against victimization of persons who use the mechanism and has a process for providing direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. The details of establishment of the process can be accessed on the website of the Company at the link https://www.essaroil.co.in/investors/investor-information/corporate-governance.aspx

Auditors and Audit

Statutory Auditor

Under the applicable provisions of the Act, statutory auditors need to be rotated on completion of two consecutive terms of five years each. To comply with these provisions, the Act provided for a transition period of three years to companies, whose accounts were audited by audit firms for more than ten years as of April 1, 2014. The current statutory auditors, M/s Deloitte Haskins & Sells, Chartered Accountants Ahmedabad (DHS Ahmedabad) and prior to them, DHS Mumbai a sister concern of DHS Ahmedabad, have been auditors of the Company for a period of over ten years as of April 1, 2014 and hence the Company availed the benefit of the transition period which came to an end on March 31, 2017. Accordingly, the Company would need to appoint a new audit firm to audit its books of account for financial year ending March 31, 2018 onwards. After having undertaken a selection process, the Board proposes to appoint M/s S. R. Batliboi & Co. LLP, Chartered Accountants as Auditors of the Company, for a term of 5 (five) consecutive years. M/s S. R. Batliboi & Co. LLP, Chartered Accountants, have confirmed their eligibility and qualification required under the Act for holding the office, as Statutory Auditors of the Company.

The reports given by DHS on standalone and consolidated financial statements of the Company form part of the Annual Report. The Auditors have given a qualified opinion on the standalone and consolidated financial statements of the Company. The notes on financial statements referred to in the Auditor's Report are self-explanatory. However, for the sake of convenience, management's response to each qualification is setout below. The Board places on record its appreciation for the services rendered by DHS Ahmedabad during their long association with the Company.

Explanations to Qualifications in the Auditor's report on Standalone and Consolidated Financial Statements

(a) Management response to qualification (a) under Basis for Qualified Opinion in the Auditor's report on Standalone and Consolidated Financial Statements:

The Company has receivables from various group companies and other entities, operating in the sectors of Steel, Power, Shipping, and EPC. Due to the weakening of these sectors and deterioration of the financial condition (including restructuring of debts) of these entities, a situation has arisen wherein the value of the receivables from these entities has significantly declined and recovery of their dues is likely to take a substantial amount of time. The Company, therefore has reassessed, after considering the report of an independent third party, its ability to collect the outstanding balances.

Further, as reported in the earlier year, pursuant to the Share Purchase Agreements (SPAs) executed on October 15, 2016, the majority shareholders of the Company has agreed to sell their shareholding to Petrol Complex Pte Ltd. and Kesani Enterprises Company Limited. As a result, the Company will no longer remain a part of the Essar group and accordingly the Company intends to settle all liabilities and realise the dues from related parties and other entites as envisaged in the Transaction Documents executed pursuant to the SPAs.

After due consideration, the Company has sold the portfolio of outstanding receivables and payables to Essar Steel Jharkhand Limited, at fair valuation. After adjusting the balance consideration payable towards purchase of VOTL and VPCL shares, based on which it has debited to profit or loss ₹ 6,234.77 crore as an Exceptional Item. The carrying values of the dues to be received through the escrow mechanism aggregate at March 31, 2017 to ₹ 22,982.45 crore and the Company expects to realize the entire dues through the above mechanism shortly. The above comments hold good for the associate's dues of ₹ 60.38 crore and debit of ₹ 82.96 crore to the Profit and Loss.

(b) Management response to qualification (b) under Basis for Qualified Opinion in the Auditor's report on Standalone and Consolidated Financial Statements:

Pursuant to approval of the Board and the shareholders, the Company had entered into a share purchase agreement to acquire upto the entire equity capital of Vadinar Oil Terminal Limited (VOTL) at an Enterprise Value not exceeding Indian Rupee equivalent of USD 2,000 million. The shareholders' resolution also authorized the Board of Directors to take all such decisions as may be necessary for completing the above mentioned investment including obtaining necessary approvals, the amount payable for such investment within the limit mentioned above, timing for completion of the investment, and also to take all other decisions including variation in any of the above, as they may, in their sole and absolute discretion, deem appropriate. Post March 31, 2017, the Company has acquired 97.63% of the equity share capital of VOTL till date. The Board of Directors, at its meeting held on July 31, 2017, deliberated that the valuation of VOTL was potentially higher than presently considered, and resolved that the same be dealt with appropriately after obtaining legal advice and an independent valuation. The Company has obtained a legal opinion and an independent fair valuation report and accordingly amount of ₹ 1,311.11 crore has now been transferred from other Financial Assets (current) (disclosed at note no. 17 to financial statement) to investments.

(c) Management response to qualification (c) under Basis for Qualified Opinion in the Auditor's report on Standalone and Consolidated Financial Statements:

One of the conditions precedent to the Share Purchase Agreements (SPAs) entered on October 15, 2016 by the majority of the shareholders of the Company relates to the disposal of E&P division. The Company in accordance with the above SPAs appointed an independent third party {Ernst & Young LLP (EY)} to identify a suitable buyer for the division. The exercise resulted in receiving only a single non-binding offer.

Subsequently, Essar Exploration and Production Limited (EEPL) expressed interest to acquire the E&P business at fair market valuation. The Company through the above independent third party obtained an independent fair valuation report dated December 8, 2016 as per internationally accepted pricing methodology.

The Board in their meeting on December 9, 2016 approved the transfer of the E&P business along with all its assets and liabilities to a wholly owned subsidiary Essar Oil & Gas Exploration & Production Limited (EOGEPL) at book value on a slump sale basis. The Board also approved the sale of its investment in EOGEPL, post transfer of the E&P division from the Company, at fair market valuation to EEPL. The equity value would be arrived after adjusting the enterprise value worked out by the above third party for outstanding debt and net working capital of EOGEPL as on the date of sale of the investment.

The above proposal was approved by the shareholders through postal ballot in January, 2017.

The Company subsequently transferred the E&P business on slump sale basis on March 31, 2017 to EOGEPL at book value of ₹ 2,768.32 crore (including ₹ 328.39 crore referred in the Audit Report) against which it received a consideration in the form of the Compulsory Convertible Debentures (CCDs) for equivalent amount.

The Company fair valued its investment in EOGEPL as of March 31, 2017 at ₹ 555.76 crore as required under Ind AS and booked a loss of ₹ 2,197.25 crore. This loss includes advances of ₹ 328.39 crore which were totally impaired, based on assessment carried out by the Company internally on the major balances.

(d) Management response to qualification (d) under Basis for Qualified Opinion in the Auditor's report on Standalone and Consolidated Financial Statements:

The Company has clarified in note no. 47 (i) that the Hon'ble High Court of Gujarat had, in response to the Company's petition, ruled vide its orders dated August 04, 2006 and August 11, 2006 that the interest on certain debentures for the period October 1998 to April 2012 should be accounted for on cash basis. The relief was given by court after considering certain practical difficulties the Company and debenture holders would face in case the accounting is not done on cash basis. Further, the Company has consistently followed this accounting treatment in compliance with Court order since beginning.

The Company has adequately clarified in the note no 47(ii) that the Compensation for surrender of stock options falls due only on the future vesting dates i.e. after March 31, 2017. Further, it is a necessity for the employees to be in continuous service till the date of vesting failing which the employee is not entitled to any compensation. Considering the above, the Company has not accounted for any amount towards compensation for surrender of employee stock options.

Considering the peculiar nature of the transactions, the Company has made adequate disclosures in the above notes of the Financial Statements including the financial implications as required under section 129(5) of the Companies Act, 2013.

(e) Management response to Qualified Opinion relating to Internal Financial Control under Annexure 'A' to Auditor's report on Standalone and Consolidated Financial Statements:

The qualification of the auditors on Internal Financial Control apparently is incidental to the Basis for Qualified Opinion against items (a), (b) and (c) which the Company has adequately addressed above.

Cost Auditor

M/s. Chandra Wadhwa & Co. have been reappointed as the Cost Auditor of the Company for FY 2017-18. In terms of the provisions of Section 148(3) of the Act and the applicable rules, shareholders are requested to approve the remuneration payable to the Cost Auditor for the year ending March 31, 2018. The cost audit report for financial year ended March 31, 2017 will be filed with the Ministry of Corporate Affairs within the prescribed time period.

Secretarial Auditor

The Board had appointed Mr. Prakash Pandya, Partner of M/s BNP & Associates, Practicing Company Secretaries, as Secretarial Auditor to conduct Secretarial Audit for the year ended March 31, 2017. The Secretarial Audit Report for the year ended March 31, 2017 is annexed as Annexure - D to this Report. The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark.

Disclosures

Meetings of the Board and Committees and attendance of Directors:

The details of meeting of the Board and Committees held during FY 2016-17 and attendance of Directors at the meetings are given in Annexure – E to the report pursuant to the disclosure requirement of Secretarial Standards - 2.

Particulars of Contracts or Arrangements with Related Parties

The details of contracts entered into with related parties during the year in compliance with the provisions of section 188 of the Companies Act, 2013 are specified in Form AOC 2 and enclosed as Annexure - F. The details of material Related Party Transactions entered during the year by the Company have also been included in the form AOC 2. Though the Companies Act, 2013 has not defined the criteria for "Material Related Party Transactions" and the Company is no more listed on Stock Exchanges, the material related party transaction as per the criteria prescribed in SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 have been considered. Accordingly, details of such transaction exceeding ten percent of the annual consolidated turnover as per the last audited financial statements have been provided in material related party transaction. Related party disclosure as required by IND AS 24 have been made in Note 57 to the Standalone and Consolidated financial statements of the Company.

Particulars of Loans given, Investments made, and Guarantees given and Security provided

Particulars of investments made are provided in the standalone financial statements (please refer to Note 6 to the standalone financial statements). Since your Company belongs to the petroleum and natural gas sector and operates 'infrastructure facilities' as defined under Schedule VI of the Act, it is not required to comply with provisions relating to making of loans, giving guarantees, or providing security as prescribed in Section 186 of the Act.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings, and Outgo

The particulars relating to conservation of energy, technology absorption, and foreign exchange earnings and outgo as required to be disclosed under the Act are provided as Annexure – G to this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2017 in Form No. MGT 9 is enclosed as Annexure – H and forms part of this report.

Fixed Deposits

Your Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the Rules framed there under. Accordingly, the details required to be reported under Rule 8(5) of the Companies (Accounts) Rules, 2014, are not applicable.

General Disclosures

Your Directors state that for the year ended March 31, 2017, no disclosure is required in respect of the following items and accordingly confirm as under:

- The Executive Directors did not receive any remuneration from the holding and/or subsidiary companies.
- The Company has neither revised the financial statements nor the report of Board of Directors.
- The Company has not issued equity shares with differential rights as to dividend, voting, or otherwise or sweat equity shares.
- No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status or Company's operations in future.
- The Company has not bought back any shares during the year.
- No instance of fraud has been reported to either Audit Committee or the Board of Directors of the Company.

Acknowledgement

The Board wishes to express its sincere appreciation and place on record its gratitude for the faith reposed in and cooperation extended to the Company by the Government of India, Government of Gujarat and other state governments, various government agencies/departments, financial institutions, banks, customers, suppliers, and investors of the Company. The Board also wishes to place on record its deep gratitude to all its employees whose enthusiasm, team efforts, devotion, and sense of belonging has made the Company proud by sustaining its excellent performance year-on-year.

For and on behalf of the Board of Directors

	Suresh Jain	**L. K. Gupta**
Mumbai	Director	Managing Director & CEO
August 19, 2017	(DIN: 02315644)	(DIN: 00017344)

Annexure – A

Information required to be disclosed under the Companies (Share Capital and Debentures) Rules, 2014:

1. **Options Granted:**

Pursuant to Essar Oil Limited Employee Stock Option Scheme, 2011 (Scheme), the Company has granted 5,524,683 stock options to eligible employees. Following are the details of options granted:

Year of grant of options	Number of options granted
Options granted in 2011	3,211,391
Options granted in 2013	2,313,292
Total	**5,524,683**

2. **Options Vested:**

As per the Scheme, the options vest in a graded manner in three equal installments, at the end of 3rd/4th/5th years from the grant date. Following are the details of options vested on eligible employees:

Year of grant of options	Number of options vested
Options vested in 2014-15	607,498
Options vested in 2015-16	543,961
Total	**1,151,459**

As informed in the main Directors Report, under the heading 'Employee Stock Options', pursuant to opportunity given by the Board of Directors to surrender the outstanding unvested options and to compensate the eligible employees, who opt to surrender the options, all eligible employees had surrendered their outstanding unvested options. As a result of this, all outstanding unvested options stands surrendered and cancelled.

3. **Options Exercised:**

Owing to surrender of all options by eligible employees, no options were exercised by eligible employees during FY 2016-17.

4. **The total number of shares arising as a result of exercise of option:**

As per the Scheme, one option is equivalent to one Equity Share of the Company of ₹10/- each. However, since no options were exercised by eligible employees during the FY 2016-17, no Equity Shares were issued/allotted against outstanding options. As on March 31, 2017, no options/shares were outstanding with the Essar Oil Limited Employees Stock Option Trust.

5. **Options lapsed:**

NIL. However, during FY 2016-17, eligible employees had surrendered outstanding stock options, the details of which is given below:

	No. of options surrendered		
Particulars	**2011 Series**	**2013 Series**	**Total**
Total options outstanding as on March 31, 2016	543,983	1,880,168	2,424,151
Less: Options surrendered by eligible employees	543,983	1,880,168	2,424,151
Options outstanding as on March 31, 2017	NIL	NIL	NIL

6. **Exercise price:**

Exercise price for options granted in 2011 was ₹ 69.05 per option whereas exercise price of options granted in 2013 was ₹ 52.20 per option.

7. **Variation of terms of options:**

There is no variation in the terms of options granted.

8. **Money realized by exercise of options:**

During FY 2016-17, on account of surrender of options by all eligible employees, no options were exercised and hence the Company / ESOP Trust has not realised any amount on account of exercise of options.

9. Total number of options in force:

Post surrender of all outstanding options by eligible employees during the financial year 2016 – 17, no options were outstanding as on March 31, 2017.

10. Employee wise details of options granted to:

(i) Key Managerial Personnel:

The details of options granted to Key Managerial Personnel are as follows:

	No. of options granted	
Name of Key Managerial Personnel	**2011-12**	**2013-14**
Chakrapany Manoharan	191,509	319,480
Suresh Jain	120,398	266,233
Sheikh Shaffi (Retired)	77,392	130,318

(ii) Employees who received a grant of options in any one year amounting to five percent or more of options granted during that year.

	No. of options granted exceeding 5% of total grants	
Name of the employee	**2011-12**	**2013-14**
Chakrapany Manoharan	191,509	319,480
Narendra Vachharajani	220,971	-
Suresh Jain	NIL	266,233
Srinivas Tuttagunta*	NIL	198,167
Harsh Bhosale	NIL	194,899
Kumar Swain	NIL	182,744
Ramachandran Vaidyanathan	NIL	160,574
Ramamurthy Palepu	NIL	151,985
Sheikh Shaffi (Retired)	NIL	130,318

* Separated from the company as of the date of this report and hence unvested options have been forfeited.

(iii) No employee was granted options during any one year equal to or exceeding 1% of the issued equity shares of the Company at the time of the grant.

For and on behalf of the Board of Directors

Mumbai
August 19, 2017

Suresh Jain
Director
(DIN: 02315644)

L. K. Gupta
Managing Director & CEO
(DIN: 00017344)

Annexure – B

Annual Report on CSR Activities

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

A brief outline of the CSR Policy of the Company is as under

CSR Vision

To empower the communities around our areas of operation towards development that is collaborative, progressive, inclusive and sustainable through optimal realisation of human potential and responsible utilisation of resources.

CSR Mission

- To undertake strategic sustainable development initiatives that contribute towards progress in human and social development indicators.
- To complement and supplement the ongoing community development efforts of the Government while introducing innovations in areas where there is a scope and need for the same.
- To encourage partnerships, support and build the capacities of community based institutions, civil society organizations.

CSR Objectives

- To undertake sustainable initiatives under agreed focus areas that lead to measurable progress in the targeted human development indicators especially in areas of education, maternal and child health indicators and environment.
- To initiate and fuel the entrepreneurial aptitude among the people and institutions towards economic development of communities boosting an increase in the annual family income of targeted population.
- To ensure care and support to the marginalised and vulnerable sections of the communities especially the elderly, women and children towards leading a life of dignity and self-dependence.

Scope of CSR Activities

- Communities and villages directly or indirectly impacted by the business operations.
- Communities and villages surrounding the business operations in a particular location.
- Any other areas adopted under any specific Memorandum of Understanding or agreement with the Government.

Focus areas

The Company will undertake CSR initiatives by investing resources in any of the following activities in India, excluding activities undertaken in pursuance of normal course of business of the Company and activities that benefit only the employees of the Company and their families:

- Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.
- Promoting education including special education and employment enhancing vocational skills especially among children and women.
- Enhancing livelihoods for the elderly and the differently abled, promoting gender equality, empowering women; setting up homes and hostels for women and orphans, setting up old age homes, day care centers, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry and conservation of natural resources and taking measures wherever possible for maintaining of quality of soil, air and water.
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts.
- Measures for the benefit of armed forces veterans, war widows and their dependents.
- Training to promote rural sports, nationally recognised sports, Paralympics and Olympic sports.
- Contributions or funds to technology incubators located within academic institutions which are approved by the Central Government.
- Rural development projects including sanitation.

Implementation

The CSR initiatives activities will be implemented either directly by the Company or through implementing partners. The main implementing partner for EOL will be the "Essar Foundation" of which the Company is a Trustee. The other partners engaged directly by the Company or through the Essar Foundation may include the Government, Knowledge Institutions, Business Associates, NGOs, Community Based Organisations (CBOs) and the communities themselves. The precise roles of stakeholders depend on the local context and changes along with business phases, and the stages of community interventions.

The CSR Policy can be accessed on the website of the Company at the link http://www.essaroil.co.in/media/15032/EOL_CSR_-Policy.pdf

2. **The Composition of the CSR Committee**

As of March 31, 2017 the CSR Committee titled as 'CSR, Safety & Sustainability Committee" comprised of Mr. K. N. Venkatasubramanian, Independent Director, Mr. L. K. Gupta, Managing Director & CEO, Mr. C. Manoharan, Director (Refinery) and the Nominee Director of LIC of India, Mr. R Sudarsan.

3. **Average net profits of the company for last three financial years ₹ (579.07) crore**

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)-**

The Company was not required to spend 2% of average net profit for the last three financial years as the Company incurred average net loss of ₹ (579.07) crore in the preceding three financial years. However as a responsible corporate citizen, the Company has spent ₹ 553.31 lacs on CSR in financial year 2016-17.

5. **Details of CSR spent during the financial year.**

(a) Total amount to be spent for the financial year;- NIL

(b) Amount unspent , if any; - Not Applicable

(c) Manner in which the amount spent during the financial year is detailed below.

Sr. No.	CSR Projects or activities identified	Sector in which the project is covered	Projects or programs 1. Local area or others 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise (Amount ₹ in Lacs)	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads (Amount ₹ in Lacs)	Cumulative expenditure upto the reporting period (Amount ₹ in Lacs)	Amount spent direct or through implementing agency
			GUJARAT				
1	GramSiksha, Scholarship for Meritorious Students, Contribution for Education Research, Shala Pravesh Utsav, Indradhanush	Promotion of Education, special education and vocational skills	Devbhoomi Dwarka & Jamnagar District	107.9	107.9	107.9	Implementing Agency- Essar Foundation
2	Community Health Project (Community Health Centre, Mobile Health Van, Mother and Child Care Centre, Ambulance, Specialized Medical Camps) Jan Jagruti Express, Health Camp	Eradicating hunger and poverty and malnutrition, promoting health care sanitation & safe drinking water	Devbhoomi Dwarka & Jamnagar District	112.2	112.2	112.2	Implementing Agency- Essar Foundation
3	Livelihood Project (Agriculture Development, Animal Husbandry Development Project, Skill Development)	Eradicating hunger and poverty and malnutrition, promoting health care sanitation & safe drinking water	Devbhoomi Dwarka & Jamnagar District	132.5	132.5	132.5	Implementing Agency- Essar Foundation
4	Protection and promotion of Art and Culture in the Villages	Protection of National Heritage, Art and Culture	Devbhoomi Dwarka & Jamnagar District	0	0	0	Implementing Agency- Essar Foundation
5	Support to promotion of Sports	Promotion of Sports	Devbhoomi Dwarka & Jamnagar District	3.4	3.4	3.4	Implementing Agency- Essar Foundation
6	Participatory Water Resource Management Program	Ensuring Environmental Sustainability, ecological balance, wildlife & natural resources conservation	Devbhoomi Dwarka & Jamnagar District	15.8	15.8	15.8	Implementing Agency- Essar Foundation
7	Solid Waste Management and Awareness (Swachha Bharat Abhiyan) & Rural Development activities in the Rural Areas, Monitoring and Evaluation of CSR Projects, Third Party Assessment	Rural Development activities in the Rural Areas	Devbhoomi Dwarka & Jamnagar District	101.6	101.6	101.6	Implementing Agency- Essar Foundation

Sr. No.	CSR Projects or activities identified	Sector in which the project is covered	Projects or programs 1. Local area or others 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise (Amount ₹ in Lacs)	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads (Amount ₹ in Lacs)	Cumulative expenditure upto the reporting period (Amount ₹ in Lacs)	Amount spent direct or through implementing agency
			WEST BENGAL				
1	Agriculture Development Program	Eradicating extreme hunger and poverty	Durgapur- Burdwan district	14.03	14.03	14.03	Implementing Agency (Indian Gramin Service)
2	School Support Program	Promotion of physical education in schools	Durgapur- Burdwan district	0.99	0.99	0.99	Direct
3	Community Health Care Services through Mobile Medical Van	Promoting Health Care	Durgapur- Burdwan district	39.27	39.27	39.27	Implementing Agency (HLFPPT)
4	Support to sports & culture for rural youth	Rural Sports & culture	Durgapur- Burdwan district	1.96	1.96	1.96	Direct
5	Construction of community toilets at Kanska & Laudoha block & gallery with recreation room at Sarpi village	Gender Equality	Durgapur- Burdwan district	14.64	14.64	14.64	Direct
6	Supply of drinking water through tanker during the summer season	Making available safe drinking water	Durgapur- Burdwan district	2.53	2.53	2.53	Direct
7	Project Monitoring and development expenses, community welfare, stakeholder support	Rural infrastructure, Community Development	Durgapur- Burdwan district	6.49	6.49	6.49	Direct & Implementing Agency (Inclusive Foundation)

* Some CSR activities have been carried out directly by the Company and some through Implementing agency, Essar Foundation.

6. Reasons for shortfall in spent, if any – NA

7. Responsibility statement of the CSR Committee - The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Mumbai
August 19, 2017

L. K. Gupta
(DIN: 00017344)
Managing Director & CEO

K. N. Venkatasubramanian
(DIN: 00007399)
Chairman of the CSR, Safety and Sustainability Committee

Annexure – C

Relevant Chapters (No. 2 and 3) of the Policy for Appointment, Remuneration, Training and Evaluation of Directors and Employees

1. General

1.1 The Companies Act, 2013 requires the Company to formulate the criteria for determining qualifications, positive attributes and independence of directors. The Company is also required to adopt a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

1.2 To meet these objectives, the policy on appointment, remuneration, training and evaluation of directors has been adopted by the Board of Directors on September 30, 2014.

2. Selection, identification and appointment of Directors

2.1 The Nomination and Remuneration Committee is responsible for evaluating the qualifications of each director candidate and of those directors who are to be nominated for election by shareholders at each General Meeting of shareholders, and for recommending duly qualified director nominees to the full Board for election. The qualification criteria set forth herein are designed to describe the qualities and characteristics desired for the Board as a whole and for Board members individually.

2.2 Director Selection Procedures

2.2.1 Corporate Human Resources (CHR) department shall identify and shortlist prospective candidates for election to the Board based on directors qualification criteria.

2.2.2 For each shortlisted director candidate considered for election to the Board, the Nomination and Remuneration Committee shall evaluate each director candidate and recommend to the Board any duly qualified director candidates.

2.2.3 To aid in the short listing and screening process the Nomination and Remuneration Committee may take the support of professional agencies, conduct interviews or have a personality check undertaken or take any other steps to ensure that the right candidates are identified.

2.2.4 A determination of a director's qualifications to serve on the Board shall be made by the Board, upon the recommendation of the Committee, prior to nominating said director for election at the Company's next General Meeting.

2.2.5 Appointment of all Directors, other than directors appointed pursuant to nomination by Financial Institutions under section 161(3) of the Act will be approved by shareholders at a general meeting or through postal ballot.

2.2.6 The Company shall issue a formal letter of appointment to independent directors in the manner as provided in Paragraph IV(4) of Schedule IV of the Act.

2.3 Director qualification criteria

2.3.1 The director candidates should have completed the age of 21 years. The maximum age of executive directors shall not be more than 70 years at the time of appointment / re-appointment. However a candidate who has attained the age of 70 years may be appointed if approved by shareholders by passing of special resolution.

2.3.2 The Board has not established specific education, years of business experience or specific types of skills for Board members, but, in general, expects qualified directors to have ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values.

2.3.3 The candidate to be appointed as Director shall have a Director Identification Number allotted under section 154 of the Companies Act, 2013 (Act).

2.3.4 A person shall not be eligible for appointment as director of the Company if:

2.3.4.1 He is disqualified for being appointed under section 164 of the Act.

2.3.4.2 The number of directorships post appointment as Director in the Company exceed the total number of directorships permitted under section 165 of the Act.

2.3.5 In addition any person to be appointed as a Managing Director or whole time director in the Company (hereinafter referred to as 'Executive Directors') for being eligible for appointment shall have to meet the requirements setout in Part I of Schedule V of the Act.

2.3.6 Further, while selecting Independent Directors:

2.3.6.1 The Company may select the candidate from data bank(s) containing names, address, qualification of persons who are eligible and willing to act as Independent Directors maintained by institute or association as may be notified by the Central Government having expertise in creation and maintenance of such data bank.

2.3.6.2 The prospective candidates for appointment as Independent Directors shall have to meet the criteria of Independence laid down in sub-section (6) of section 149 of the Act.

2.3.7 In the process of short listing Independent Directors, the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

3. Remuneration

3.1 All remuneration / fees / compensation, payable to directors shall be fixed by the Board of Directors and payment of such remuneration fees / compensation shall require approval of shareholders in general meeting except for sitting fee payable to Non Executive Directors for attending Board / Committee.

3.2 The Board shall decide on the remuneration / fees / compensation, payable to directors based on the recommendations of the Nomination and Remuneration Committee.

3.3 The total managerial remuneration payable, to its directors, including managing director and wholetime director, (and its manager) in respect of any financial year shall not exceed eleven per cent of the net profits of the Company for that financial year computed in the manner laid down in section 198 of the Act. Provided that the Company in general meeting may, with the approval of the Central Government, authorise the payment of remuneration exceeding eleven per cent of the net profits of the Company, subject to the provisions of Schedule V of the Act.

3.4 The Nomination and Remuneration Committee shall ensure the following while recommending the remuneration / fee / compensation payable to Directors:

3.4.1 Executive Directors

3.4.1.1 The remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent of the net profits of the Company and if there is more than one such director remuneration shall not exceed ten per cent of the net profits to all such directors and manager taken together. Else the remuneration will be subject to approval of central government as may be required.

3.4.1.2 In case of inadequacy of profits, the Committee while approving the remuneration for executive directors shall

3.4.1.2.1 take into account, financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, etc.

3.4.1.2.2 be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

3.4.2 While considering payment of remuneration / increase in remuneration payable to executive directors, key managerial personnel and other executives, the Nomination and Remuneration Committee may among other factors consider the following:

3.4.2.1 the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully

3.4.2.2 relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

3.4.2.2.1 remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

3.4.2.2.2 the factors mentioned in The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, may be considered, which are required to be disclosed in the Directors Report.

3.4.3 Non executive Directors including Independent Directors

3.4.3.1 The remuneration payable to Non Executive Directors shall not exceed 1% of the net profits of the Company.

3.4.3.2 A Non-Executive director may be paid remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever. The amount of such fee shall not exceed ₹ 1,00,000 for attending each meeting of the Board or Committee thereof or such higher amount as may be prescribed by the Central Government.

3.4.3.3 An independent director shall not be entitled to any stock option.

For and on behalf of the Board of Directors

	Suresh Jain	**L. K. Gupta**
Mumbai	Director	Managing Director & CEO
August 19, 2017	(DIN: 02315644)	(DIN: 00017344)

Annexure – D

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members
Essar Oil Limited
Khambhalia, Post Box No- 24
Gujarat -361305

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Essar Oil Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31,2017 according to the provisions of:

i. The Companies Act, 2013 (the 'Act') and the Rules made thereunder;

ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iii. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;

iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

   a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client

v. Other laws specifically applicable to the Company are:

   a) Petroleum Act, 1934 and rules made thereunder;

   b) The Mines Act, l952 and Rules made thereunder including Oil Mines Regulation;

   c) Oil Field (Regulation and Development) Act, 1948;

   d) Merchant Shipping Act, 1958 and Rules made thereunder; and

   e) Essential Commodity Act, 1955 and relevant orders

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India related to meetings and minutes.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

During the period under review, provisions of the following act/ regulations, were not applicable to the Company:

a) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;

b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

j) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments and External Commercial Borrowings.

We further report that-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all the directors to schedule the Board Meetings, agenda and detailed Notes on Agenda were sent at least seven days in advance, and where the same were given at a shorter notice than seven days, prior consent thereof were obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company and at Committees were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the year under review.

We further report that-

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that-

During the audit period, the following specific events took place:

a) The Promoter shareholders of the Company i.e. (i) Essar Energy Holdings Limited and (ii) Oil Bidco (Mauritius) Limited signed two separate Share Purchase Agreements (SPA) on October 15, 2016. The first SPA was for sale of approximately 49% stake in equity share capital of the Company to Petrol Complex Pte. Ltd., a subsidiary of PJSC Rosneft Oil Company and the second SPA was for sale of another approximately 49% stake in the equity share capital of the Company to Kesani Enterprises Company Limited, which is owned by a consortium led by Trafigura Pte. Ltd, Singapore and United Capital Partners.

b) The Company has obtained approval of its members on December 26, 2016 for investment by way of acquisition of up to the entire issued and paid up share capital of Vadinar Oil Terminal Limited from Essar Steel Jharkhand Limited for an amount of Enterprise Value not exceeding USD 2000 million (United States Dollars Two Thousand Millions Only).

c) The Company has obtained approval of its members, through postal ballot on January 9, 2017, for (i) hiving off the Oil & Gas Exploration & Production Business of the Company to its wholly owned subsidiary, Essar Oil and Gas Exploration and Production Limited by way of a slump sale for a lumpsum consideration to be arrived at based on book value of E&P Business as on the date of transfer of E&P Business and (ii) for transfer of the entire Share Capital of the Company in Essar Oil and Gas Exploration and Production Limited to Essar Exploration & Production Limited, Mauritius for a consideration of USD 80,000,000 (United States Dollars Eight Millions Only), subject to adjustments of outstanding debts and net working capital of Essar Oil and Gas Exploration and Production Limited, if any as on the date of sale of shares.

d) The Company has obtained approval of its members for transfer of the entire Share Capital of the Company in Essar Oil and Gas Exploration and Production Limited to Essar Exploration & Production Limited, Mauritius for a consideration of USD 80,000,000 (United States Dollars Eight Millions Only) though postal ballot on January 09, 2017.

e) Allotment of 3,98,92,796 equity shares of ₹ 10/- each at a premium of ₹ 366.14 per share aggregating to ₹ 1500,52,76,287.44 (Rupees One Thousand five Hundred Crores Fifty Two Lakh Seventy Six Thousand Two Hundred Eighty Seven and Forty Four Paise Only) on a private placement basis to Essar Energy Holdings Limited, a promoter group Company on February 10, 2017.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]

Place: Mumbai
Date: July 27, 2017

Prakash K. Pandya
Partner
FCS No. 3901/COP No.: 2311

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,
The Members,
Essar Oil Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Essar Oil Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records were produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]

Place: Mumbai
Date: July 27, 2017

Prakash K. Pandya
Partner
FCS No. 3901/COP No.: 2311

Annexure – E

Details of meetings of the Board of Directors and Committees held during the financial year 2016 -17

Sr. No.	Names of Directors	Meetings of Board of Directors	Meetings of Committee of Directors							
			Audit	Nomination and Remuneration	Investor's Relations	CSR, Safety and Sustainability	Committee of Directors (Capital Issues)	Committee of Directors	Banking & Finance	E & P Business Sale
A)	Number of meetings held	7	7	2	1	2	1	1	0	0
B)	Date of Meeting	07/04/2016; 06/07/2016; 19/10/2016; 23/11/2016; 09/12/2016; 22/02/2017; 30/03/2017;	07/04/2016; 19/10/2016; 23/11/2016; 09/12/2016; 26/12/2016; 22/02/2017; 30/03/2017;	19/10/2016; 23/11/2016;	30/08/2016;	24/05/2016; 30/03/2017;	10/02/2017;	18/01/2017;	No Meeting was held during the year	No Meeting was held during the year
C)	Attendance of each Director at Board and Committee Meetings									
1	Mr. Prashant S. Ruia	5	2	1	N.A.	N.A.	N.A.	N.A.	N.A.	0
2	Mr. Lalit K. Gupta	6	N.A.	N.A.	1	2	1	1	0	0
3	Ms. Suresh Jain (1)	6	N.A.	N.A.	1	N.A.	N.A.	1	0	N.A.
4	Mr. Chakrapany Manoharan	7	N.A.	N.A.	N.A.	2	N.A.	N.A.	N.A.	N.A.
5	Mr. D. J. Thakkar	7	7	2	1	N.A.	0	1	0	0
6	Mr. K. N. Venkatasubramanian	6	7	2	N.A.	2	1	0	N.A.	N.A.
7	Mrs. Suparna Singh (2)	6	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
8	Mr. Sudhir Garg (3)	2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
9	Mr. R. Sudarsan	3	N.A.	N.A.	N.A.	1	N.A.	N.A.	N.A.	N.A.
10	Mr. Sachikanta Mishra (4)	0	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Note

1) Appointed as Director (Finance) w.e.f April 07, 2016.

2) Appointed as Additonal Director w.e.f. June 29, 2016

3) Ceased to be Nominee Director(IFCI) w.e.f. February 22, 2017

4) Appointed as Nominee Director (IFCI) w.e.f February 22, 2017

For and on behalf of the Board of Directors

	Suresh Jain	**L. K. Gupta**
Mumbai	Director	Managing Director & CEO
August 19, 2017	(DIN: 02315644)	(DIN: 00017344)

Annexure – F

Form AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

There were no transactions/ contracts with related parties which were not on arm's length basis during the financial year ended March 31, 2017.

2. Details of material contracts or arrangement or transactions at arm's length basis*

	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any: (₹ in lacs)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
a)	Balaji Trust Nature of Relationship: Mr. P. S. Ruia, Chairman was also Director of Essar Investments Limited which is a trustee of Balaji Trust. Hence, Balaji Trust was considered as related party of the Company	Assignment agreement	N.A.	Under the Assignment Agreement, the Company has agreed to transfer and assign certain Trademarks registered in the name of the Company in favour of Balaji Trust for a consideration of ₹ 25,000/-	February 13, 2017	NIL
b)	Balaji Trust Nature of Relationship: Mr. P. S. Ruia, Chairman was also Director of Essar Investments Limited which is a trustee of Balaji Trust. Hence, Balaji Trust was considered as related party of the Company	Amended and Restated Brand License Agreement	99 years	Under the Amended and Restated Brand License Agreement, Balaji Trust agreed to license certain trademarks to Essar Oil Limited for usage within India on the following terms and conditions (a) Initial License Fee: (i) For first 12 months – USD 32,000,000 (ii) For each subsequent year during first 20 years – License fee in the immediately preceding year multiplied by the lower of (a) 1.02 and (b) US Consumer Price Index ratio as at the last day of the immediately preceding year. (b) Subsequent License Fee- After expiry of first 20 years – USD 1 per annum.	November 23, 2016	NIL
c)	Essar Oil and Gas Exploration and Production Limited (EOGEPL), Nature of Relationship: Wholly owned subsidiary	Hiving off of the Oil and Gas Exploration and production business (E&P business) of the Company to EOGEPL	NA	The Company hived off its E&P business at book value by way of slump sale to EOGEPL and the consideration was discharged by way of issue of securities by EOGEPL to the Company amounting to approximately ₹ 2,768.32 crore.	December 09, 2016	NIL

	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any: (₹ in lacs)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
d)	Essar Steel Jharkhand Limited (ESJL) Nature of Relationship: Related Party under Section 2(76) of the Companies Act, 2013 at the time of execution of the Contract.	Acquiring from ESJL equity share of Vadinar Oil Terminal Limited.	NA	To acquire upto entire share capital of VOTL from ESJL. The equity value and the corresponding value per equity share of VOTL to be computed by reducing the outstanding debts of VOTL from the Enterprise value not exceeding Indian Rupee equivalent of USD 2,000 million and making adjustments for other parameters as agreed pursuant to the share purchase agreement.	October 19, 2016	₹ 3,365.54 crore

* these contracts are not in the ordinary course of business

For and on behalf of the Board of Directors

Mumbai
August 19, 2017

Suresh Jain
Director
(DIN: 02315644)

L. K. Gupta
Managing Director & CEO
(DIN: 00017344)

Annexure – G

A. Conservation of Energy

(i) The steps taken or impact on conservation of energy

Energy cost is a major operating cost in refinery expenditure and high priority is always given for energy conservation. The Company has been taking sustained efforts for energy conservation by initiating and implementing many energy saving schemes.

For this purpose, Energy Cell, with dedicated Engineers, is continuously monitoring and focusing on energy consumption and management. The Company's Refinery has successfully completed recertification audit for Energy management system ISO-50001-2011 conducted by M/S DNV. Major energy conservation measures, taken in financial year 2016 – 17, include:

a) Replacement of DCU Main Fractionator overhead condenser with new one which has brought down the load of Wet Gas Compressor.

b) CDU-2 Vacuum Residue rundown temperature increased by 80°C by bypassing the tempered water cooler.

c) Installation of new pre heat exchanger in CDU-2 VR circuit.

d) One out of two Amine circulation pumps was stopped in DHDT Unit after increasing Lean amine strength.

e) Higher Capacity MS blending pumps for Medium gasoline and Reformate were replaced with lower capacity pumps based on lower flow requirement.

f) MS Product transfer pump Impeller trimmed to meet less flow requirement.

g) Installation of side entry mixers in HSD tanks and stopping high capacity circulation pump.

h) Around 500 high power consumption conventional lamps were replaced with LED lamps.

i) Energy efficient Fan blades installed in Utility Cooling tower.

These and other energy initiatives have helped in reduction in energy consumption to the tune of 17 Giga calories per hour.

(ii) The steps taken by the Company for utilizing the alternate sources of energy:

At the Raniganj CBM field the sodium vapour lamps which were run on electricity generated by gas generators were replaced with the solar lamps. Additionally, installing solar lamps to light the well pads was initiated.

(iii) The Capital investment on energy conservation equipments

At the refinery, following capital expenditures are being evaluated for conserving energy:

a) Higher utilization of VGOMHC Pressure Recovery Turbine (PRT) by diverting DHDT rich amine flow to VGOMHC PRT.

b) Provision of low RPM motor for sea cooling water return pump.

B. Technology Absorption

(i) The efforts made towards technology absorption:

After commissioning all our expansion units in 2011 – 12 by absorbing latest technology in secondary processing units and innovative ideas were implemented in further improving the effectiveness and efficiency.

(ii) The benefits derived like project improvement, cost reduction, project development or import substitution:

R&D center at the Refinery has been continuously taking efforts to study crude oil blending characteristics predominantly to predict fouling potential and compatibility of various crude blends before processing in the unit. This has helped in finalizing crude blends for smooth operation of crude distillation unit. As we have been processing high viscous and high pour point crudes most of the time, crude compatibility test plays predominant role for day to day decision making of crude blends.

Following R&D activities were conducted during the year:

a) Optimization of operation of in-house developed pilot scale crude oil de-salter.

b) Overhead corrosion study using different organic neutralizing amine.

The benefits expected to derive from the above R&D activities are:

a) The operating conditions of pilot scale de-salter were optimized. Trials with different voltage levels were conducted and stabilized. With these optimized condition, efficiency of desalting using various crude blends will be studied. This may indirectly guide in optimizing the de-salter parameters and operations at the refinery.

b) Different chemicals were tried as inhibitors for studying overhead corrosion to develop more effective solution for our site specific corrosion issues.

(iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

a) The Company commissioned additional Hydrogen Manufacturing unit (HMU 2) in December 2014 licensed by M/s Haldor Topse.

b) Year of import: 2014

c) Has technology been fully absorbed? Yes

d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action – N.A.

(iv) The Expenditure on R & D : ₹ 209.32 Lacs at Refinery

a) Capital – ₹ 117 Lacs

b) Recurring – ₹ 92.32 Lacs

c) Total – ₹ 209.32 Lacs

d) Total R & D expenditure as a percentage of total turnover – Negligible

C. Foreign Exchange Earnings and Outgo

During the financial year, the Company earned foreign exchange of ₹ 34,550.14 crore while foreign exchange outgo was ₹ 45,144.19 crore.

For and on behalf of the Board of Directors

	Suresh Jain	**L. K. Gupta**
Mumbai	Director	Managing Director & CEO
August 19, 2017	(DIN: 02315644)	(DIN: 00017344)

Annexure – H

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	U11100GJ1989PLC032116
2	Registration Date	September 12, 1989
3	Name of the Company	Essar Oil Limited
4	Category/Sub-category of the Company	Public Limited Company
5	Address of the Registered office & contact details	Khambhalia Post, Post Box No-24, Dist. Devbhumi Dwarka, Gujarat, Tel: +91-2833-661444, Fax: +91-2833-662929, Email: EOLCompanySec@essaroil.co.in
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Datamatics Financial Services Limited, Unit: Essar Oil Limited, Plot No. B-5, Part B Cross Lane, MIDC, Andheri (East), Mumbai – 400 093, Tel: +91-22-66712001 to 66712156, Fax: +91-22-66712209, Email: eolinvestors@dfssl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service*	% to total turnover of the company
1	Refining and Marketing	1920	100
2	Exploration and Production**	6202	- ***

* As per National Industrial Classification 2008 – Ministry of Statistics and Programme Implementation

** The Exploration and Production business was hived off by way of slump sale as a going concern to wholly owned subsidiary on March 31, 2017

*** Form part of Discontinued operations

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Essar Energy Holdings Limited * 10, Frere Felix, DE Valios Street, Port Louis, Mauritius	NA	Holding Company	90.44	2(46)
2	Essar Oil Trading Mauritius Limited 10, Frere Felix, DE Valios Street, Port Louis, Mauritius	NA	Subsidiary Company	100	2(87)
3	Vadinar Properties Limited Essar House,11 K K Marg, Mahalaxmi, Mumbai - 400034	U70100MH2006PLC160616	Subsidiary Company	100	2(87)
4	Essar Oil and Gas Exploration and Production Limited Post Box No-24; Khambalia; Jamnagar; Gujarat 361305	U11203GJ2016PLC091903	Subsidiary Company	100	2(87)
5	Vadinar Power Company Limited Vadinar Power Company Administration Building, Refinery Site, 39 Km, Jamnagar-Okha Highway, Vadinar, Jamnagar, Gujarat	U40100GJ1997PLC033108	Associate Company	26.01	2(6)
6	Vadinar Liquid Terminals Limited Salaya Administrative Building, 44 KM, Mile Stone, Okha Highway, Jam Khambhaliya, Khajurda, Gujarat	U74140GJ2015PLC082393	Associate Company	26	2(6)

* Holder of equity shares comprising of 26.61% of the paid up share capital and balance 63.83% in Global Depository Shares represented by underlying equity shares of the Company

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year **
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	2,000,000	-	2,000,000	0.14	-	-	-	-	(0.14)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	**2,000,000**	**-**	**2,000,000**	**0.14**	**-**	**-**	**-**	**-**	**(0.14)**
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	466,781,900	-	466,781,900	32.18	513,188,939	-	513,188,939	34.43	2.25
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	**466,781,900**	**-**	**466,781,900**	**32.18**	**513,188,939**	**0**	**513,188,939**	**34.43**	**2.25**
TOTAL (A)	**468,781,900**	**-**	**468,781,900**	**32.31**	**513,188,939**	**0**	**513,188,939**	**34.43**	**2.11**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	200	10,600	10,800	0.00	200	10,600	10,800	0.00	-
b) Banks/FI	6,960	6,300	13,260	0.00	7,260	6,300	13,560	0.00	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	298,868	300	299,168	0.02	-	300	300	0.00	(0.02)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**306,028**	**17,200**	**323,228**	**0.02**	**7,460**	**17,200**	**24,660**	**0.00**	**(0.02)**
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	913,415	46,801	960,216	0.07	254,208	46,451	300,659	0.02	(0.05)
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year **
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	11,682,234	15,910,221	27,592,455	1.90	11,692,909	14,433,441	24,394,712	1.64	(0.26)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	115,584	255,950	371,534	0.03	59,950	217,700	277,650	0.02	(0.01)
c) Others (specify)									
i) NRI Rep	370,518	706,300	1,076,818	0.07	204,083	624,750	828,833	0.06	(0.01)
ii) NRI Non-Rept	97,954	300	98,254	0.01	81,448	300	81,748	0.01	-
iii) Foreign Bodies	-	100	100	-	-	100	100	-	-
iv) Foreign National	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**13,179,705**	**16,919,672**	**30,099,377**	**2.07**	**12,292,598**	**15,322,742**	**25,883,702**	**1.74**	**(0.33)**
Total Public (B)	**13,485,733**	**16,936,872**	**30,422,605**	**2.10**	**12,300,058**	**15,339,942**	**25,908,362**	**1.74**	**(0.36)**
C. Shares held by Custodian for GDRs & ADRs*	951,463,854	-	951,463,854	65.59	951,463,854	-	951,463,854	63.83	(1.76)
Grand Total (A+B+C)	**1,433,731,487**	**16,936,872**	**1,450,668,359**	**100.00**	**1,476,952,851**	**15,339,942**	**1,490,561,155**	**100.00**	**0.00**

* GDS are held by Essar Energy Holdings Limited, holding company

** The percentage change in shareholding is also impacted due to increase in total paid-up share capital by issue of further 39,892,796 equity shares during the financial year

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year *
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Essar Energy Holdings Limited	354,714,547	24.45	17.05	396,607,443	26.61	17.09	2.16
2	Oil Bidco (Mauritius) Limited	112,067,253	7.73	-	116,581,496	7.82	-	0.09
3	Imperial Consultants and Securities Private Limited	2,000,000	0.14	-	-	-	-	(0.14)
4	Essar Power Hazira Holdings Limited	100	0.00	-	-	-	-	-
	Total	**468,781,900**	**32.31**	**17.05**	**513,188,939**	**34.43**	**17.09**	**2.11**

** The percentage change in shareholding is also impacted due to increase in total paid-up share capital on account of issue of further 39,892,796 equity shares during the financial year to Essar Energy Holdings Limited.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year as on April 1, 2016		Date	Reason	Increase / Decrease in shareholding		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company*
1	Oil Bidco (Mauritius) Limited	112,105,503	7.73	06/05/16	Acquisition of Shares through Exit Offer process under SEBI (Delisting of Equity Shares) Regulations, 2009	507,350	0.03	112,612,853	7.56
				10/06/16		282,208	0.02	112,895,061	7.57
				27/05/16		216,800	0.02	113,111,861	7.59
				10/06/16		139,750	0.01	113,251,611	7.60
				30/06/16		429,150	0.03	113,680,761	7.63
				08/07/16		112,800	0.01	113,793,561	7.63
				12/08/16		93,700	0.01	113,887,261	7.64
				09/09/16		449,747	0.03	114,337,008	7.67
				16/09/16		138,206	0.01	114,475,214	7.68
				30/09/16		71,159	0.01	114,546,373	7.68
				25/11/16		211,942	0.01	114,758,315	7.70
				09/12/16		116,400	0.01	114,874,715	7.71
				19/12/16		2,300	0.00	114,877,015	7.71
				13/01/17		99,412	0.01	114,976,427	7.71
				24/03/17		1,009,080	0.07	115,985,507	7.78
				24/03/17		146,400	0.01	116,131,907	7.79
				31/03/17		449,589	0.03	116,581,496	7.82
2	Essar Energy Holdings Limited	354,714,547	24.45	11/11/16	Acquired from Essar Power Hazira Holdings Limited	100	0.00	354,714,647	24.45
				10/02/17	Subscription to private placement offer	39,892,796	2.68	394,607,443	27.13
				03/03/17	Acquired from Imperial Consultants and Securities Private Limited	2,000,000	0.14	396,607,443	27.27
3	Imperial Consultants and Securities Private Limited	2,000,000	0.14	03/03/17	Shares transferred to Essar Energy Holdings Limited	(2,000,000)	(0.14)	-	-
4	Essar Power Hazira Holdings Limited	100	0.00	11/11/16	Shares transferred to Essar Energy Holdings Limited	(100)	0.00	-	-

* The percent of shareholding is also impacted due to increase in total paid up share capital on account of issue of further 39,892,796 equity shares during the financial year.

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of Shareholder	Shareholding at the begining of the year		Increase during the year	Decrease during the year	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company*
1	Fulchand Fojmal	217,700	0.02	0	0	217,700	0.02
2	Md. Habibullah	42,450	0.00	0	0	42,450	0.00
3	Bharat Dhirajlal Shah	20,000	0.00	0	0	20,000	0.00
4	K Raheja Realty Private Limited	14,300	0.00	0	0	14,300	0.00
5	Emkay Global Financial Services Limited	10,000	0.00	200	200	10,000	0.00
6	Om Prakash Dhingra	10,000	0.00	0	0	10,000	0.00
7	Bhartendu Ramesh Desai	10,000	0.00	0	0	10,000	0.00
8	Shashi Dev Khanna	10,000	0.00	0	0	10,000	0.00
9	Rajesh Kumar Shankar Kirpalani	9,600	0.00	0	0	9,600	0.00
11	The Ohio Casualty Insurance Company	70,154	0.01	0	70,154	0	0.00
12	Fidelity Salem Street Trust Spartan Emerging Markets Index Fund	27,057	0.00	0	27,057	0	0.00
13	Vishwambhar Rathi	23,000	0.00	0	23,000	0	0.00
14	Managed Pension Funds Limited	186,945	0.01	0	186,945	0	0.00
15	Coomie Eruch Desai	21,100	0.00	0	21,100	0	0.00
16	Jayantilal Mohanlal Mehta	80,000	0.01	0	80,000	0	0.00
17	Bonanza Portfolio Ltd	12,095	0.01	20	7,410	4,705	0.00

* The percent of shareholding is also impacted due to increase in total paid up share capital on account of issue of further 39,892,796 equity shares during the financial year.

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of Director and Key Managerial Personnel	Shareholding at the beginning of the year		Increase during the year		Decrease during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares	No. of shares	% of total shares	No. of shares	% of total shares
1	Dilip J. Thakkar	300	0.00	0	0.00	300	0.00	0	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ In crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	29,486.91	1,222.02	-	30,708.93
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	132.48	-	-	132.48
Total (i+ii+iii)	**29,619.39**	**1,222.02**	**-**	**30,841.41**

(₹ In Crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
Addition	554.53	-	-	554.53
Reduction *	(4,606.13)	(19.54)	-	(4,625.67)
Net Change	**(4,051.60)**	**(19.54)**	**-**	**(4,071.14)**
Indebtedness at the end of the financial year				
i) Principal Amount	25,528.75	1,202.48	-	26,731.23
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	39.04	-	-	39.04
Total (i+ii+iii)	**25,567.79**	**1,202.48**	**-**	**26,770.27**

* Includes ₹ 1,430.23 crore due to divestment of E&P division.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (₹)
	Name	Mr. L. K. Gupta	Mr. C. Manoharan	Mr. Suresh Jain	
	Designation	Managing Director and CEO	Director (Refinery)	Director (Finance)*	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	35,126,000	14,117,004	18,556,800	67,799,804
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	-	5,159,796	-	5,159,796
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify				
	- Employers Contribution to Provident Fund	3,110,400	1,680,000	1,680,000	6,470,400
	- Performance Linked Incentives	39,000,000	21,000,000	21,000,000	81,000,000
	- Compensation in lieu of / surrender of ESOPs	45,352,078	34,795,845	26,465,449	106,613,372
	Total (A)	**122,588,878**	**76,752,645**	**67,702,249**	**267,043,772**
	Ceiling as per the Act	10% of net profit			

* Mr. Suresh Jain was designated as CFO upto April 6, 2016. He was appointed as Director Finance w.e.f. April 7, 2016 and continued to act as CFO. However, his remuneration for the entire financial year is given here.

B. Remuneration to other Directors

Sr. No.	Name	Commission*	Sitting Fees	Total Compensation(₹)
A)	**Non Executive Directors**			
1)	Mr. Prashant Ruia	0	160,000	160,000
2)	R. Sudarsan	0	100,000	100,000
	Total (A)	**0**	**260,000**	**260,000**

Sr. No.	Name	Commission*	Sitting Fees	Total Compensation(₹)
B)	**Independent Directors**			
3)	Mr. D. J. Thakkar	2,200,000	910,000	3,110,000
4)	Mr. K. N. Venkatasubramanian	2,150,000	900,000	3,050,000
5)	Mr. V. S. Jain**	1,400,000	0	1,400,000
6)	Dr. Sabyasachi Sen**	1,200,000	0	1,200,000
7)	Ms. Rugmani Shankar**	1,200,000	0	1,200,000
8)	Mr. Deepak Kumar Varma**	500,000	0	500,000
9)	Capt. B. S. Kumar**	250,000	0	250,000
	Total (B)	**8,900,000**	**1,810,000**	**10,710,000**
	Grand Total (A+B)	**8,900,000**	**2,070,000**	**10,970,000**
	Overall Ceiling as per the Companies Act, 2013	1% of net profit	₹ 1,00,000 per meeting	

* The commission pertains to financial year 2015 - 16 which was paid in financial year 2016 - 17

** Ceased to be Director in last financial year i.e. financial year 2015 - 16. Commission for financial year 2015 - 16 was paid in 2016 - 17

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel				
	Designation	**CEO**	**CFO***	**CS**		**Total (₹)**
	Name			**Sheikh S Shaffi ****	**Mayank Bhargava *****	
1	Gross salary	Refer part VI A				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			25,420,730	2,510,148	27,930,878
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961			-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-	-	-
2	Stock Option			-	-	-
3	Sweat Equity			-	-	-
4	Commission					
	- as % of profit			-	-	-
	- others, specify			-	-	-
5	Others, please specify			-	-	-
	- Contribution to Fund			480,000	143,369	623,369
	- Compensation on surrender of ESOPs			14,146,616	-	14,146,616
	Total	**-**	**-**	**40,047,346**	**2,653,517**	**42,700,863**

* For remuneration of CFO, please refer to remuneration paid to Mr. Suresh Jain, Director Finance

** Ceased to be Company Secretary w.e.f. September 30, 2016

*** Appointed as Company Secretary w.e.f. October 19, 2016

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE

For and on behalf of the Board of Directors

Mumbai
August 19, 2017

Suresh Jain
Director
(DIN: 02315644)

L. K. Gupta
Managing Director & CEO
(DIN: 00017344)

Financial Statements

Independent Auditor's Report

To
THE MEMBERS OF ESSAR OIL LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Essar Oil Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our qualified audit opinion on the aforesaid standalone financial statements.

Basis for Qualified Opinion

Attention is invited to the following Notes of the standalone financial statements:

(a) Note No. 45 (a) regarding the ability of the Company to collect amounts due from certain entities, which is predicated on the successful closure of the sale of shares by the majority shareholders and deployment of the sales consideration towards liquidation of the outstanding amounts, as explained in the note. In view of the delay in achieving closure of the said share sale transaction and consequent collection of the amounts as envisaged, and further the reassessment by the Company of its ability to recover the entire outstanding balance through the escrow mechanism, we are unable to express an opinion on the recoverability of the carrying values of dues of ₹ 22,982.45 crore at 31st March, 2017 and the consequent debit to profit or loss of ₹ 6,234.77 crore for the year.

(b) Note No. 45 (b) regarding a sum of ₹ 1,331.11 crore carried in the balance sheet, pending legal advice and independent valuation. Had a provision been made considering the uncertainty resulting from the above, the loss for the year would be higher by this amount.

(c) Note No. 52 regarding ₹ 328.39 crore being capital and other amounts advanced to related and other parties included in loss on disposal of discontinued operations. We are unable to comment on the assessment by the company that these amounts are no longer recoverable- see footnote (iii).

(d) Note No. 47 (i) and (ii) regarding interest on debentures ₹ 88.65 crore and compensation payable in lieu of employee stock options surrendered ₹ 54.56 crore not accounted for in the books for the reasons explained in the note. Consequently, the loss for the year is lower by ₹ 143.21 crore.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its loss, total comprehensive income, cash flows and changes in equity for the year ended on that date.

Emphasis of Matters

Attention is invited to the following Notes of the standalone financial statements:

(a) Note No. 46 regarding the Company's ability to discharge its liability of ₹ 17,186.34 crore as at the date of this report, to National Iranian Oil Company and be able to continue as a going concern which is predicated on collection of dues of ₹ 22,982.45 crore from related and other parties in the near term (refer basis of qualified opinion paragraph above) under the mechanism explained in the note.

(b) Note No. 32 regarding reversal of provision for tax and the corresponding credit entitlement by ₹ 358.43 crore for assessment year 2016-17, supported by an opinion from a tax counsel. If the basis of calculation of the tax liability is not allowed by the revenue authorities, the reversals will have to be reinstated in the books. The credit entitlement will be allowed when payment is made.

(c) Note No. 52 regarding divestment of the Company's Exploration and Production business to a related party for the reasons explained in the note.

(d) Note No. 5 regarding costs carried forward aggregating to ₹ 297.01 crore relating to the petrochemical and refinery expansion projects, which are presently in their nascent stages – see footnote no. 4.

Our opinion is not modified in respect of above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) Except for the matters described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the financial information adequate for the purposes of our audit have been received from the branch not visited by us.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account and with the financial information received from the branch not visited by us.

    d) Except for the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, as applicable.

    e) The going concern matter described in item (a) of the Emphasis of Matters paragraph read with item (a) of the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

    f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

    g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting in respect of management's ability to assess recoverability of outstanding amounts more particularly the Company's ability to make recoverability assessments considering all relevant factors.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements in accordance with generally accepted accounting principles.

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

        iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Attention is however, invited to the Note 14 of the standalone financial statements regarding the Company having received Specified Bank Notes amounting to ₹ 50.38 Lakhs during the period November 9, 2016 to November 19, 2016, at its retail outlets (petrol pumps) / guest house.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 117365W)

P. B. Pardiwalla
Partner
Membership No. 40005

MUMBAI, 1st August, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1g under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Essar Oil Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditors' judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified as at 31st March, 2017, relating to inadequate internal financial controls over financial reporting in respect of recoverability of outstanding amounts, more particularly the Company's ability to make recoverability assessments, considering all relevant factors (reference is invited to items (a), (b), and (c) of the Basis for Qualified Opinion paragraph foregoing).

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim standalone financial statements will not be prevented or detected on a timely basis.

In our opinion, to the best of our information and according to the explanations given to us, except for the effects of the material weaknesses described above, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2017, and the material weakness affects our opinion on the standalone financial statements of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 117365W)

P. B. Pardiwalla
Partner
Membership No. 40005

MUMBAI, 1st August, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report of even date]

1. In respect of its fixed assets:

   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The fixed assets of the Company have been physically verified during the year by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As per the information and explanations given to us by the Management, no material discrepancies as compared to book records were noticed in respect of the fixed assets verified during the year.

   (c) According to the information and explanations given to us and the records examined by us we report that, the title deeds, comprising all the immovable properties of land and acquired buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of leasehold land, the lease agreements are in the name of the Company.

2. As explained to us, inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of coal inventory requiring technical expertise for establishing physical quantities, the Company has hired independent agencies for physical verification of such stocks whose certificate we have relied upon.

3. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

4. The company has not given any loans to directors, etc. covered under section 185 of the Act. The provisions of section 186 of the Act have been complied with insofar as it relates to investments, however, as stated in Note No. 45 (b) a sum of ₹ 1,331.11 crore carried in the balance sheet is pending legal advice and independent valuation. The Company has been legally advised that loan or guarantee or security given are not covered under section 186 of the Act, see note 48 of the financial statements.

5. According to the information and explanations given to us, the Company has not accepted any public deposits during the year. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

6. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Act, in respect of manufacture of petroleum products and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

7. According to the information and explanations given to us, in respect of statutory dues:

   (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues, as applicable, with the appropriate authorities.

   There are no undisputed amounts payable in respect of the above statutory dues outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable. Attention in this regard is invited to item (b) of the Emphasis of Matter paragraph of our Report above.

   (b) According to the information and explanations given to us, details of Income tax, Sales tax, Service tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on 31st March, 2017 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Total disputed dues (₹ in crores)	Amount paid (₹ in crores)	Amount unpaid (₹ in crores)
Gujarat Value Added Tax Act, 2003	Sales Tax & Interest	Gujarat Sales Tax Tribunal	2007-08	0.23	0.03	0.20
		Jt. Commissioner Appeal, Rajkot	2008-09, 2010-11, 2011-12, 2012-13	1,928.43	-	1,928.43

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Total disputed dues (₹ in crores)	Amount paid (₹ in crores)	Amount unpaid (₹ in crores)
Central Sales Tax Act, 1956	Sales Tax & Interest	Jt. Commissioner Appeal, Rajkot	2008-09, 2010-11, 2011-12, 2012-13	399.95	-	399.95
	Sales Tax & Interest and penalty	Gauhati High Court	2010-11, 2011-12	16.34	-	16.34
Central Excise Act, 1944	Excise Duty, Interest, Fine and Penalty	Central Excise & Service Tax Appellate Tribunal (CESTAT)	2006-07 to 2012-13 & 2014-15, 2015-16	152.02	3.29	148.73
Customs Act 1962	Customs Duty, Interest, Fine and Penalty	Commissioner of Customs (Appeals)	2012-13, 2013-14	0.07	-	0.07
		Central Excise & Service Tax Appellate Tribunal (CESTAT)	2008-09, 2009-10, 2012-13, 2013-14, 2014-15	108.13	7.77	100.36
Service Tax Rules, 1994	Penalty	Central Excise & Service Tax Appellate Tribunal (CESTAT)	2004-05 to 2009-10	1.76	-	1.76
Madhya Pradesh Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam, 1976	Entry Tax, Penalty and Interest	MP Commercial Tax Appellate Board, Bhopal	2008-09	0.02	0.01	0.01
		High Court of Madhya Pradesh	2007-08	0.08	0.02	0.06
Income tax Act, 1961	Income tax and Interest	Supreme Court	AY 1998-99	0.96	0.78	0.18
		Bombay High Court	AY 2004-05	7.47	-	7.47

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders.

9. In our opinion and according to the information and explanations given to us, term loans (long term loans with repayment beyond 36 months in case of banks) have been applied by the Company during the year for the purposes for which they were obtained. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

11. In our opinion and according to the information and explanations given to us, except for excess managerial remuneration of ₹ 15.41 crore, which is subject to approval of shareholders at the ensuing annual general meeting, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

13. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Act where applicable, for all transactions with the related parties, (attention is however invited to item (a), (b) and (c) of the Basis of Qualification paragraph in our Report above), and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

14. According to the information and explanations given to us, the Company has made a private placement of shares during the year. In respect of the above issue, we further report that the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with and the amounts raised have been applied by the Company for the purpose for which the funds were raised, other than temporary deployment pending application.

15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Act, are not applicable.

16. According to information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 117365W)

P. B. Pardiwalla
Partner
Membership No. 40005

MUMBAI, 1st August, 2017

Balance Sheet

As at March 31, 2017

(₹ in crore)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
1) Non-current assets				
(a) Property, plant and equipment	5A	38,835.60	40,236.99	40,486.40
(b) Capital work-in-progress	5C	400.04	3,624.82	3,333.41
(c) Intangible assets	5B	28.28	30.07	25.48
(d) Financial assets				
(i) Investments	6	147.02	104.75	1,075.58
(ii) Loans	7	-	-	312.32
(iii) Others	8	6,511.85	1,711.53	2,848.45
(e) Other non-current assets	9	727.52	888.74	762.07
(f) Non-current tax assets	10	280.74	101.09	12.81
2) Current assets				
(a) Inventories	11	6,985.62	3,942.50	5,130.89
(b) Financial assets				
(i) Investments	12	-	1,034.48	1,309.60
(ii) Trade receivables	13	17,464.91	15,626.54	12,396.46
(iii) Cash and cash equivalents	14	1,827.52	98.59	327.31
(iv) Bank balances other than (iii) above	15	1,539.23	1,489.30	1,716.96
(v) Loans	16	257.34	7,598.27	1,588.15
(vi) Others	17	9,119.76	9,045.35	6,418.44
(c) Current tax assets	18	101.14	32.68	31.34
(d) Other current assets	19	330.10	1,025.01	955.62
(e) Asset held for Sale	20	555.81	-	-
TOTAL ASSETS		**85,112.48**	**86,590.71**	**78,731.29**
EQUITY AND LIABILITIES				
(a) Equity share capital	21	1,507.16	1,467.27	1,466.12
(b) Other equity	22	17,547.60	16,845.82	15,813.59
LIABILITIES				
1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	23	14,056.61	17,868.14	16,304.56
(ii) Other financial liabilities	24	252.90	2,057.66	2,093.49
(b) Provisions	25	-	5.14	5.14
(c) Deferred tax liabilities (Net)	26	4,522.31	4,879.91	3,959.05
2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	27	10,151.66	11,254.10	10,069.36
(ii) Trade payables	28	26,159.04	25,309.56	21,096.64
(iii) Other financial liabilities	29	2,825.86	2,615.86	2,386.05
(b) Other current liabilities	30	7,742.13	3,815.22	5,506.98
(c) Provisions	31	24.63	27.68	24.06
(d) Current tax liabilities	32	322.58	444.35	6.25
TOTAL EQUITY AND LIABILITIES		**85,112.48**	**86,590.71**	**78,731.29**

See accompanying notes to the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, August 1, 2017

For and on behalf of the Board of Directors

Suresh Jain
Director

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Mayank Bhargava
Company Secretary
Mumbai, August 1, 2017

P R Ashok
Vice President -
Corporate Accounts

Statement of Profit and Loss

for the year ended March 31, 2017

(₹ in crore)

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	33	72,084.57	62,381.17
Other income	34	2,849.26	2,288.30
Total Income		**74,933.83**	**64,669.47**
Expenses			
Cost of raw materials consumed		41,965.75	36,663.53
Excise duty		11,215.52	9,784.31
Purchases of stock-in-trade (trading goods)		7,888.52	5,030.24
Changes in inventory of finished goods, stock-in-trade and work-in-progress	35	(1,244.58)	725.14
Employee benefits expense	36	421.70	319.32
Finance costs	37	3,765.68	2,682.17
Depreciation and amortisation expense	5	1,680.99	1,573.19
Other expenses	38	3,499.25	4,140.28
Total expenses		**69,192.83**	**60,918.18**
Profit before exceptional items and tax		**5,741.00**	**3,751.29**
Exceptional items	44	5,251.19	712.77
Profit before tax		**489.81**	**3,038.52**
Tax expense:			
(a) Current tax expenses (Net of reversal of earlier years)	26	(122.20)	437.31
(b) Deferred tax expenses / (income)	26	(475.44)	1,061.54
Profit from continuing operations		**1,087.45**	**1,539.67**
Loss from discontinued operations (after tax)	52	(2,208.49)	(251.08)
(Loss) / Profit for the year		**(1,121.04)**	**1,288.59**
Other Comprehensive Income			
A. Items that will not be reclassified to profit and loss		**0.96**	**(0.27)**
Actuarial valuation reserve		1.47	(0.41)
Income tax relating to items not reclassified to profit and loss		(0.51)	0.14
		0.96	(0.27)
B. Items that will be reclassified to profit and loss		**221.69**	**(265.55)**
Cashflow Hedge Reserve		145.11	(153.15)
Income tax relating to items reclassified to profit and loss		(50.22)	53.00
		94.89	(100.15)
Foreign currency monetary item translation difference account		193.91	(252.93)
Income tax relating to items reclassified to profit and loss		(67.11)	87.53
		126.80	**(165.40)**
Total Comprehensive Income for the year (comprising (loss)/profit and Other Comprehensive Income for the year)		**(898.39)**	**1,022.77**
Earnings per equity share (for continuing operations) :			
(1) Basic (in ₹)	39	7.47	10.62
(2) Diluted (in ₹)		7.46	10.60
Earnings per equity share (for discontinued operations) :			
(1) Basic (in ₹)	39	(15.17)	(1.73)
(2) Diluted (in ₹)		(15.17)	(1.73)
Earnings per equity share (for continuing and discontinued operations)			
(1) Basic (in ₹)	39	(7.70)	8.89
(2) Diluted (in ₹)		(7.70)	8.87

See accompanying notes to the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, August 1, 2017

For and on behalf of the Board of Directors

Suresh Jain
Director

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Mayank Bhargava
Company Secretary
Mumbai, August 1, 2017

P R Ashok
Vice President -
Corporate Accounts

Cash Flow Statement

for the year ended March 31, 2017

(₹ in crore)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A	**Cash flow from operating activities**		
	Net (Loss) / profit before tax	**(1,718.68)**	**2,787.44**
	Adjustments for :		
	Depreciation and amortisation expense (also refer note 52)	1,682.10	1,573.19
	Property, plant and equipment written off	33.14	111.62
	Interest on income tax refund	(4.92)	(4.01)
	Interest income on inter corporate deposits	(569.02)	(498.30)
	Interest income on bank deposits (other than margin deposits)	(1.57)	(7.24)
	Profit on sale of current Investments (net)	-	(12.18)
	Loss on sale of Property, plant and equipment (net)	3.63	-
	Financial assets / Liabilities measured at FVTPL	4.73	(61.20)
	Gain on extinguishment of lease arrangement	(377.35)	(355.01)
	Dividend Income	(2.30)	-
	Unrealised exchange differences	(1,473.95)	15.25
	Loss from discontinued operations (refer note 52)	2,197.25	-
	Exceptional Item - Debit to profit and loss on re-assessment of the company's ability to collect the amount. (refer note 44)	6,234.77	-
	Mark to market - commodity and currency swap hedging (gain) / losses (net)	(206.39)	(180.01)
	Interest expenses	3,529.18	2,432.06
	Expected credit loss and debit balances written off	217.15	377.21
	Credit balances written back	(4.76)	(32.08)
	Operating profit before working capital changes	**9,543.01**	**6,146.74**
	Adjustments for :		
	Changes in inventories	(3,045.89)	1,186.05
	Changes in receivables, advances and other assets	(3,268.28)	(3,369.91)
	Changes in payables, liabilities and provision	6,183.98	3,272.75
	Net Cash generated from operating activities	**9,412.82**	**7,235.63**
	Income tax refund / (payment) (net) (including interest)	(243.19)	(85.61)
	Net cash generated from operating activities (A)	**9,169.63**	**7,150.02**
B	**Cash flow from investing activities**		
	Additions to property, plant and equipment	(501.58)	(1,126.10)
	Sale of property, plant and equipment	3.72	-
	Purchase of Investment in a subsidiary	(0.05)	-
	Sale of current Investment	-	480.34
	Dividend Income	2.30	-
	Advances against purchase of shares / debentures	(1,049.59)	(17.34)
	Placement of long term bank deposits	(6.94)	(32.45)
	Encashment of long term bank deposits	29.28	9.40
	Placement of inter corporate deposits	(248.27)	(7,093.60)
	Refund of inter corporate deposits	31.22	1,265.07
	Interest received on inter corporate deposits	25.58	26.59
	Interest received on bank deposits (other than margin deposits)	1.83	6.73
	Net cash used in investing activities (B)	**(1,712.50)**	**(6,481.36)**

Cash Flow Statement

for the year ended March 31, 2017

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
C Cash flow from financing activities		
Proceeds from borrowings	3,473.06	11,690.47
Repayment of borrowings	(4,148.55)	(8,824.14)
Changes in short term borrowings (net)	(1,422.09)	(1,345.12)
Proceeds towards Equity shares issued under ESOP	-	7.95
Interest paid	(3,744.25)	(2,537.37)
Net cash (used) / generated from financing activities (C)	**(5,841.83)**	**(1,008.21)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**1,615.30**	**(339.55)**
Cash and cash equivalents at the beginning of the year	**(12.62)**	**326.93**
Cash and cash equivalents at the end of the year	**1,602.68**	**(12.62)**
Net (decrease) / increase in cash and cash equivalents	**1,615.30**	**(339.55)**

Notes:

1 Non cash transaction:

a) In connection with Share Purchase Agreement entered into by the majority shareholders, the Company has transferred ₹ 17,228.14 crore due from certain related parties and other entities to Essar Steel Jharkhand Limited and Ibrox Aviation and Trading Private Limited.

b) During the year, the company has transferred its E&P business to a wholly owned subsidiary and received 27,68,31,556 Compulsorily Convertible Debentures (CCDs) of the face value of ₹ 100 each (refer note 52).

c) During the year, the Company has issued the equity shares on private placement basis against the outstanding balance of advances received against GDS.

2 Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016
Cash on hand and balances with banks		
Cash and cash equivalents (refer note 14)	1,827.52	98.59
Less : Effect of exchange rate changes	(3.42)	0.01
Less : Bank overdraft / Cash credit (refer note 27)	228.26	111.20
Cash and cash equivalents as restated*	**1,602.68**	**(12.62)**

* does not include cash and cash equivalents which are not readily available for use

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, August 1, 2017

For and on behalf of the Board of Directors

Suresh Jain
Director

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Mayank Bhargava
Company Secretary
Mumbai, August 1, 2017

P R Ashok
Vice President -
Corporate Accounts

Statement of Changes in Equity

for the year ended March 31, 2017

a. Equity Share Capital

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the reporting period	1,467.27	1,466.12
Issue of equity shares	39.89	1.15
Balance at the end of the reporting period	**1,507.16**	**1,467.27**

b. Other Equity

Statement of Changes in Equity

(₹ in crore)

Particulars	Reserves and Surplus						Other Comprehensive Income / (loss) (OCI)			Total
	Capital reserve	Securities premium account	Debenture redemption reserve	General reserve	Employee Share Option Outstanding Account	Retained Earnings	Effective portion of Cash Flow Hedges	Remeasurements of the net defined benefit Plans	Foreign currency monetary item translation differ -ence account	
Balance as at April 01, 2015	**40.89**	**6,184.60**	**37.33**	**22.25**	**7.16**	**9,623.53**	**(111.87)**	**(3.85)**	**13.55**	**15,813.59**
Profit for the year	-	-	-	-	-	1,288.59	-	-	-	1,288.59
Other Comprehensive Income for the year, net of tax	-	-	-	-	-	-	(100.15)	(0.27)	(165.40)	(265.82)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**1,288.59**	**(100.15)**	**(0.27)**	**(165.40)**	**1,022.77**
Debenture redemption reserve transferred to General Reserve	-	-	(26.59)	26.59	-	-	-	-	-	-
Securities premium on issuance of equity share capital	-	6.80	-	-	-	-	-	-	-	6.80
Share option outstanding reserve transferred to security premium	-	2.59	-	-	(2.59)	-	-	-	-	-
Recognition of share based payments	-	-	-	-	2.66	-	-	-	-	2.66
Balance as at March 31, 2016	**40.89**	**6,193.99**	**10.74**	**48.84**	**7.23**	**10,912.12**	**(212.02)**	**(4.12)**	**(151.85)**	**16,845.82**
Loss for the year	-	-	-	-	-	(1,121.04)	-	-	-	(1,121.04)
Other Comprehensive Income for the year, net of tax	-	-	-	-	-	-	94.89	0.96	126.80	222.65
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**(1,121.04)**	**94.89**	**0.96**	**126.80**	**(898.39)**
Equity shares issued	-	1,607.40	-	-	-	-	-	-	-	1,607.40
Recognition of share based payments	-	-	-	-	2.86	-	-	-	-	2.86
Employee Stock Option surrendered	-	-	-	-	(10.09)	-	-	-	-	(10.09)
Balance as at March 31, 2017	**40.89**	**7,801.39**	**10.74**	**48.84**	**-**	**9,791.08**	**(117.13)**	**(3.16)**	**(25.05)**	**17,547.60**

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, August 1, 2017

For and on behalf of the Board of Directors

Suresh Jain
Director

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Mayank Bhargava
Company Secretary
Mumbai, August 1, 2017

P R Ashok
Vice President -
Corporate Accounts

Notes to Financial Statements

for the year ended March 31, 2017

1. **General Background:**

Essar Oil Limited (the Company) is a public limited company incorporated under the provisions of the Companies Act, 1956. It is primarily engaged in the business of refining of crude oil and marketing of petroleum products in domestic and overseas markets. It was also engaged in oil and gas exploration and production activities, which activity has been discontinued from 31st March, 2017.

On October 15, 2016 the majority shareholders of the Company had entered into agreements (SPAs) to sell their shares following which, inter alia, the Company initiated and is presently in the final stages of completing the following actions:

(a) Sale of its Exploration and Production (E&P) business (refer note 52);

(b) Liquidating amounts due from certain entities (refer note 45 (a)); and

(c) Acquisition of Vadinar Oil Terminal Limited (VOTL) and Vadinar Power Company Limited (VPCL) (refer note 40(a) & (b)).

The financial statements were approved for issue by the board of directors on 1st August, 2017.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest Crore, except where otherwise indicated.

2. **Basis of preparation and presentation:**

Statement of Compliance with Indian Accounting Standards (Ind ASs): The standalone financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

Up to the financial year ended 31st March, 2016, the Company prepared its financial statements in accordance with the requirements of the previous applicable GAAP, which included Standards notified under the Companies (Accounting Standards) Rules, 2006.

First-time adoption: In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Company's first Ind AS financial statements include, three balance sheets, namely, the opening balance sheet as at 1st April, 2015 and balance sheets as at 31st March, 2016 and 2017, and, two statements each of profit and loss, cash flows and changes in equity for the years ended 31st March, 2016 and 2017 together with related notes. The same accounting policies have been used for all periods presented, except where the Company has made use of exceptions or exemptions allowed under Ind AS 101 in the preparation of the opening Ind AS balance sheet. The balance sheets, statements of profit and loss, statements of cash flows and statements of changes in equity of the prior years presented have been recast in accordance with Ind ASs.

3. **Summary of significant accounting policies:**

A. Property Plant and Equipment (PPE) and depreciation

PPE is recorded at cost of acquisition or construction less accumulated depreciation and impairment loss, if any.

Cost of acquisition comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use. Costs of construction are composed of those costs that relate directly to specific assets and those that are attributable to the construction or project activity in general and can be allocated to specific assets up to the date the assets are put to their intended use.

Cost of major inspection is recognised with the carrying value of property, plant and equipment.

Depreciation on PPE including assets whose ownership vests with a third party, is provided, pro-rata for the period of use, by the straight line method, as specified in schedule II of Companies Act, 2013 except in respect of the following assets:

- Buildings constructed on Leasehold Land: Over the period of lease of land.
- Plant & Machinery – 8-40 years
- Catalysts: Over the useful life of 2-4 years, as technically assessed.

B. Intangible fixed assets and amortisation

Intangible fixed assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

Intangible assets are amortised uniformly over the best estimate of their useful lives. The Company has estimated the useful life of software and licenses ranging from 3 - 5 years from the date of acquisition.

C. Oil and gas exploration and production assets

The Company has adopted Successful Efforts Method (SEM) of accounting for its Oil and Gas activities. The policy of recognition of exploration and evaluation expenditure is considered in line with the principle of SEM. Seismic costs, geological and geophysical studies, petroleum exploration license fees and general and administration costs directly attributable to exploration and evaluation activities are expensed off. The costs incurred on acquisition of interest in oil and gas blocks and on exploration and evaluation other than those which are expensed off are accounted for as Intangible Assets under Development. All development costs incurred in respect of Proved reserves are also capitalized under Intangible Assets under Development. Until a well is ready to commence commercial

Notes to Financial Statements

for the year ended March 31, 2017

production, the costs accumulated in Intangible Assets under Development are classified as Intangible Assets corresponding to proved developed oil and gas reserves. The exploration and evaluation expenditure which does not result in discovery of proved oil and gas reserves and all cost pertaining to production are charged to the Statement of Profit and Loss.

Oil and Gas Joint Ventures are in the nature of joint operations. Accordingly, assets and liabilities as well as income and expenditure are accounted on the basis of available information on a line-by-line basis with similar items in the Company's financial statements, according to the participating interest of the Company.

D. Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication of impairment loss exists, the recoverable amount, (i.e. higher of fair value less costs of disposal and value in use) of the asset is estimated, or, when it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. 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 (or cash-generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

E. Lease

Operating lease:

Lease expenses and lease income are recognised on a straight line basis over the lease term in profit or loss.

Finance lease - As lessee:

Assets taken on lease are capitalised at fair value or net present value of the minimum lease payments, whichever is lower. Depreciation on the assets taken on lease is charged over the lower of useful life of the asset and the lease period.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the balance liability.

Modification in the terms of the arrangement is accounted as an extinguishment and accordingly, the lease obligation and the related asset are derecognized and the resultant gain/loss is charged to profit or loss.

Arrangements in the nature of lease:

The Company enters into agreements that do not take the legal form of a lease but convey the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Company applies the requirement of Ind AS 17-"Leases" to the lease element of the arrangement.

F. Inventories

Inventories (other than crude oil extracted) are valued at the lower of cost and net realisable value.

Cost of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of crude oil and coal inventory is determined on a first in first out basis and the cost of all other inventories is determined on a weighted average basis.

Closing stock of crude oil extracted is valued at net realisable value.

G. Revenue recognition

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.

Revenue from sale of goods is recognised when property in the goods is transferred to the buyer for a price, when significant risks and rewards of ownership have been transferred to the buyer and no effective control, to a degree usually associated with ownership, is retained by the Company. Sale of goods are stated net of trade discounts and include duty draw back and excise duty.

Interest income is recognised on a time proportion basis.

H. Government grants

Government grants are recognised when there is reasonable assurance that the conditions attached to the grants will be complied with and where such benefits have been earned and it is reasonably certain that the ultimate collection will be made.

I. Employee benefits

Retirement benefit costs and termination benefits: Payments to defined contribution plans are recognised as expense when employees have rendered service entitling them to the contributions.

The Company determines the present value of the defined benefit obligation and fair value of plan assets and recognizes the net liability or asset in the balance sheet. The net liability or asset represents the deficit or surplus in the Company's defined benefit plans. (The surplus is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans).

The present value of the obligation is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each year.

Notes to Financial Statements

for the year ended March 31, 2017

Defined benefit costs are composed of:

(a) service cost – recognized in profit or loss;

service cost comprises (i) current cost which is the increase in the present value of defined benefit obligations resulting from employee service in the current period, (ii) past service cost which is the increase in the present value of defined benefit obligations resulting from employee service in the prior periods resulting from a plan amendment, and (iii) gain or loss on settlement.

(b) net interest on the net liability or asset - recognized in profit or loss; net interest on the net liability or asset is the change during the reporting period that arises from the passage of time.

(c) remeasurements of the net liability or asset - recognized in other comprehensive income.

(d) remeasurements of the net liability or asset essentially comprise of actuarial gains and losses (i.e. changes in the present value of defined benefit obligations resulting from experience adjustments and effects of changes in actuarial assumptions), and, return on plan assets (i.e. income derived from plan assets, other than interest included in (b) above and realized or unrealized gains and losses on plan assets).

Short-term benefits: A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave and other short term benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Other long-term benefits: Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Share based payment arrangements: Equity-settled share-based payments to employees of the Company and employees of subsidiary companies are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 21 (d). The fair value determined at the grant date of the equity-settled share-based payments to employees of the Company is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of year. At the end of each year, the Company revisits its estimate of the number of equity instruments expected to vest and recognizes any impact in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

J. Foreign currencies

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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 a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below the policy on hedge accounting in 3 (K) (iii);
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to Statement of Profit and Loss on repayment of the monetary items; and
- exchange difference arising on settlement/ restatement of long-term foreign currency monetary items recognized in the financial statements for the year ended March 31, 2016 prepared under previous GAAP, are capitalized as a part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period/ upto the date of settlement of such monetary item, whichever is earlier and charged to the Statement of Profit and Loss on annual basis. The un-amortised exchange difference is carried under other equity as "Foreign currency monetary item translation difference account" net of tax effect thereon, where applicable.

Notes to Financial Statements

for the year ended March 31, 2017

K. **Financial Instruments**

Financial instruments comprise of financial assets and financial liabilities. Financial assets primarily comprise of investments, loans and advances, premises and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings, trade payables and financial guarantee contracts.

Financial assets and financial liabilities are recognised when an entity 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 Statement of Profit and Loss (FVTPL)) 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 and loss are recognised immediately in Statement of Profit and Loss.

i. **Financial assets**

a) Recognition and initial measurement

The Company initially recognises loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

b) Investments in subsidiaries and associates:

Investment in subsidiaries and associates are shown at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to Statement of Profit and Loss.

c) Classification of financial assets

On initial recognition, a financial asset is classified to be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL;

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of Ind AS 109 are measured at fair value.

All other financial assets are classified as measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognized in statement of profit or loss. The net gain or loss recognized in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

- The Company's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the entity,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Notes to Financial Statements

for the year ended March 31, 2017

d) Derecognition of financial assets

The Company derecognises a financial asset 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 party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

e) Impairment

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

f) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to Financial Statements

for the year ended March 31, 2017

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the 'Other income' line item.

ii. Financial liabilities and equity instruments

a) Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

<u>Financial liabilities at FVTPL</u>:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit and Loss.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

<u>Other financial liabilities</u>:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Company enters into deferred payment arrangements (acceptances) whereby overseas lenders such as banks and other financial institutions make payments to supplier's banks for import of raw materials and capital expenditure. The banks and financial institutions are subsequently repaid by the Company at a later date. These are normally settled up to 12 months (for raw materials) and up to 60 months (for capital expenditure). These arrangements for raw materials are recognized as Acceptances (under trade payables) and the arrangements for capital expenditure are recognised as other financial liabilities.

<u>Derecognition of financial liabilities</u>:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to Financial Statements
for the year ended March 31, 2017

d) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, commodity price and foreign exchange rate risks, including foreign exchange forward contracts, foreign exchange options, commodity forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedge item.

iii. Hedge Accounting

In order to manage its exposure to certain commercial risks associated with commodity price, foreign exchange and interest rate fluctuations, the Company enters into derivative contracts.

The Company designates hedging instruments as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in a “Hedging Reserve Account”. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss. Amounts deferred in the Hedging Reserve Account are recycled in the statement of profit and loss in the periods when the hedged item is recognised in the statement of profit and loss, in the same line as the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In case of cash flow hedges any cumulative gain or loss deferred in the Hedging Reserve Account at that time is retained and is recognised when the forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred is recognised immediately in the statement of profit and loss.

iv. Reclassification of financial assets

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

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.

Notes to Financial Statements

for the year ended March 31, 2017

Original classification	Revised classification	Accounting treatment
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

v. Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

L. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred. The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset. The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

M. Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

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

Notes to Financial Statements

for the year ended March 31, 2017

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

N. Provisions, contingent liabilities and contingent assets

A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources is remote. Contingent assets are disclosed where inflow of economic benefits is probable.

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities and income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

A. Going Concern

The management at each close makes an assessment of the Company's ability to continue as a going concern. In making such evaluation, it considers, inter alia, the quantum and timing of its cash flows, in particular collection of all its recoverables and settlement of its obligations to pay creditors and lenders on due dates. The accounting policy choices in preparation and presentation of the financial statements is based on the Company's assessment that the Company will continue as a going concern in the foreseeable future.

B. Determination of functional currency

The Management makes judgements in defining the functional currency based on economic substance of the transactions relevant to the Company. In concluding that Indian Rupees is the functional currency for the Company, the management considered (i) the currency that mainly influences the sales prices for goods and services, the labour, material and other costs of providing goods and services, and (ii) the effect of the competitive forces and regulations of the country which mainly determine the sales prices of the goods and services. As no single currency was clearly dominant, the management also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

C. Arrangements in the nature of lease

The Company has entered into long-term arrangements on take or pay basis to facilitate continuous supply of power to its refinery at Jamnagar. Based on assessment of the terms of the arrangements, the Company has concluded that these arrangements are in the nature of lease.

D. Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

E. Impairment indicators

The management performs annual impairment tests on cash generating units and capital work-in-progress (Train II and Petrochemical Units in particular) for which there are indicators that the carrying amount might be higher than the recoverable amount. This analysis is based upon various assumptions including margins, commencement date, demand for the products, and possibilities of synergies, etc.

F. Income Taxes

Deferred tax assets (including MAT recoverable) are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The management has made a significant judgment, based on counsel's opinion, about

Notes to Financial Statements

for the year ended March 31, 2017

pattern of utilization of brought forward book losses and depreciation for the purpose of computation of minimum alternated tax.

G. Recoverability of financial assets

Assessment of recoverability of dated receivables require significant judgment. Factors considered include the credit rating, assessment of intention and ability of the counter party to discharge the liability, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. As stated in Note 45 the recoverability of amounts due from certain related parties and other entities is predicated on the sale of shares by the majority shareholders and deployment of the sale consideration towards liquidating the dues. The assessment of recoverability of these amounts is based on management's to date understanding with the majority shareholders of the amounts expected to be collected and passed through to the Company through the escrow arrangement.

H. Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystalizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

I. Fair valuation of assets held for sale

As stated in Note 52 the Company has determined the fair value of the E&P business based on a price discovery process and valuation report without considering all benefits that could accrue in the long term and/or implications of events post the discovery of the price.

J. Fair value measurements of financial assets

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility.

Notes to Financial Statements
for the year ended March 31, 2017

5. **Property, Plant and Equipment**

(₹ in crore)

Description of the assets	Gross block (Cost or deemed cost) (I)				Depreciation / Amortisation (II)				Net block (III) = (I - II)	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	During the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
A) Tangible assets										
Land	2,564.34	7.07	-	2,571.41	-	-	-	-	2,571.41	2,564.34
Buildings	743.70	26.27	-	769.97	145.06	31.53	-	176.59	593.38	598.64
Plant & machinery	34,347.78	1,072.91	332.27	35,088.42	600.74	1,462.84	288.59	1,774.99	33,313.43	33,747.04
Producing properties	31.82	-	-	31.82	2.66	0.55	-	3.21	28.61	29.16
Furniture and fixtures	25.63	0.11	4.06	21.68	11.60	2.31	3.77	10.14	11.54	14.03
Office equipments	65.35	14.51	6.48	73.38	45.04	9.71	6.12	48.63	24.75	20.31
Vehicles	13.59	0.56	0.71	13.44	8.63	1.48	0.68	9.43	4.01	4.96
Aircraft	10.00	-	-	10.00	2.72	0.45	-	3.17	6.83	7.28
Total	**37,802.21**	**1,121.43**	**343.52**	**38,580.12**	**816.45**	**1,508.87**	**299.16**	**2,026.16**	**36,553.96**	**36,985.76**
Tangible assets taken on lease										
Land	0.17	-	-	0.17	0.13	0.03	-	0.16	0.01	0.04
Buildings	112.01	34.90*	39.28*	107.63	34.67	5.40	9.98	30.09	77.54	77.34
Plant & machinery	1,290.17	1,129.46*	1,284.55*	1,135.08	364.76	58.58	395.93	27.41	1,107.67	925.41
Furniture and fixtures	0.88	-	-	0.88	0.42	0.03	-	0.45	0.43	0.46
Office equipments	0.66	-	0.04	0.62	0.52	0.01	0.04	0.49	0.13	0.14
Total	**1,403.89**	**1,164.36**	**1,323.87**	**1,244.38**	**400.50**	**64.05**	**405.95**	**58.60**	**1,185.78**	**1,003.39**
Tangible assets given on lease										
Land	2,497.24	-	-	2,497.24	-	-	-	-	2,497.24	2,497.24
Plant & machinery	0.01	-	-	0.01	-	-	-	-	0.01	0.01
Total	**2,497.25**	**-**	**-**	**2,497.25**	**-**	**-**	**-**	**-**	**2,497.25**	**2,497.25**
Total Tangible assets	**41,703.35**	**2,285.79**	**1,667.39**	**42,321.75**	**1,216.95**	**1,572.92**	**705.11**	**2,084.76**	**40,236.99**	**40,486.40**
B) Intangible assets										
Softwares & licenses	82.07	13.20	5.55	89.72	56.59	8.32	5.26	59.65	30.07	25.48
Total Intangible assets	**82.07**	**13.20**	**5.55**	**89.72**	**56.59**	**8.32**	**5.26**	**59.65**	**30.07**	**25.48**
C) Capital work-in-progress (Including expenditure during construction)									**3,624.82**	**3,333.41**

* Refer note 3(E)

Notes to Financial Statements
for the year ended March 31, 2016

5. Property, Plant and Equipment

(₹ in crore)

Description of the assets	Gross block (Cost or deemed cost) (I)				Depreciation / Amortisation (II)				Net block (III) = (I - II)	
	As at April 01, 2016	Additions	Deductions**	As at March 31,2017	As at April 01, 2016	During the year	Deductions**	As at March 31,2017	As at March 31,2017	As at March 31,2016
A) Tangible assets										
Land	2,571.41	16.69	2.18	2,585.92	-	-	-	-	2,585.92	2,571.41
Buildings	769.97	30.33	21.68	778.62	176.59	31.36	4.37	203.58	575.04	593.38
Plant & machinery	35,088.42	81.25	96.27	35,073.40	1,774.99	1,335.61	47.23	3,063.37	32,010.03	33,313.43
Producing properties	31.82	-	31.82	-	3.21	0.99	4.20	-	-	28.61
Furniture and fixtures	21.68	1.39	7.42	15.65	10.14	2.31	3.31	9.14	6.51	11.54
Office equipments	73.38	15.74	14.27	74.85	48.63	9.83	13.12	45.34	29.51	24.75
Vehicles	13.44	0.15	3.12	10.47	9.43	0.90	2.39	7.94	2.53	4.01
Aircraft	10.00	-	10.00	-	3.17	0.21	3.38	-	-	6.83
Total	**38,580.12**	**145.55**	**186.76**	**38,538.91**	**2,026.16**	**1,381.21**	**78.00**	**3,329.37**	**35,209.54**	**36,553.96**
Tangible assets taken on lease										
Land	0.17	0.05*	0.05*	0.17	0.16	0.01	-	0.17	-	0.01
Buildings	107.63	265.91*	265.91*	107.63	30.09	18.72	13.50	35.31	72.32	77.54
Marine structures	-	273.99*	273.99*	-	-	23.55	23.55	-	-	-
Plant & machinery	1,135.08	4,145.56*	4,145.56*	1,135.08	27.41	254.21	202.59	79.03	1,056.05	1,107.67
Furniture and fixtures	0.88	-	0.05	0.83	0.45	0.03	0.02	0.46	0.37	0.43
Office equipments	0.62	-	0.12	0.50	0.49	0.04	0.11	0.42	0.08	0.13
Total	**1,244.38**	**4,685.51**	**4,685.68**	**1,244.21**	**58.60**	**296.56**	**239.77**	**115.39**	**1,128.82**	**1,185.78**
Tangible assets given on lease										
Land	2,497.24	-	-	2,497.24	-	-	-	-	2,497.24	2,497.24
Plant & machinery	0.01	-	0.01	-	-	-	-	-	-	0.01
Total	**2,497.25**	**-**	**0.01**	**2,497.24**	**-**	**-**	**-**	**-**	**2,497.24**	**2,497.25**
Total Tangible assets	**42,321.75**	**4,831.06**	**4,872.45**	**42,280.36**	**2,084.76**	**1,677.77**	**317.77**	**3,444.76**	**38,835.60**	**40,236.99**
B) Intangible assets										
Softwares & licenses	89.72	9.28	6.70	92.30	59.65	10.63	6.26	64.02	28.28	30.07
Total Intangible assets	**89.72**	**9.28**	**6.70**	**92.30**	**59.65**	**10.63**	**6.26**	**64.02**	**28.28**	**30.07**
C) Capital work-in-progress (Including expenditure during construction)									**400.04**	**3,624.82**

* Pursuant to a change in the term of the arrangement leading to classification from finance lease to operating lease, subject to lenders' approval.

** Including discontinued operation.

NOTES:

1 A charge has been created on land given on lease in favour of lenders of VOTL, VPCL and VPL.

2 Additions to plant and machinery include exchange gain of ₹ 81.40 crore (Previous year loss of ₹ 251.87 crore) and borrowing cost of ₹ 39.02 crore (Previous year ₹ 107.68 crore).

3 The Company has elected to measure land and plant & machinery (other than plant and machinery taken on finance lease) of its refinery at fair value at the date of transition to Ind AS (April 01, 2015) and use those fair value as their deemed cost. This valuation is based on the report of an independent third party valuer. The carrying amounts of land and Plant & Machinery under the previous GAAP are as follows:

(₹ in crore)

Description of Assets	Carrying value	Fair Value
Land	155.65	5,059.40
Plant & machinery	19,673.24	33,686.93

4 Capital work in progress mainly includes engineering, license and other costs carried aggregating to ₹ 297.01 crore (Previous year ₹ 266.44 crore and as at April 01, 2015 ₹ 316.72 crore) relating to petrochemical and expansion projects undertaken by the company that, presently are in their nascent stages.

Notes to Financial Statements

for the year ended March 31, 2017

6. Investments (Non Current) (Unquoted)

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(1)	**Investment in equity instruments of subsidiary and associate- At cost or deemed cost**			
(i)	**Investment in subsidiaries (fully paid-up)**			
	100 (Previous year 100 and 100 as at April 01, 2015) equity shares of US$ 1 each of Essar Oil Trading Mauritius Limited (EOTML)	0.00	0.00	0.00
	50,000 (Previous year 50,000 and 50,000 as at April 01, 2015) equity shares of ₹ 10 each of Vadinar Properties Limited (VPL)	1.74	1.74	1.74
(ii)	**Investment in associates (fully paid-up)**			
	102,999,994 (Previous year 102,999,994 and 102,999,994 as at April 01, 2015) equity shares of ₹ 10 each of Vadinar Power Company Limited (VPCL)	103.00	103.00	103.00
	13,000 (Previous year 13,000 and 13,000 as at April 01, 2015) equity shares of ₹ 10 each of Vadinar Liquid Terminal Limited (VLTL)	0.01	0.01	0.01
(2)	**Other Investments - At FVTPL**			
(i)	**Investment in Essar Power Limited - 10.25% Cumulative redeemable preference shares**	-	-	970.83
	Nil (Previous year Nil and 512,500,000 as at April 01, 2015) preference shares of ₹ 20 each of Essar Power Limited (EPoL)			
(ii)	**Investments in debentures**			
	54,000 (Previous year Nil and Nil as at April 01, 2015) Fully Convertible Debentures of Vadinar Properties Limited of ₹ 100 each	42.27	-	-
(iii)	**Investments in equity instruments**			
	13,000,000 (Previous year 13,000,000 and 13,000,000 as at April 01, 2015) equity shares of ₹ 10 each of Petronet V K Limited	-	-	-
	1,584,000 (Previous year 1,584,000 and 1,584,000 as at April 01, 2015) equity shares of ₹ 10 each of Petronet CI Limited (company under liquidation)	-	-	-
	10,000,000 (Previous year 10,000,000 and 10,000,000 as at April 01, 2015) equity shares of ₹ 10 each of Petronet India Limited	-	-	-
Total		**147.02**	**104.75**	**1,075.58**

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Investment at Cost	104.75	104.75	104.75
Investment at Fair Value through Profit and Loss Account	42.27	-	970.83
Total	**147.02**	**104.75**	**1,075.58**

Refer note 3(K)(i)(b) and (c) for basis of valuation

"0.00" represents amount less than ₹ 0.01 crore

Notes to Financial Statements

for the year ended March 31, 2017

7. Loans (Non Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Inter Corporate Deposits			
- To related parties			
- Considered good	-	-	312.32
- Considered doubtful	-	-	7.68
- To others	-	-	-
Less: Expected credit loss	-	-	(7.68)
Total	**-**	**-**	**312.32**

8. Other Financial Assets (Non Current)

(Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advances against purchase of shares / debentures			
-To related parties	1,400.02	1,400.02	1,400.00
-To others	3,365.55	37.52	22.64
(A)	**4,765.57**	**1,437.54**	**1,422.64**
Other Loans and Advances			
-To related parties			
- Considered good	40.42	-	40.42
- Considered doubtful	2.58	-	2.58
Less: Expected credit loss	(2.58)	-	(2.58)
(B)	**40.42**	**-**	**40.42**
Security deposits			
- To related parties			
- Considered good	1,338.44	-	936.45
- Considered doubtful	35.80	-	25.48
- To others			
- Considered good	6.21	5.45	66.89
- Considered doubtful	0.17	0.04	0.36
Less: Expected credit loss	(35.97)	(0.04)	(25.84)
(C)	**1,344.65**	**5.45**	**1,003.34**
Others			
Other receivables			
- To related parties			
- Considered good	-	-	145.03
- Considered doubtful	-	-	3.57
- To others (refer note 42)			
- Considered good	216.04	196.10	86.80
- Considered doubtful	4.89	4.19	0.40
Less: Expected credit loss	(4.89)	(4.19)	(3.97)
(D)	**216.04**	**196.10**	**231.83**

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest accrued on deposits				
- Considered good		0.01	0.01	1.16
- Considered doubtful		0.00	0.00	0.00
Less: Expected credit loss		(0.00)	(0.00)	(0.00)
	(E)	**0.01**	**0.01**	**1.16**
Bank Deposit for more than Twelve months				
- Considered good		0.16	2.50	10.17
- Considered doubtful		-	0.01	0.04
Less: Expected credit loss		-	(0.01)	(0.04)
	(F)	**0.16**	**2.50**	**10.17**
Derivative Assets - At fair value		145.00	69.93	138.89
	(G)	**145.00**	**69.93**	**138.89**
Total	**(H) = (A+B+C+D+E+F+G)**	**6,511.85**	**1,711.53**	**2,848.45**

9. Other non-current assets

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Prepaid expenses				
-Related parties		15.25	7.65	6.13
-Others		0.01	2.46	8.80
	(A)	**15.26**	**10.11**	**14.93**
Capital Advances				
-To related parties		70.02	127.09	94.08
-To others		23.19	312.26	272.33
	(B)	**93.21**	**439.35**	**366.41**
Other Receivables				
-Claims / Other Receivable		237.11	180.83	201.36
-Export Incentive Receivables {refer note 42(a)}		381.94	258.45	179.37
	(C)	**619.05**	**439.28**	**380.73**
Total	**(D) = (A+B+C)**	**727.52**	**888.74**	**762.07**

10. Non Current Tax Assets

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance income tax / Tax deducted at source			
- Considered good	280.74	101.09	12.81
Total	**280.74**	**101.09**	**12.81**

Notes to Financial Statements
for the year ended March 31, 2017

11. Inventories

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Raw materials {including in transit ₹ 2,344.19 crore (₹ 1,398.08 crore as at March 31, 2016 and ₹ 607.39 crore as at April 01, 2015)}	4,070.76	2,289.10	2,516.69
Work-in-progress	1,599.01	728.94	1,412.61
Finished goods	857.41	501.69	556.54
Trading goods	32.28	13.58	0.41
Stores and spare parts {including in transit ₹ 3.34 crore (₹ 2.68 crore as at March 31, 2016 and ₹ 16.23 crore as at April 01, 2015)}	318.98	302.22	324.01
Other consumables {including in transit ₹ 3.80 crore (₹ 10.58 crore as at March 31, 2016 and ₹ 104.80 crore as at April 01, 2015)}	107.18	106.97	320.63
Total	**6,985.62**	**3,942.50**	**5,130.89**

Refer note 3 (F) for basis of valuation

12. Investments (Current)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Other Investments - At FVTPL			
(a) Investment in Essar Power Limited - 10.25% Cumulative redeemable preference shares	-	1,034.48	-
Nil (512,500,000 as at March 31, 2016 and Nil as at April 01, 2015) preference shares of ₹ 20 each of Essar Power Limited (EPoL)			
(b) Investment in a mutual fund			
India Growth Opportunities Fund	-	-	1,309.60
Nil (Nil as at March 31, 2016 and 119,500,000 as at April 01, 2015) units of ₹ 100 each of India Growth Opportunities Fund of Srei multiple asset investment trust			
Total	**-**	**1,034.48**	**1,309.60**

13. Trade receivables (Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade Receivables			
-Considered good*	17,452.26	15,611.45	12,387.08
-Considered doubtful	4.04	146.52	16.30
Bills Receivable	12.65	15.09	9.38
	17,468.95	**15,773.06**	**12,412.76**
Less: Expected credit loss	(4.04)	(146.52)	(16.30)
Total	**17,464.91**	**15,626.54**	**12,396.46**

* ₹ 15.92 crore (Previous year ₹ 18.39 crore and ₹ 17.15 crore as at April 01, 2015) secured by corporate/bank guarantees and/or letters of credit. The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 54.

Notes to Financial Statements
for the year ended March 31, 2017

14. Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash and cash equivalents			
Balances with banks in:			
-Current accounts	1,826.00	96.49	311.59
-Deposits with maturities less than 3 months	-	1.92	11.98
Cheques on hand	1.46	0.03	3.66
Cash on hand	0.06	0.15	0.08
Total	**1,827.52**	**98.59**	**327.31**

In accordance with the MCA notification G.S.R. 308 (E) dated March 30, 2017 details of specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016, is given below:

(Amount in ₹)

Particulars	Value of Specified Bank Notes (SBNs)	Value of Other Denomination Notes (ODN)	Total
Closing Cash in hand as on November 8, 2016	578,000	22,128	600,128
Add: Receipts	5,038,500#	1,686,893	6,725,393
Less: Payments	(57,500)*	(58,050)	(115,550)
Less: Amount Deposited in Banks	(5,559,000)	(1,359,110)	(6,918,110)
Closing Cash in hand as on December 30, 2016	-	291,861	291,861

The Company had accepted Specified Bank Notes amounting to ₹ 48,77,500 during the period November 9, 2016 to November 11, 2016 and ₹ 1,61,000 during the period November 12, 2016 to November 19, 2016, at its retail outlets (petrol pumps)/guest house, which were deposited in the bank accounts of the Company. In the Company's view, the Company was not prohibited from accepting these specified bank notes during the above period.

* Amount exchanged at banks

15. Bank balances other than Cash and Cash Equivalents

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Other bank balances			
- Balances with banks in Current accounts/deposits - Earmarked accounts (debenture/unclaimed debenture interest)	4.92	13.76	21.83
- Margin deposits* {refer note 42(b)}	1,533.26	1,452.12	1,694.77
- Other deposits	1.05	23.42	0.36
Total	**1,539.23**	**1,489.30**	**1,716.96**

* Mainly placed for letters of credit facilities, guarantees and short term borrowings from banks.

Notes to Financial Statements
for the year ended March 31, 2017

16. Loans (Current)
(Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Inter Corporate Deposits			
-To related parties			
- Considered good	257.34	4,810.18	1,494.15
- Considered doubtful	6.66	212.21	78.71
-To others			
- Considered good	-	2,788.09	94.00
- Considered doubtful	-	10.91	6.00
Less: Expected credit loss	(6.66)	(223.12)	(84.71)
Total	**257.34**	**7,598.27**	**1,588.15**

17. Other Financial Assets (Current)
(Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Other Loans and Advances			
- To related parties			
- Considered good	-	694.06	310.46
- Considered doubtful	-	18.28	7.27
- To others			
- Considered good	-	34.57	29.03
- Considered doubtful	-	1.66	0.52
Less: Expected credit loss	-	(19.94)	(7.79)
(A)	**-**	**728.63**	**339.49**
Security deposits			
- To related parties			
- Considered good	-	1,724.01	-
- Considered doubtful	-	31.17	-
- To others			
- Considered good	23.33	133.78	80.16
- Considered doubtful	0.21	6.89	1.52
Less: Expected credit loss	(0.21)	(38.06)	(1.52)
(B)	**23.33**	**1,857.79**	**80.16**

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Others				
Other receivables				
- From related parties				
- Considered good		1,271.02	3,439.20	4,444.89
- Considered doubtful		25.00	182.90	162.30
- From others				
- Considered good (refer note 45(b))		7,635.44	2,879.43	1,248.52
- Considered doubtful		551.11	47.39	76.43
Less: Expected credit loss		(576.11)	(230.29)	(238.73)
	(C)	**8,906.46**	**6,318.63**	**5,693.41**
Interest accrued on deposits				
- Considered good		42.51	51.67	75.60
- Considered doubtful		0.17	0.20	0.30
Less: Expected credit loss		(0.17)	(0.20)	(0.30)
	(D)	**42.51**	**51.67**	**75.60**
Derivative Assets - At fair value		147.46	88.63	229.78
	(E)	**147.46**	**88.63**	**229.78**
Total	**(F) = (A+B+C+D+E)**	**9,119.76**	**9,045.35**	**6,418.44**

18. Current Tax Assets

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance income tax / Tax deducted at source			
- Considered good	101.14	32.68	31.34
Total	**101.14**	**32.68**	**31.34**

Notes to Financial Statements
for the year ended March 31, 2017

19. Other Current Assets
(Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advances recoverable in cash or in kind or for value to be received				
- From related parties		-	718.06	761.03
- From others		85.77	40.17	56.45
	(A)	**85.77**	**758.23**	**817.48**
Prepaid expenses				
- Related parties		0.37	0.25	-
- Others		191.57	123.12	58.10
Balances with government authorities		50.49	50.31	44.46
	(B)	**242.43**	**173.68**	**102.56**
Capital Advances				
- To related parties		-	77.14	-
- To others		-	-	-
	(C)	**-**	**77.14**	**-**
Other Receivables				
- Claims / Other Receivable		1.90	15.96	35.58
	(D)	**1.90**	**15.96**	**35.58**
Total	(E) = (A+B+C+D)	**330.10**	**1,025.01**	**955.62**

20. Assets Held for Sale

(₹ in crore)

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a)	**Investment in equity instruments**			
	50,000 (Nil as at March 31, 2016 and Nil as at April 01, 2015) equity shares of ₹ 10 each of Essar Oil and Gas Exploration and Production Limited (EOGEPL)	0.05	-	-
(b)	**Investments in debentures**			
	27,68,31,556 (Nil as at March 31, 2016 and Nil as at April 01, 2015) Compulsorily Convertible Debentures of Essar Oil and Gas Exploration and Production Limited of ₹ 100 each	555.76	-	-
	Total	**555.81**	**-**	**-**

Refer note 52

Notes to Financial Statements

for the year ended March 31, 2017

21. Equity Share capital

(₹ in crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorised						
Equity shares of ₹ 10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00	5,000,000,000	5,000.00
Issued and subscribed						
Equity shares of ₹ 10 each	1,552,487,155	1,552.49	1,512,594,359	1,512.59	1,511,442,900	1,511.44
Paid up						
Equity shares of ₹ 10 each fully paid up	1,490,561,155	1,490.56	1,450,668,359	1,450.67	1,449,516,900	1,449.52
Add : Forfeited shares - Equity shares of ₹ 10 each	61,926,000	16.60	61,926,000	16.60	61,926,000	16.60
		1,507.16		**1,467.27**		**1,466.12**

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year :

(₹ in crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	1,450,668,359	1,450.67	1,449,516,900	1,449.52	1,449,516,900	1,449.52
Add : Equity shares issued	39,892,796	39.89	1,151,459	1.15	-	-
Shares outstanding at the end of the year	1,490,561,155	1,490.56	1,450,668,359	1,450.67	1,449,516,900	1,449.52

The above includes 951,463,854 underlying equity shares represented by 6,218,718 outstanding global depository shares (GDS). Each GDS represents 153 underlying equity shares.

b) The rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of an equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Holders of GDS are entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of shares, less the fees and expenses payable under the Deposit Agreement and any Indian tax applicable to such dividends. Holders of GDS had no direct voting rights in respect of shares, which underlie the GDS. With the amendment of the Depository Agreement on February 14, 2017, the holders of GDS are entitled to instruct the Depository to exercise the voting rights, arising under the equity shares represented by the GDS at general meetings and through postal ballot.

Notes to Financial Statements
for the year ended March 31, 2017

c) **Shares held by holding / ultimate and Intermediate holding company and / or their subsidiaries / associates and shareholders holding more than 5% shares (including GDS) in the Company:**

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	% of share	Number of shares	% of share	Number of shares	% of share
Nil (Nil as at March 31, 2016 and 4,761,000 as at April 01, 2015) GDS held by Essar Oil & Gas Limited, Mauritius	-	-	-	-	728,433,000	50.25%
6,218,718 (6,218,718 as at March 31, 2016 and 1,457,718 as at April 01, 2015) GDS held by Essar Energy Holdings Limited, Mauritius	951,463,854	63.83%	951,463,854	65.59%	223,030,854	15.39%
Equity shares held by Essar Energy Holdings Limited, Mauritius	396,607,443	26.61%	354,714,547	24.45%	354,714,547	24.47%
Equity Shares held by Essar Power Hazira Holdings Limited	-	-	100	0.00%	100	0.00%
Equity Shares held by Oil Bidco (Mauritius) Limited, a promoter entity as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009	116,581,496	7.82%	112,105,503	7.73%	-	-

d) **Stock Options:**

i) Details of stock options granted to eligible employees under the Essar Oil Employee Stock Option Scheme 2011 are as under:

Particulars	Information w.r.t. Scheme	
Date of Shareholders Approval	August 12, 2011. The Shareholders approval was modified on December 20, 2012	
Total Number of Options Approved	13,656,670	
Vesting Requirements	The options shall vest in a graded manner in three equal installments, at the end of 3rd/ 4th / 5th years from the grant date.	
Maximum Term of options granted	12 years from the date of grant.	
Source of Shares	Primary	
Variations in terms of options	Not applicable	
Exercise period	7 years from date of vesting	
	Tranche I	**Tranche II**
No. of options Granted	3,211,391	2,313,292
Exercise price	₹69.05	₹ 52.20
Grant dates	December 02, 2011	November 20, 2013
Exercise dates	December 02, 2014, December 02, 2015, December 02, 2016	November 20, 2016, November 20, 2017, November 20, 2018
Total options exercised	1,151,459	Not Applicable
Total options already forfeited	1,515,949	433,124
Total options surrendered in 2016 - 17	543,983	1,880,168
Options outstanding at the end of the year	-	-
Weighted average exercise price of the stock options	₹ 69.05	₹ 52.20
Weighted average share price for the stock options exercised during the period	N.A.	
Weighted average remaining contractual life (in years)	6.67	8.64

Notes to Financial Statements
for the year ended March 31, 2017

ii) Movement of Options Granted :

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Options outstanding at the beginning of the year	2,424,151	3,900,853
Granted during the year	-	-
Options forfeited/cancelled during the year	-	325,243
Options surrendered during the year	2,424,151	-
Options exercised during the year	-	1,151,459
Options outstanding at the end of the year	-	2,424,151
Options vested but not exercised	-	-

iii) Method of settlement - Settlement through equity.

iv) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Details	Year of Grant 2011–12	Year of Grant 2013-14
Risk – free interest rate	8.73%	9.13%
Expected life (years)*	12	12
Expected volatility**	38.26%	50.81%
Expected dividend	0.00%	0.00%
The price of underlying share in market at the time of option grant	₹ 69.05 per share	₹ 52.20 per share
Weighted average fair value	₹ 66.80 per share	₹ 53.52 per share

* Expected life of the options is based on the actual life of the options as per the scheme of the company as no historical data for early exercise of options is available.

** Volatility is measurement of the amount by which the price has fluctuated or is expected to fluctuate during a period. Volatility used in the Black-Scholes options pricing model has been derived based on the volatility in the stock prices of the earlier periods.

22. Other Equity

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
General reserve	48.84	48.84	22.25
Retained earnings	9,791.08	10,912.12	9,623.53
Other Comprehensive Income:			
Cashflow hedge reserve	(117.13)	(212.02)	(111.87)
Actuarial valuation reserve	(3.16)	(4.12)	(3.85)
Foreign currency monetary item translation difference account	(25.05)	(151.85)	13.55
Other Reserves:			
Capital reserve	40.89	40.89	40.89
Securities premium account	7,801.39	6,193.99	6,184.60
Debenture redemption reserve	10.74	10.74	37.33
Employee Stock Option Schemes (ESOS) Outstanding Account	-	7.23	7.16
Total	**17,547.60**	**16,845.82**	**15,813.59**

Notes to Financial Statements

for the year ended March 31, 2017

23. Borrowings

(₹ in crore)

	Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(A)	**Secured Borrowings - At amortised cost**				
	Debentures				
	Non convertible debentures		18.09	42.92	140.37
	Term loans				
	From banks		6,863.95	8,893.49	12,231.92
	From financial institutions		1,326.73	1,539.49	1,575.02
	Export advances from customers		7,480.79	7,946.28	3,004.36
	Unamortised portion of ancillary borrowing cost		(312.45)	(189.38)	(252.40)
	Amount included under Other financial liabilities (Current)		(2,516.32)	(1,575.29)	(1,673.10)
		(A)	**12,860.79**	**16,657.51**	**15,026.17**
(B)	**Unsecured Borrowings - At amortised cost**				
	Finance lease obligation				
	From related parties		1,202.43	1,213.49	1,299.74
	From others		-	0.32	0.79
	Other loans				
	Conditional grant from a bank		-	8.20	7.87
	Amount included under Other financial liabilities (Current)		(6.61)	(11.38)	(30.01)
		(B)	**1,195.82**	**1,210.63**	**1,278.39**
	Total	**(A+B)**	**14,056.61**	**17,868.14**	**16,304.56**

(i) Security for term loans and funded interest facilities from banks and financial institutions and debentures

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a)	Term loans, funded interest facilities and debentures are secured / to be secured by first ranking security interests {pari passu with loans for refinery expansion, refinery optimisation, certain External Commercial Borrowing (ECB) loans, Sales tax / General purpose term loan and Export Performance Bank Guarantee Facilities (EPBG)} on all present and future immovable assets of refinery division, all present and future movable assets other than current assets of refinery division, first ranking charge over the rights, title and interests under project documents and over all licenses, permits, approvals, assignments, concessions and consents of project, security interest on rights, title and interests in trust and retention accounts and all sub accounts created there under, insurance policies in relation to the refinery including refinery expansion, refinery optimisation and HMU II and second ranking security interests on current assets, first ranking pledge of certain shares of the Company held by a related party, personal guarantees of some of the promoters and other collaterals being pledge of certain shares of related parties and mortgage over a property of a body corporate. Term Lenders have (barring one) released personal guarantees and collaterals thereto.	4,736.59	5,114.61	6,901.41

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
b)	Corporate term loan from a bank is secured by first charge on all present and future current assets (ranking pari passu with working capital facility), excluding that of exploration and production division, second charge by way of mortgage on all present and future fixed assets including the plant site of the refinery excluding certain category of assets, personal guarantees of some of the promoters and corporate guarantee by body corporate and other collaterals being second ranking on pledge of certain shares of the Company and that of a related party held by related parties and the company and second ranking mortgage over a property of a body corporate.	-	-	500.02
c)	Sales tax / General purpose term loan from a bank is secured / to be secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, certain ECB loans, refinery optimisation and EPBG) on all present and future fixed assets and second ranking security interests on all present and future current assets excluding that of exploration and production division, personal guarantees of some of the promoters and certain undertakings provided by related parties, first ranking pari passu pledge of certain investments of the Company.	657.96	657.96	1,500.00
d)	Term loan from a bank is secured by subservient charge on moveable fixed assets of the Refinery Division and personal guarantee of one of the promoters.	-	227.20	500.00
e)	Term loan from a bank is secured by subservient charge on moveable fixed assets of the Refinery Division and extension of pledge of certain equity shares of related parties / body corporate.	1,022.64	1,022.64	-
f)	ECB loan is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery project, all present and future movable assets of refinery project excluding current assets, security interest on the rights, title and interest under project documents, trust and retention accounts, insurance policies all in relation to the refinery including refinery expansion, refinery optimisation and HMU II and second pari-passu charge on the current assets, pledge of certain shares of the Company held by a related party and certain undertakings provided by the related parties.	1,399.00	1,592.26	1,654.36

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for the year ended March 31, 2017

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
g)	ECB loan is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets in relation to the refinery project, including the rights to the refinery project land and the project site (but excluding (I) all immovable property leased to or provided for use by the entities implementing the terminal utility, the power utility and township project, and (II) any land for the second train); a first ranking charge by way of hypothecation of all moveable fixed assets in relation to the refinery project, both present and future (but excluding all upstream oil & gas, coal bed methane related assets including but not limited to Ratna & R-series oil fields, CBON-3 (Mehsana), Raniganj RG (East), CR-ON-90/1 (Cachar), Blocks L&A2 (Myanmar) and AA-ONN (Assam) blocks and Naphtha Receivables, all intangible and tangible assets with respect to the refinery project (but excluding Current Assets in relation to the refinery project and all upstream oil & gas, coal bed methane related assets including but not limited to Ratna & R-series oil fields, CBON-3 (Mehsana), Raniganj RG (East), CR-ON-90/1 (Cachar), Blocks L&A2 (Myanmar) and AA-ONN (Assam) blocks and Naphtha Receivables, all the bank accounts in relation to the refinery project, including without limitation the Trust and Retention Accounts, the Debt Service Reserve Account, the Escrow Account, all the rights, titles, permits, approvals, interests etc., under project documents, a second ranking charge by way of hypothecation on all current assets in relation to the refinery project, pledge of certain shares of the Company held by a related party and certain undertakings provided by related parties.	1,400.87	1,556.49	1,502.18
h)	Long term advances against export performance bank guarantees USD 1,153.76 million (Previous year USD 1,197.94 million and USD 480 million as at April 01, 2015) from customers are secured by EPBG issued by domestic banks:	7,480.79	7,946.28	3,004.36
	(i) EPBG issued by SBI USD 640.25 million (Previous year USD 665.75 million and USD 380 million as at April 01, 2015) is secured / to be secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loan, Sales tax / General purpose term loan and refinery expansion) on plant site, all present and future fixed assets (except excluded assets), second ranking security interest on all present and future current assets (except excluded assets) and further by pledge of certain shares of the Company held by a related party, personal guarantees of promoters' of the Company together with collateral securities i.e. pledge over certain shares of related parties and mortgage over certain assets of a body corporate and certain guarantees from body corporates and undertakings from related parties and first ranking pari passu pledge of certain investments of the Company.	4,151.29	4,416.11	2,378.45

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	ii) EPBG issued by ICICI USD 513.51 million (Previous year USD 532.19 million and USD 100 million as at April 01, 2015) is secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and refinery expansion) on plant site, over the rights, title and interest to the Refinery project including the HMU project, tangible and intangible assets, all present and future fixed assets (except excluded assets), second ranking security interest on present and future current assets (except excluded assets), pledge of certain shares of the Company held by a related party and undertaking of certain related parties.	3,329.50	3,530.17	625.91
i)	Term loans for the refinery expansion are secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets of refinery, all present and future movable assets, other than current assets of refinery, all tangible and intangible assets of refinery, all the bank accounts of refinery including without limitation the cash sweep account, debt service reserve account, first charge on security interest on rights, title and interests under project documents, trust and retention accounts, insurance policies in relation to the refinery, including refinery expansion, charge over immovable properties leased to entities implementing the terminal utility, power utility and township utility (subject to prior charge in favor of the lenders financing the said utilities) and second ranking security interest on current assets of refinery and further by pledge and non-disposal undertaking of certain shares / global depository shares of the Company, certain shares of the Company and that of a related party held by related parties and the Company, first ranking pari passu pledge of certain investment of the company, personal guarantees of promoters of the Company together with collateral securities i.e. pledge over certain shares of related parties, mortgage over certain assets of a body corporate, certain undertakings from related parties, residual charge on the company's participating interest, cash flows related to upstream oil and gas, coal bed methane fields and related assets subject to certain approvals.	731.19	829.36	2,420.47
j)	Term loan for the refinery optimisation is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery project, all present and future movable assets other than current assets of refinery project, all tangible and intangible assets of refinery project, bank accounts of optimisation project, security interest on rights, title and interests under project documents, trust and retention accounts, insurance policies in relation to the refinery, refinery expansion and refinery optimisation and second ranking security interests on current assets.	-	-	805.53

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
k)	Term loans are secured / to be secured by first charge on immovable assets and movable assets (present and future), first charge over book debts, operational cash flows, receivables, trust and retention account, Debt Service Reserve account, participating interest under CBM contract, security interest on rights, title and interests under the project documents, insurance policies, clearances, rights under letter of credit and guarantees, performance bond, corporate guarantee and bank guarantees, all in relation to CBM Project.	-	421.59	502.06
l)	Term loans are secured / to be secured by first charge on all present and future movable assets, immovable assets, current assets and intangible assets, first charge on all the bank accounts of the Company including Trust and Retention Account, Debt Service Reserve account and the monies deposited therein, a sub-ordinate charge on participating interest under CBM contract, security interest on all present and future right, title, interest, benefits, claims and demands under the project documents and under the approvals and insurance contracts/insurance proceeds including all right, title and interest, claims and demands under any letter of credit, guarantees related to the project.	-	757.88	-
m)	ECB Loan is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery, security interest on rights, title and interests under project documents, all present and future movable assets of refinery, all tangible and intangible assets of refinery, all the bank accounts of HMU II project including without limitation to trust and retention accounts, debt service reserve account, project implementation account and second ranking security interests on current assets of refinery, pledge of certain shares of the Company held by a related party and certain undertakings provided by related parties.	519.07	601.42	603.71

(ii) Repayment and other terms:

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a)	Outstanding debentures consists of 3,190,100 (Previous year 5,174,950 and 13,595,950 as at April 01, 2015) – Secured redeemable non – convertible debentures (NCDs) of ₹ 105/- each. These amounts carry interest ranging from fixed rate of 12.50% p.a to a prime lending rate/ base rate of respective banks plus margin and is repayable from December 2014 to June 2018.	18.09	42.92	134.20
	Nil (Previous year Nil and 700,000 as at April 01, 2015) – Secured redeemable non – convertible debentures (NCDs) of ₹ 100 each on private placement basis partly paid up at ₹ 93.86 per debenture. These debentures carry interest at a prime lending rate / base rate of the bank plus margin and has been prepaid in FY 2015-2016.	-	-	6.17

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
b)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions is based on their prime lending rate / base rate / 1 month LIBOR plus margin (margin ranges from 2.12% p.a. to 3.00% p.a.) with different repayment installments starting from December 2009 to March 2026.	2,409.03	2,723.55	3,784.43
c)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions is repayable in installments from March 2021 to March 2026 and carries interest ranging from 4.98% to 12.37%. The Company has an option, subject to consent of the lenders, to prepay these facilities as per agreed terms at a reduced amount at any point of time during its term.	1,675.72	1,675.72	2,265.63
d)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions is repayable in 40 equal quarterly installments beginning June 30, 2015 and carried interest ranging from 4.98% to 12.37%. The Company has an option, subject to consent of the lenders, to prepay this facility as per agreed terms at a reduced amount at any point of time during its term.	375.95	422.92	469.92
e)	A funded interest loan of ₹ 206.88 crore (Previous year ₹ 206.88 crore) is payable in a single bullet payment in 2031.	51.90	47.02	42.60
f)	Term Loans carry interest rate linked with respective banks' prime lending rate / base rate plus 4% (margin / liquidity premium) and are repayable in installments starting from December 2012 and ending in September 2018.	590.00	590.00	2,906.68
g)	Term loans carry interest rate linked with respective banks base rate / MCLR rate / 3 months LIBOR plus margin and are repayable in installments starting from March 2014 and ending in April 2022. Out of above certain amount ₹ Nil (previous year ₹ Nil, ₹ 17.68 crore as at April 01, 2015) pertains to Buyers' credit which will be ultimately converted into term loan.	-	421.59	502.06
h)	Term loans carry interest rate linked with respective banks base rate / 6 months LIBOR plus margin and are repayable in installments starting from June 2018 and ending in September 2028.	-	757.88	-
i)	ECB Loan carry interest rate of 3 months LIBOR + 2.75% p.a. are repayable in installments starting from January 2012 and ending in October 2018.	141.19	239.36	319.31
j)	ECB Loans carry interest rate of 3 months / 6 months LIBOR + margin ranging from 4.70% p.a. to 5.00% p.a. are repayable in installments starting from March 2015 and ending in March 2024.	2,799.87	3,148.75	3,156.54
k)	EPBG advances USD 1,197.94 million (Previous year USD 1,197.94 million and USD 480 million as at April 01, 2015) carry interest rate of 12 months LIBOR + 2% margin are repayable over a period of two years with a rollover option, subject to discretion of the buyer, upto a period of 10 years.	7,480.79	7,946.28	3,004.36

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
l)	Corporate term loan carry interest rate at banks' prime lending rate / base rate plus 3.75% p.a.(margin / liquidity premium) and is repayable in installments from June 2014 to March 2017 has been repaid during the year.	-	-	500.02
m)	General purpose term loan carry interest rate at banks' prime lending rate / base rate plus 3.25% p.a.(margin / liquidity premium) and is repayable in installments from December 2012 to September 2018.	657.96	657.96	1,500.00
n)	Term loan carry interest rate at banks' prime lending rate / base rate plus 0.75% p.a.(margin / liquidity premium) and is repayable in 8 quarterly installments starting from June 2015 and ending on March 2017.	-	227.20	500.00
o)	Term loan carry interest rate at banks' prime lending rate / base rate plus 0.75% p.a.(margin / liquidity premium) and is repayable in installments starting from June 2018 and ending on March 2023.	1,022.64	1,022.64	-
p)	ECB Loan carry interest of LIBOR + 4.96% p.a. and is repayable in installments starting from June 2015 and ending in March 2021.	519.07	601.42	603.71
q)	The pilot project for coal bed methane gas was partially financed by a conditional grant of USD Nil (Previous year USD 0.89 million and USD 0.89 million as at April 01, 2015) and ₹ Nil (Previous year ₹ 2.31 crore and ₹ 2.31 crore as at April 01, 2015) received from a bank. The conditional grant, in terms of the agreement, will be repayable in the event the Company puts the project to commercial use, and repayments to the bank will be based on gross annual sales derived from the commercial exploitation of the project, subject to a maximum repayment of 200% of the conditional grant. Commercial exploitation of the project is dependent upon getting necessary approvals from the Government of India. The conditional grant amount has been transferred to Essar Oil and Gas Exploration Production Limited (EOGEPL), subject to lender approval, consequent to the disposal off the E&P Division (refer note 52)	-	8.20	7.87

24. Other financial liabilities (Non-Current)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance against GDS	-	1,632.45	1,540.36
Security deposits	5.45	4.53	5.64
Derivative Liabilities - At fair value	211.66	420.68	506.77
Other liabilities	35.79	-	40.72
Total	**252.90**	**2,057.66**	**2,093.49**

25. Provisions (Non current)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Other Provisions			
Site restoration	-	5.14	5.14
Total	**-**	**5.14**	**5.14**

Represents current cost of restoring the Exploration and production sites on abandonment or decommissioning of oil and gas wells and facilities at the end of their economic life. As at March 31, 2017, the provision is Nil as Exploration and Production division has been disposed off. (Refer note 52)

Notes to Financial Statements

for the year ended March 31, 2017

26. Taxation

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred tax liabilities (Net)	4,522.31	4,879.91	3,959.05
Total	**4,522.31**	**4,879.91**	**3,959.05**

a) Income tax expense/(benefit)

(₹ in crore)

Particulars		2016-2017	2015-2016
Current tax :			
Current tax (MAT)		236.23	437.31
Tax reversal pertaining to earlier years		(358.43)	-
Total current tax	**(A)**	**(122.20)**	**437.31**
Deferred tax	**(B)**	**(475.44)**	**1,061.54**
Total tax (benefit) / expense	**(C) = (A+B)**	**(597.64)**	**1,498.85**

b) The income tax expenses for the year can be reconciled to the accounting profit as follows:

(₹ in crore)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
(Loss) / Profit before tax (net of loss from Discontinued Operations) for the year	**(1,718.68)**	**2,787.44**
Enacted tax rate	34.608%	34.608%
Expected income tax (benefit) / expense at statutory rates	**(594.80)**	**964.68**
Items giving rise to difference in tax		
Deferred tax asset not recognised	760.42	556.93
Business loss utilised not recognised earlier	(84.11)	-
Permanent disallowances	9.99	(20.15)
Effect of change in indexed cost of land	(705.41)	(4.33)
Others	16.27	1.72
Total Income tax (benefit) / expense	**(597.64)**	**1,498.85**

(₹ in crore)

Deferred tax balance in relation to	As at March 31, 2016	Recognised / reversed through profit and loss	Recognised in / reclassified from other comprehensive income	As at March 31, 2017
Property, plant and equipment	9,352.33	(522.86)	-	8,829.47
Carried forward business loss / unabsorbed depreciation	(2,829.64)	-	-	(2,829.64)
43B disallowances	(537.06)	(71.06)	-	(608.12)
Cash flow hedge / FCMITDA / Acturial Valuation	(194.75)	-	117.84	(76.91)
Borrowings	(377.63)	(31.56)	-	(409.19)
MAT credit entitlement	(437.31)	122.19	-	(315.12)
Others	(96.03)	27.85	-	(68.18)
Total	**4,879.91**	**(475.44)**	**117.84**	**4,522.31**

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

Deferred tax balance in relation to	As at April 01, 2015	Recognised / reversed through profit and loss	Recognised in / reclassified from other comprehensive income	As at March 31, 2016
Property, plant and equipment	9,036.42	315.91	-	9,352.33
Carried forward business loss/ unabsorbed depreciation	(3,854.23)	1,024.59	-	(2,829.64)
43B disallowances	(667.60)	130.54	-	(537.06)
Cash flow hedge / FCMITDA / Acturial Valuation	(54.07)	-	(140.68)	(194.75)
Borrowings	(448.46)	70.83	-	(377.63)
MAT credit entitlement	-	(437.31)	-	(437.31)
Others	(53.01)	(43.02)	-	(96.03)
Total	**3,959.05**	**1,061.54**	**(140.68)**	**4,879.91**

Note:

The Company is assessed to tax on taxable profits determined for each fiscal year beginning on April 01 and ending on March 31. For each fiscal year, the entity profit or loss is subject to the higher of the regular income tax payable or the Minimum Alternate Tax ("MAT").

Provision for tax is determined based on book profits prepared under generally accepted accounting principles and adjusted for, inter alia, the Company's assessment of allowable expenditure (as applicable), including exceptional items, set off of tax losses and unabsorbed depreciation. Statutory income tax is charged at 30% plus a Surcharge and Cess. MAT for the fiscal year 2016-17 is payable at 18.5% as increased by Surcharge and Cess. MAT paid in excess of regular income tax payable during a year can be carried forward and set off against regular income taxes payable within a period of fifteen years succeeding the fiscal year in which MAT credit arises

See note 32

27. Short term borrowings

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Secured Borrowings			
Buyers' credits and bills discounting	7,156.74	8,392.90	10,068.99
Bank overdraft / Cash credit	228.26	111.20	0.37
Term loan from banks	1,466.66	1,450.00	-
Working capital demand loan from bank	1,300.00	1,300.00	-
Total	**10,151.66**	**11,254.10**	**10,069.36**

Notes to Financial Statements
for the year ended March 31, 2017

Security for short term borrowing:

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Buyers' credits and bills discounting:				
a)	Secured / to be secured by first charge on all current assets (ranking pari passu with Corporate term loan) excluding that of exploration and production division, second charge by way of mortgage of land and building and plant and machinery and other movable assets, present and future excluding certain category of assets, personal guarantees of some of the promoters, corporate guarantee by body corporates, other collaterals being second ranking pledge of certain shares of the Company and that of related parties held by other related parties, second ranking mortgage over a property of a body corporate and first ranking pari passu pledge of certain investments of the Company.	7,156.74	8,284.13	9,540.10
b)	Secured by charge over receivables.	-	-	441.38
c)	Secured by fixed deposits maintained with a bank.	-	108.77	87.51
d)	Bank overdraft / cash credit from bank is secured by fixed deposits maintained with a bank.	228.26	111.20	0.37
e)	Short Term Loan from bank is secured by subservient charge on movable fixed and current assets of the Refinery Division, personal guarantee of one of the promoters, Corporate guarantee of body corporate and pledge of certain shares of a related parties / body corporate.	1,466.66	1,450.00	-
f)	Working Capital Demand loan from bank is secured / to be secured by first charge on all current assets both present and future including all receivables of Refinery and Marketing Division (ranking pari passu with Corporate term loan) excluding that of exploration and production division, second charge by way of mortgage of immovable and movable properties, including revenues both present and future excluding certain category of assets, personal guarantees of some of the promoters, corporate guarantee by body corporates, other collaterals being second ranking pledge of certain shares of the Company and that of related parties held by other related parties and second ranking mortgage over a property of a body corporate.	1,300.00	1,300.00	-

28. Trade Payables

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Micro and small enterprises	3.16	0.95	1.94
Others	26,155.88	25,308.61	21,094.70
Total	**26,159.04**	**25,309.56**	**21,096.64**

Notes to Financial Statements

for the year ended March 31, 2017

29. Other financial liabilities (Current)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current maturities of borrowings (refer note 23)	2,522.93	1,586.67	1,703.11
Interest accrued but not due on borrowings	39.04	132.48	21.13
Capital creditors	92.24	258.18	317.43
Bills Payable	-	-	2.97
Security deposits	23.05	53.16	38.81
Unclaimed debenture interest and principal (secured)*	5.48	14.40	22.32
Other liabilities	67.90	442.41	35.20
Derivative Liabilities - At fair value	75.22	128.56	245.08
Total	**2,825.86**	**2,615.86**	**2,386.05**

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at balance sheet date.

30. Other Current liabilities

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Statutory dues	642.03	512.27	1,190.37
Advances received from customers	7,095.03	3,280.91	4,316.61
Export Obligation Deferred Income*	5.07	22.04	-
Total	**7,742.13**	**3,815.22**	**5,506.98**

*In respect of unfulfilled export obligation of ₹ 7,807.63 crore (₹ 16,586.05 crore as at March 31, 2016 and Nil as at April 01, 2015)

31. Provisions (Current)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for employee benefits			
Earned leave	8.43	10.83	12.34
Gratuity	16.20	16.85	11.72
Total	**24.63**	**27.68**	**24.06**

32. Current Tax Liabilities (Net)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for taxation	322.58	444.35	6.25
Total	**322.58**	**444.35**	**6.25**

Note:

The Company has for assessment year 2016 -17 filed its income tax return reflecting a tax liability of ₹ 78.88 crore. The basis of calculation of the liability is supported by an opinion from an eminent tax counsel. The provision (and credit entitlement) previously recorded in the books have therefore been reduced by ₹358.43 crore. The liability of ₹78.88 crore carried in the books is subject to acceptance of the basis of calculation by revenue authorities in the Company's tax assessments.

Notes to Financial Statements
for the year ended March 31, 2017

33. Revenue from operations

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of petroleum products {refer note 42 (a)}	63,766.43	56,935.00
Sale of traded goods - crude and petroleum products	8,095.65	5,240.17
Other operating revenues	222.49	206.00
Total	**72,084.57**	**62,381.17**

34. Other income

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income		
- Bank deposits (at amortised cost)	93.90	116.09
- Other financial assets (carried at amortised cost) {refer note 42 (a)}	1,515.68	1,461.88
- Derivative instruments-carried at fair value	128.88	120.81
	1,738.46	**1,698.78**
Dividend income		
- Dividend from equity investment-carried at FVTPL	2.30	-
Other non-operating income {refer note 42 (a)}	98.34	146.62
Other gains and losses		
- Net gain on investments carried at FVTPL	3.60	24.24
- Exchange differences (net)	624.46	-
- Net gain on financial assets carried at FVTPL	4.75	63.65
- Gain on extinguishment of lease arrangement	377.35	355.01
Total	**2,849.26**	**2,288.30**

35. Changes in inventory of finished goods, work-in-progress and stock-in-trade

(₹ in crore)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Opening inventory:			
- Finished goods		501.69	556.54
- Work-in-progress		728.94	1,412.61
- Stock-in-trade		13.58	0.41
	(A)	**1,244.21**	**1,969.56**
Closing inventory:			
- Finished goods		857.40	501.69
- Work-in-progress		1,599.00	728.94
- Stock-in-trade		32.28	13.58
	(B)	**2,488.68**	**1,244.21**
Shown under Discontinued Operations	**(C)**	**0.11**	**0.21**
Net Decrease / (Increase) in Inventory	**Total (A) - (B) - (C)**	**(1,244.58)**	**725.14**

Notes to Financial Statements
for the year ended March 31, 2017

36. Employee benefits expense

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	394.58	287.31
Contribution to provident and other funds	22.11	17.32
Staff welfare expenses	12.24	12.03
Employee Stock Option Expenses	(7.23)	2.66
Total	**421.70**	**319.32**

Excess managerial remuneration of ₹ 15.41 crore is subject to approval of the shareholders at the ensuing annual general meeting.

37. Finance costs

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest - at amortised cost		
a) On debentures	27.15	25.01
b) On fixed loans	1,190.28	1,635.32
c) On others	2,311.75	771.73
Other finance charges	236.50	250.11
Total	**3,765.68**	**2,682.17**

38. Other expenses

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Operating Expenses:		
Consumption of stores and spare parts	79.80	95.32
Intermediate material storage charges	2.11	133.18
Consumption of power and fuel {Net of consumed out of own production ₹ 754.15 crore (Previous year ₹ 579.07 crore)}	1,154.18	1,115.29
Other operating expenses	368.44	527.30
(A)	**1,604.53**	**1,871.09**
Selling and Marketing Expenses		
Terminalisation charges	25.35	15.75
Rent / ROI / Adhoc Compensation for retail outlets	54.28	15.35
Product handling / storage charges	273.89	382.80
Freight and Forwarding Charges	204.98	147.27
Other selling and distribution expenses	132.58	77.20
(B)	**691.08**	**638.37**
General and Administrative Expenses		
Rates and taxes	3.37	2.92
Insurance	49.16	54.73

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Legal and professional fees		197.54	221.45
Rent		28.51	25.68
Repairs and maintenance			
a) Buildings		36.14	35.08
b) Plant and machinery		64.24	58.53
c) Others		41.55	34.47
Property, plant and equipment written off / sold		36.77	111.62
Exchange differences (net)		-	413.07
Trade Mark Fees		287.93	130.67
Sundry expenses *		238.79	266.89
Expected credit loss		210.16	273.27
Loss arising on Financial Assets at FVTPL		9.48	2.44
	(C)	**1,203.64**	**1,630.82**
Total	**(A)+(B)+(C)**	**3,499.25**	**4,140.28**

* An amount of ₹ 6.65 crore has been contributed by the Company to Satya Electoral Trust during the year ended on March 31, 2017.

39. Earnings per share

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
From Continuing Operations			
Profit after tax (₹ In crore)		1,087.45	1,539.67
Profit attributable to ordinary shareholders for Basic EPS (₹ In crore)	**(A)**	**1,087.45**	**1,539.67**
Impact on Profit (Net of Tax) for Diluted EPS (₹ In crore)		-	-
Profit attributable to ordinary shareholders for Diluted EPS (₹ In crore)	**(B)**	**1,087.45**	**1,539.67**
From Discontinuing Operations			
Profit after tax (₹ In crore)		(2,208.49)	(251.08)
Profit attributable to ordinary shareholders for Basic EPS (₹ In crore)	**(C)**	**(2,208.49)**	**(251.08)**
Impact on Profit (Net of Tax) for Diluted EPS (₹ In crore)		-	-
Profit attributable to ordinary shareholders for Diluted EPS (₹ In crore)	**(D)**	**(2,208.49)**	**(251.08)**
From Continuing & Discontinuing Operations			
Profit after tax (₹ In crore)		(1,121.04)	1,288.59
Profit attributable to ordinary shareholders for Basic EPS (₹ In crore)	**(E)**	**(1,121.04)**	**1,288.59**
Impact on Profit (Net of Tax) for Diluted EPS (₹ In crore)		-	-
Profit attributable to ordinary shareholders for Diluted EPS (₹ In crore)	**(F)**	**(1,121.04)**	**1,288.59**
		Nos.	Nos.
Ordinary shares at the beginning of the year for basic EPS		1,450,668,359	1,449,516,900
Add: Weighted average number of ordinary shares issued during the year		5,464,767	410,989
Weighted average number of ordinary shares for basic EPS	**(G)**	**1,456,133,126**	**1,449,927,889**

Notes to Financial Statements
for the year ended March 31, 2017

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Add: Shares deemed to be issued		1,351,562	2,642,222
Weighted average number of ordinary shares for diluted EPS	**(H)**	**1,457,484,688**	**1,452,570,111**
Nominal value of ordinary shares (₹)		10/-	10/-
From Continuing Operations			
Basic earnings per share (₹)	**(A/G)**	**7.47**	**10.62**
Diluted earnings per share (₹)*	**(B/H)**	**7.46**	**10.60**
From Discontinuing Operations			
Basic earnings per share (₹)	**(C/G)**	**(15.17)**	**(1.73)**
Diluted earnings per share (₹)*	**(D/H)**	**(15.17)**	**(1.73)**
From Continuing & Discontinuing Operations			
Basic earnings per share (₹)	**(E/G)**	**(7.70)**	**8.89**
Diluted earnings per share (₹)*	**(F/H)**	**(7.70)**	**8.87**

*Advances against GDS not considered since the number of underlying shares per GDS has not presently been determined {refer note 24 and 41(b) (ii)}

40. Capital and other commitments

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Capital commitments :			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	519.98	961.11	1,268.21

Other commitments :

a) Purchase of 293,000,006 equity shares and 391,998,000 participating preference share of VPCL.

The company entered into a Share Purchase Agreement with Essar Power Limited for acquisition of balance 73.99% of equity shares and 100% of Cumulative Convertible Participating Preference Shares of VPCL, for an amount not exceeding ₹ 2,100 crore. The Company has since acquired the above stake in VPCL.

b) Purchase of 3143,23,454 equity share of VOTL.

The company entered into a Share Purchase Agreement with Essar Steel Jharkhand Limited for acquisition of upto the entire issued and paid up share capital of VOTL at an Enterprise Value not exceeding INR equivalent of USD 2,000 million. The Company has since acquired 97.63% of the equity share capital of VOTL till date. (refer note 45 (b)).

c) Commitment to procure power under long term take or pay arrangement and avail storage & product handing services under midterm arrangement.

Notes to Financial Statements

for the year ended March 31, 2017

41. Contingent liabilities

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Claims against the Company not acknowledged as debts			
(i) In respect of income tax	73.86	70.93	68.34
(ii) In respect of sales tax / VAT{ includes likely reimbursement of ₹ 1,928.25 crore (as at March 31, 2016 ₹ 1,378.12 crore and as at April 01, 2015 ₹ Nil) }	2,494.61	1,632.75	40.74
(iii) In respect of custom duty / excise duty / service tax {includes likely reimbursement of ₹ 47.22 crore (as at March 31, 2016 ₹ Nil and as at April 01, 2015 ₹ Nil)}	567.64	494.94	650.82
(iv) Others {including ₹ Nil (as at March 31, 2016 ₹ 0.54 crore and as at April 01, 2015 ₹ 0.51 crore) pertaining to joint venture}	224.67	210.77	244.43

Others includes certain arbitration matters ₹ 5.55 crore (as March 31, 2016 ₹ 5.55 crore and ₹ 98.76 crore as at April 01, 2015), Insurance related claim ₹ 123.70 crore (as March 31, 2016 ₹ 109.99 crore and ₹ 102.99 crore as at April 01, 2015), Gujarat entry tax ₹ 3.51 crore (as March 31, 2016 ₹ 3.51 crore and ₹ 3.51 crore as at April 01, 2015), additional compensation in land acquisition matter ₹ 0.79 crore (as March 31, 2016 ₹ 0.77 crore and ₹ 0.74 crore as at April 01, 2015), E & P legal disputes/claims ₹ Nil (as March 31, 2016 ₹ 29.23 crore and ₹ 28.09 crore as at April 01, 2015), Green cess matter ₹ 16.27 crore (as March 31, 2016 ₹ 13.10 crore and ₹ 10.10 crore as at April 01, 2015), Renewable Purchase Obligation of ₹ 18.92 crore (as March 31, 2016 ₹ 13.12 crore and ₹ Nil as at April 01, 2015) and Other miscellaneous claims of ₹ 55.93 crore (as March 31, 2016 ₹ 35.50 crore and ₹ 0.24 crore as at April 01, 2015).

b) Other money for which the Company is contingently liable

(i) The Company has entered into an arrangement for standby bareboat charter with Essar Shipping (Cyprus) Limited (ESCL) for 3 ships at an average rate of USD 8,300 per day per ship for upto a period of 8 years. This bareboat charter gets implemented only if ESCL defaults its payment with its lenders. However, ESCL has agreed to indemnify the Company against all losses, in the event of the bareboat charters becoming effective.

(ii) The RBI levied a compounding penalty of ₹ 241.16 crore on the Company for delay in allotment of equity against advances for GDS. Based on legal advise the Company is in the process of filing a writ petition in the High Court.

(iii) Pursuant to a take or pay arrangement for supply of LNG, a claim has been raised on the Company by a supplier for a sum of ₹ 769.59 crore (including interest). The Company has disputed the claim and has also been legally advised that it is entitled to lift LNG against the principal amount of the claim, if paid.

Third party claims where the possibility of outflow of resources embodying economic benefits is remote, and includes show cause notices which have not yet converted to regulatory demands, have not been considered as contingent liabilities.

42. (a) The Company has continued recognition of income during the year amounting to ₹ 87.46 crore (Previous year – ₹ 59.19 crore) (refer note 33) in respect of duty drawback {Receivables as at March 31, 2017 – ₹ 298.38 crore (As at March 31, 2016 ₹ 210.92 crore and As at April 01, 2015 ₹ 153.71 crore)} (refer note 9) and ₹ 7.78 crore (Previous year – ₹ 207.14 crore) (refer note 34) in respect of contractual matter {Receivables as at March 31, 2017 - ₹ 177.25 crore (As at March 31, 2016 – ₹ 169.46 crore and As at April 01, 2015 ₹ 5.18 crore) (refer note 8), based on legal advice regarding the probability of succeeding before relevant authorities.

(b) Margin deposits and Other receivables include ₹ 4.11 crore and ₹ 4.80 crore respectively, being amounts retained by a bank towards invocation of a Bank Guarantee, which are pending release by the bank pursuant to a court order in favour of the Company.

43. GDS proceeds utilisation

As at balance sheet date, the unutilized balance of proceeds from issue of GDS / advance towards issue of GDS amounting to ₹ 0.12 crore (as at March 31, 2016 ₹ 3.97 crore and ₹ 12.37 crore as at April 01, 2015) is lying in current / deposit accounts with banks.

Notes to Financial Statements

for the year ended March 31, 2017

44. Exceptional items

Exceptional items comprise of

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventory (Gain)/Loss arising from steep fluctuations in the global price of crude oil	(130.00)	712.77
Foreign currency gain arising from redesignation of the currency in which dues of NIOC are to be settled, from USD to Euro	(853.58)	-
Debit to profit and loss on re-assessment of the company's ability to collect the amount specified in note 45 (a) below	6,234.77	-
Total	**5,251.19**	**712.77**

45. (a) As reported in the earlier year, in terms of the SPAs entered into by the majority shareholders to sell their stake in the Company (refer note 1) an escrow arrangement was to be put in place to deploy the sales consideration, to the extent required, for realization of amounts due from certain related parties and other entities. The closure of sale by the majority shareholders is taking longer than previously envisaged. The Company in the interim continues to transact with these entities, and has reassessed its ability to collect the outstanding balance, through the said escrow arrangement, based on which it has debited to profit or loss ₹ 6,234.77 crore as an Exceptional Item. The carrying values of the dues to be received through the escrow mechanism aggregate at March 31, 2017 to ₹ 22,982.45 crore.

(b) The Board of Directors, post the year end, deliberated that the valuation of VOTL was potentially higher than presently considered, and resolved that the same be dealt with appropriately after obtaining legal advice and an independent valuation. Pending resolution of the same, the Company has held a sum of ₹ 1,331.11 crore under Other Financial Assets (Current) (refer note 17) in the balance sheet.

46. The ability of the Company to continue as a going concern is predicated on the successful implementation of the SPAs together with the escrow arrangement for deployment of the sales consideration towards the liquidation of amounts due to the Company from certain entities (refer note 45 (a) above) and have the required cash flow to discharge its liability for payments to the National Iranian Oil Company (NIOC). The Company expects to shortly receive ₹ 22,982.45 crore, through the escrow mechanism and discharge its liability to NIOC of ₹ 17,186.34 crore (net of subsequent payments) as at March 31, 2017.

47. (i) The Hon'ble High Court of Gujarat had, in response to the Company's petition, ruled vide its orders dated August 04, 2006 and August 11, 2006 that the interest on debentures for the period October 1998 to April 2012 should be accounted for on 'cash basis'. Accordingly, accrued interest liabilities amounting to ₹ 88.65 crore (Previous year ₹ 140.29 crore and ₹ 251.90 crore as at April 01, 2015) as at March 31, 2017 have not been accounted for in the books. These accrued interest liabilities are at rates ranging from fixed rate of 4.98% p.a. to a prime lending rate / base rate of respective banks plus margin and are repayable from December 2014 to March 2027.

(ii) Pursuant to the delisting of the Company's equity shares from the stock exchanges and the employees having surrendered their outstanding unvested stock options, the Company has agreed to compensate the employees on the dates on which the options would have otherwise vested in the future periods. Since the amount would be payable only if the employees were in continuous service till the future vesting dates, the company has not accounted for the compensation amount of ₹ 54.56 crore during the year.

48. The company has been legally advised that its business activities fall under the category of "Infrastructure" and therefore it is exempted from the provisions of section of 186(2) to 186(18) of the Companies Act, 2013 with respect to the loans made, guarantees given and securities provided.

Notes to Financial Statements
for the year ended March 31, 2017

49. Leases

a) Finance lease:-

(i) Future lease rental payable and reconciliation of minimum lease payments and its present value in respect of the assets:-

(₹ in crore)

Particulars	Minimum Lease payments/ Future lease rent payable			Interest			Present value of minimum lease payments		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Future lease rental obligation payable:									
Not later than one year	248.76	254.73	93.98	242.15	243.35	63.98	6.61	11.38	30.00
Later than one year but not later than five years	995.10	995.10	338.65	955.38	961.15	200.43	39.72	33.95	138.22
Later than five years	3,941.58	4,190.34	3,715.70	2,785.48	3,021.86	2,583.39	1,156.10	1,168.48	1,132.31
Total	**5,185.44**	**5,440.17**	**4,148.33**	**3,983.01**	**4,226.36**	**2,847.80**	**1,202.43**	**1,213.81**	**1,300.53**

(ii) General description of the leasing arrangements:

- Leased Assets – Power Plant, Residential township, Transit accommodation and supply depot.
- Future lease rental payments are determined on the basis of quarterly/monthly lease payments as provided in the agreements.
- At the expiry of the lease term, the Company has an option to extend the leases on mutual terms and conditions. In case of the supply depot, the ownership gets transferred to the Company at the end of the lease term.
- Assets are taken on lease over a period of 10 to 30 years.

b) Operating lease:

(i) The Company's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings)/ retail outlet facilities/storage and handling facilities. The lease rentals are recognised under "Cost of Consumption" or "Other Expenses" as applicable. These leasing arrangements are usually renewable by mutually agreed terms and conditions.

(ii) Non-cancelable operating lease commitment

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Not later than one year	953.03	613.58	595.92
Later than one year but not later than five years	981.97	1,230.98	1844.56
Later than five years	-	-	-
Total	**1,935.00**	**1844.56**	**2440.48**

Notes to Financial Statements

for the year ended March 31, 2017

50. Auditors' remuneration

(₹ in crore)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
-	Audit fees - as statutory auditor	3.06	2.79
-	Taxation matters	0.36	0.54
-	Other services {includes ₹ 1.40 crore for audit of special purpose financial statements (previous year ₹ Nil)}	3.08	1.63
-	Reimbursement of expenses	0.02	0.03
Total		**6.52**	**4.99**

51. Segment information

Segment information has been provided under the Notes to the Consolidated Financial Statements.

52. Discontinued Operations

Following the SPAs entered into by the majority shareholders (refer note 1), the Company transferred its E&P business to a wholly owned subsidiary on March 31, 2017. The Company received 27,68,31,556 Compulsorily Convertible Debentures (CCDs) of the face value of ₹ 100 each, which in terms of an agreement dated February 15 , 2017, since been sold to a related party. Given below is the analysis of loss from the discontinued operations including loss on fair valuation of CCDs and a summary of cash flows with comparatives.

Analysis of loss from discontinued operations:

(₹ in crore)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from Operations		1.68	1.79
Other Income		1.91	3.75
Total Income	**(I)**	**3.59**	**5.54**
Expenses (including depreciation ₹ 1.11 crore, Previous year ₹ 1.36 crore)		14.83	256.62
Total Expenses	**(II)**	**14.83**	**256.62**
Loss before tax	**(III)=(I-II)**	**(11.24)**	**(251.08)**
Loss on disposal of operation (includes fair valuation of CCDs) - refer note (iii) below		(2,197.25)	-
Total Loss from Discontinued operations		**(2,208.49)**	**(251.08)**

Notes:

(i) Expenses of the previous year includes liquidity damages of ₹ 240.00 crore.

(ii) There is no current or deferred tax attributable to the loss from discontinued operations.

(iii) On March 31, 2017, the Company has, based on an independent third party valuation report of the E&P business, fair valued the CCDs and booked the loss on disposal of operation. The valuation report inter alia, reckons with the prices for Henry Hub, NBP, Alberta Gas and Russia gas prices on the basis of the formula notified by MoPNG which have been projected based on Woodmac gas price projections for international gas hubs.

The loss above includes ₹ 328.39 crore being amounts advanced to related and other parties, by E&P division, no longer recoverable.

(iv) The divestment of the E&P division being a condition precedent to consummation of the SPAs, the Company commissioned a third party independent agency to run a price discovery process and furnish a valuation report of the business. Having regard to the immediacy of the matter, the Company could not reckon with all benefits that could accrue in the long term and/or implications of events post the conclusion of price discovery process. The shareholders of the Company approved the transfer on January 9, 2017.

Notes to Financial Statements
for the year ended March 31, 2017

Summary of Cash Flows from Discontinuing Operations:

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net cash inflows from Operating Activities	(5.59)	(249.72)
Net cash inflows from Investing Activities	(270.65)	(82.26)
Net cash inflows from Financing Activities	(4.89)	605.27
Net cash inflows / (outflows)	(281.13)	273.29

53. Details of dues to micro and small enterprises

The information regarding principal and interest pertaining to micro and small enterprises based on available details is as under:

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
1	Principal amount due and remaining unpaid	0.53	0.18	-
2	Interest due on (1) above and the unpaid interest	-	0.01	-
3	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	0.05	0.02	0.01
4	Payments made beyond the appointed day during the year	14.86	4.07	1.71
5	Interest due and payable for the period of delay	-	0.02	-
6	Interest accrued and remaining unpaid	-	0.03	-
7	Amount of further interest remaining due and payable in succeeding year	-	-	-

54 Financial Instruments

54.1 Capital Management

The company's objective while managing capital is to safeguard its ability to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 23 and 27 offset by cash and bank balances) and total equity. As part of externally imposed capital requirements, the Company is required to maintain certain financial covenants as specified in the loan agreements. The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes borrowings less cash and cash equivalents and other bank balances.

Long Term and Short Term Borrowings

(₹ in crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
Interest-bearing loans and borrowings#		25,841.22		29,676.28		27,021.03
Less: cash and cash equivalents		(1,827.52)		(98.59)		(327.31)
		24,013.70		29,577.69		26,693.72
Working capital loans(Including Temporary OD and Cash Credit)	(1,528.26)		(1,411.20)		(0.37)	
Bill discounting and Buyers Credit	(7,156.74)		(8,392.90)		(10,068.99)	
Short term working capital loan		(8,685.00)		(9,804.10)		(10,069.36)
Other financial assets-Other bank balances		(1,539.23)		(1,489.30)		(1,716.96)
Underlying net debt		**13,789.47**		**18,284.29**		**14,907.40**
Total equity		19,054.76		18,313.09		17,279.71
Equity and underlying net debt		**32,844.23**		**36,597.38**		**32,187.11**
Gearing ratio		**41.98%**		**49.96%**		**46.31%**

excludes finance lease obligation

Notes to Financial Statements
for the year ended March 31, 2017

54.2 Categories of Financials Instruments

(₹ in crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets						
Measured at amortised cost						
Loans	257.34	257.34	7,598.27	7,598.27	1,900.47	1,900.47
Other financial assets	15,339.15	15,339.15	10,560.80	10,560.80	8,875.58	8,875.58
Trade receivables	17,464.91	17,464.91	15,626.54	15,626.54	12,396.46	12,396.46
Cash and cash equivalent	1,827.52	1,827.52	98.59	98.59	327.31	327.31
Bank balances other than cash and cash equivalent	1,539.23	1,539.23	1,489.30	1,489.30	1,716.96	1,716.96
Non-current investments	104.75	104.75	104.75	104.75	104.75	104.75
Total financial assets at amortised cost (A)	**36,532.90**	**36,532.90**	**35,478.25**	**35,478.25**	**25,321.53**	**25,321.53**
Financial assets						
Measured at fair value through profit and loss						
Non-current investments	42.27	42.27	-	-	970.83	970.83
Current investments	-	-	1,034.48	1,034.48	1,309.60	1,309.60
Other financial assets	292.46	292.46	196.08	196.08	391.31	391.31
Total financial assets at fair value through profit and loss (B)	**334.73**	**334.73**	**1,230.56**	**1,230.56**	**2,671.74**	**2,671.74**
Total financial assets (A+B)	**36,867.63**	**36,867.63**	**36,708.81**	**36,708.81**	**27,993.27**	**27,993.27**
Financial liabilities						
Measured at amortised cost						
Borrowings						
Long-term borrowings#	16,579.54	16,549.52	19,454.81	19,398.68	18,007.67	17,863.70
Short-term borrowings	10,151.66	10,151.66	11,254.10	11,254.10	10,069.36	10,069.36
Trade payables	26,159.04	26,159.04	25,309.56	25,309.56	21,096.64	21,096.64
Other financial liabilities	268.95	268.95	2,537.61	2,537.61	2,024.58	2,024.58
Total financial liabilities at amortised cost (A)	**53,159.19**	**53,129.17**	**58,556.08**	**58,499.95**	**51,198.25**	**51,054.28**
Financial liabilities						
Measured at fair value through profit and loss						
Other financial liabilities	286.88	286.88	549.24	549.24	751.85	751.85
Total financial liabilities at fair value through profit and loss (B)	**286.88**	**286.88**	**549.24**	**549.24**	**751.85**	**751.85**
Total financial liabilities (A+B)	**53,446.07**	**53,416.05**	**59,105.32**	**59,049.19**	**51,950.10**	**51,806.13**

including current maturities of long-term borrowings and finance lease obligations

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for the year ended March 31, 2017

54.3 Financial risk management objectives

The company's principal financial liabilities, other than derivatives, comprise loans and overdrafts, debentures, finance leases and trade payables. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has various financial assets such as trade receivables, cash and short-term deposits, which arise directly from its operations.

The Company is subject to fluctuations in commodity prices and currency exchange rates due to nature of its operations. Risks arising from the company's financial instruments are interest rate risk, liquidity risk, foreign currency risk, commodity price risk and credit risk. Company enters into derivative transactions, primarily in the nature of commodity derivative contracts, forward currency contracts, currency swap contracts and interest rate swap contracts. The purpose is to manage commodity price risk, currency risks and interest rate risks arising from the Company's operations.

The Company has a Risk Management Committee established by its Board of Directors overseeing the risk management framework and developing and monitoring Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identification and mapping controls against this risk, monitor the risk and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and Company's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

54.3.1 Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed as per advice of Risk Management Committee (RMC) within approved policy parameters.

The carrying amounts of the company's monetary assets and liabilities denominated in different currencies are as follows:

(₹ in crore)

Particulars	March 31, 2017		March 31, 2016		April 01, 2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
USD	18,063.75	30,816.38	15,654.64	27,805.64	12,149.26	23,900.49
EURO	5.24	18,354.95	0.94	47.52	1.00	7.64
AED	-	0.05	-	-	-	-
GBP	2.27	0.46	1.40	1.08	0.66	0.65
JPY	-	-	-	0.23	-	0.08
CAD	-	-	-	0.72	-	-
AUD	-	-	-	-	0.86	-
SGD	-	-	0.01	-	0.01	-
TOTAL	**18,071.26**	**49,171.84**	**15,656.99**	**27,855.19**	**12,151.79**	**23,908.86**

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the relevant foreign currencies net of hedging. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates with all the variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 5% against the relevant currency. For a 5% weakening of INR against the relevant currency, there would be an inverse impact on profit or equity.

Notes to Financial Statements
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(₹ in crore)

Particulars	Impact on Profits (net of taxes)		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Receivable			
USD	(590.61)	(511.84)	(403.88)
GBP	(0.07)	(0.05)	(0.02)
EURO	(0.17)	(0.03)	(0.03)
Payables			
USD	965.37	937.96	802.77
EURO	523.45	1.55	0.25
GBP	0.02	0.04	0.02

54.3.2 Forward foreign exchange contracts and Currency Swap Contracts

It is the policy of the Company to enter into forward foreign exchange contracts to cover foreign currency payments and receipts. The Company has also entered into currency swap contracts to cover the currency risk on forecasted sales. The following table details the forward foreign currency contracts and currency swap contracts outstanding at the end of the reporting period:

Outstanding currency swap contracts:

Cash flow hedges

Sell US$	Notional amounts (in USD Mn)			Fair value of assets/(liabilities) (₹ in crore)*		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Less than 1 year	77.96	94.67	217.14	(6.86)	(35.21)	(122.33)
1 year to 2 years	20.41	111.08	115.36	(1.56)	(76.20)	(38.22)
2 years to 5 years	47.84	59.58	169.80	(23.76)	(63.27)	(120.34)
More than 5 years	49.64	66.93	101.26	(72.29)	(130.00)	(148.97)
Total	**195.85**	**332.26**	**603.56**	**(104.47)**	**(304.68)**	**(429.86)**

* Excludes Credit Value/Debit Value adjustments

Outstanding foreign currency forward exchange contracts

Particulars	Notional amounts (in FC Mn)			Fair value of assets/(liabilities) (₹ in crore)*		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Buy US$						
Less than 3 months	199.05	113.20	141.90	(2.73)	(1.24)	0.55
Buy EUR						
Less than 3 months	339.71	-	-	3.68	-	-

* Excludes Credit Value/Debit Value adjustments

Notes to Financial Statements

for the year ended March 31, 2017

The line items in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities. ₹ 113.79 crore (₹ 226.02 crore as at March 31, 2016 and ₹ 310.85 crore as at April 01, 2015) of hedging losses on currency swap contracts have been recognised in other comprehensive income.

There are no hedge ineffectiveness on currency swap contracts during the reporting periods.

54.3.3 Unhedged currency risk position:

(i) The foreign currency exposure of the Company as at balance sheet date that have not been hedged by a derivative instrument or otherwise are given below:

As at March 31, 2017 :

Currency	Payables		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in Crore	FC in Million	₹ in Crore	FC in Million	₹ in Crore	FC in Million
JPY	0.00	0.04	-	-	-	-
USD	14,334.82	2,210.85	16,525.82	2,548.76	15,207.97	2,345.51
EURO	16,009.61	2,311.94	5.24	0.76	-	-
GBP	0.46	0.06	2.27	0.28	-	-
AED	0.05	0.03	-	-	-	-
Total	**30,344.94**		**16,533.33**		**15,207.97**	

As at March 31, 2016 :

Currency	Payables		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in Crore	FC in Million	₹ in Crore	FC in Million	₹ in Crore	FC in Million
JPY	0.23	3.87	-	-	-	-
USD	9,382.44	1,414.45	15,667.40	2,361.94	19,314.57	2,911.76
EURO	3.29	0.44	0.94	0.13	44.24	5.89
GBP	1.08	0.11	1.40	0.15	-	-
SGD	-	-	0.01	0.00	-	-
CAD	0.72	0.14	-	-	-	-
AED	0.00	0.00	-	-	-	-
Total	**9,387.76**		**15,669.75**		**19,358.81**	

As at April 01, 2015 :

Currency	Payables		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in Crore	FC in Million	₹ in Crore	FC in Million	₹ in Crore	FC in Million
JPY	0.08	1.60	-	-	-	-
USD	8,602.49	1,374.40	12,368.51	1,976.09	15,950.20	2,548.33
EURO	1.65	0.24	1.00	0.15	6.00	0.89
GBP	0.65	0.07	0.66	0.07	-	-
AUD	-	-	0.86	0.18	-	-
SGD	-	-	0.01	0.00	-	-
AED	-	-	-	0.00	-	-
Total	**8,604.87**		**12,371.04**		**15,956.20**	

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"0.00" represents amount less than 0.01 million in FC
"0.00" represents amount less than ₹ 0.01 crore in INR

(ii) Bank balance in foreign currency as at March 31, 2017 ₹ 1,573.54 crore (USD 242.69 million) {as at March 31, 2016 ₹ 0.03 crore (USD 0.00 million) and ₹ 90.79 crore (USD 14.50 million) as at April 01, 2015}

54.3.4 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 relates primarily to the company's long-term debt obligations with floating interest rates.

The borrowings of the Company are denominated in rupees and US dollars / Euro with a mix of floating and fixed interest rate. The Company hedges its US dollar interest rate risk through interest rate swaps to reduce the floating interest rate risk. The Company has exposure to interest rate risk, arising principally on changes in base lending rates and LIBOR rates. Hedging activities are evaluated regularly to align with interest rate views and define risk appetite, ensuring that the most cost effective hedging strategies are applied.

The following table provides a breakdown of the Company's fixed and floating rate borrowings:

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Fixed rate borrowings	9,044.54	10,195.07	12,381.73
No Interest bearing	51.90	55.22	50.46
Floating rate borrowings	17,947.21	20,648.00	15,897.24
Total borrowings	**27,043.65**	**30,898.29**	**28,329.43**
Less: Upfront fee	(312.45)	(189.38)	(252.40)
Total borrowings	**26,731.20**	**30,708.91**	**28,077.03**

If interest rates had been 50 basis points higher/lower and all other varibles were held constant, the Company's, profit for the year ended March 31, 2017 would decrease/increase by ₹ 82.67 crore (Previous year ₹ 91.20 crore). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Interest rate swap contracts

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the cash flow exposures on the variable rate loan. The following tables detail the nominal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

Cash flow hedges

Outstanding Contracts (Floating to Fixed)

Particulars	Notional amounts (in USD Mn)			Fair value of assets/(liabilities) (₹ in crore)*		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Less than 1 year	18.94	18.55	3.37	(18.12)	(13.48)	(6.49)
1 year to 2 years	23.63	18.94	18.55	(19.24)	(23.85)	(9.76)
2 years to 5 years	86.08	80.71	70.85	(41.84)	(74.07)	(42.74)
More than 5 years	89.44	118.44	147.24	(10.72)	(30.70)	(33.34)
Total	**218.09**	**236.64**	**240.01**	**(89.92)**	**(142.10)**	**(92.33)**

* Excludes Credit Value / Debit Value adjustments

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Not designated in hedging relationship

Outstanding Contracts (Fixed to Floating)

Particulars	Notional amounts (in USD Mn)			Fair value of assets/(liabilities) (₹ in crore)*		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Less than 1 year	28.89	24.98	20.79	(11.42)	(14.30)	(6.17)
1 year to 2 years	28.20	28.89	24.98	(9.55)	(14.00)	(7.84)
2 years to 5 years	44.36	72.56	78.31	(7.49)	(22.56)	(20.60)
More than 5 years	-	-	23.14	-	-	(15.31)
Total	**101.45**	**126.43**	**147.22**	**(28.46)**	**(50.86)**	**(49.92)**

* Excludes Credit Value/Debit Value adjustments

The line items in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities. ₹ 89.92 crore (₹ 142.10 crore as at March 31, 2016 and ₹ 92.32 crore as at April 01, 2015) of hedging losses on interest rate swap contracts have been/has been recognised in other comprehensive income. There are no hedge ineffectiveness on interest rate swap contracts during the reporting periods.

Certain interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Company's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

54.3.5 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Company's credit risk arises principally from the trade receivables, loans, investment in debt securities, cash & cash equivalents and derivatives.

Trade receivables:

Customer credit risk is managed centrally by the Company and is subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on extensive credit rating scoreboard and individual credit limits defined in accordance with the assessment unless credit limits are approved by the Managing Director and Chief Executive Officers at his discretion.

Credit risk on receivables is also mitigated, to some extent, by securing the same against letter of credit and guarantees of reputed nationalised and private sector banks. Trade receivables consist of a large number of customers spread across geographical areas with no significant concentration of credit risk. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue trade receivables. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit period on sale of goods ranges from 0 to 180 days with or without security. In case of certain customers, interest is charged even during the credit period. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The history of trade receivables shows a negligible allowance for bad and doubtful debts. Given below is the ageing of trade receivables of the Company:

Notes to Financial Statements
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Ageing of gross receivables:

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Not due	10,186.40	6,873.96	10,567.30
0-30 days	1,248.60	1,086.69	755.64
31-60 days	1,854.24	1,532.97	2.69
61-90 days	918.13	1,010.90	145.00
91-180 days	3,227.10	3,813.25	791.02
More than 181 days	34.48	1,455.29	151.11
Total	**17,468.95**	**15,773.06**	**12,412.76**

The Company does not have a legal right of offset against any amounts owed by the Company to the counterparties. Trade receivables have been given as collateral towards borrowings (refer security note 23 and 27). Company follows simplified approach and make the provision for expected credit loss at the rate of 10 % for debtors due for more than 180 days.

Loans, Deposits, Advances and investments

The Company's treasury function manages the financial risks related to the business. The Treasury function focuses on capital protection, liquidity and yield maximisation. Investment of surplus funds are made in reputed mutual fund companies. Loans, Deposits and Advances are extended to counterparties after assessing their financial capabilities. Counterparty credit limits are reviewed and approved by Board/Audit Committee of the Company. These limits are set to minimise the concentration of risks and therefore mitigates the financial loss through counterparty's potential failure to make payments. Expected credit losses are provided based on the credit risk of the counterparties.

Cash and bank balances and derivatives

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. Further, commodity derivative contracts are entered only with international over the counterparties having high credit rating and thus the risk of default is minimised.

The Company's maximum exposure to the credit risk for the components of the balance sheet as at March 31, 2017, March 31, 2016 and March 31, 2015 is the carrying amounts mentioned in note no 7, note no 8, note no 13, note no 16 and note no 17.

54.3.6 Commodity price risk

The prices of refined petroleum products and crude oil are linked to the international prices. The company's revenues, cost and inventories are exposed to the risk of fluctuation in prices of crude oil and petroleum products in the international markets. From time to time, the company uses commodity derivative instruments to hedge the price risk of forecasted transactions such as forecast crude oil purchases and refined product sales. These derivative instruments are considered economic hedges for which changes in their fair value are recorded in the income statement.

The company operates a risk management desk that uses hedging instruments to seek to reduce the impact of market volatility in crude oil and product prices on the company's profitability. The company's risk management desk uses a range of conventional oil price-related financial and commodity derivative instruments such as futures, swaps and options that are available in the commodity derivative markets (The derivative instruments used for hedging purposes typically do not expose the company to market risk because the change in their market value is usually offset by an equal and opposite change in the market value of the underlying asset, liability or transaction being hedged). The company's open positions in commodity derivative instruments are monitored and managed on a daily basis to ensure compliance with its stated risk management policy which has been approved by the management.

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Category wise break-up of commodity derivative contracts entered into by the Company and outstanding as at balance sheet date:

Particulars	Qty. in Barrels ('000)			Fair value of assets/(liabilities) (₹ in crore)*		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash flow hedges						
Crude oil						
Buy Positions						
Less than 1 year	5,085.00	3,750.00	-	(13.99)	4.53	-
Sell Positions						
Less than 1 year	(4,365.00)	-	-	3.00	-	-
Petroleum products						
Sell Positions						
Less than 1 year	(2,850.00)	(9,500.00)	(5,400.00)	29.57	5.74	130.23
Not designated in cash flow hedge						
Crude oil						
Buy Positions						
Less than 1 year	-	2,210.00	6,050.00	-	(9.20)	(17.65)
Sell Positions						
Less than 1 year	-	(3,000.00)	(2,679.00)	-	(5.36)	3.45
Petroleum products						
Sell Positions						
Less than 1 year	-	(1,875.00)	(2,100.00)	-	11.37	(9.34)

* Excluding CVA/DVA Adjustment

The line items in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities.

₹ 24.59 crore (₹ 43.89 crore as at March 31, 2016 and ₹ 232.09 crore as at April 01, 2015) of hedging gain on commodity derivative contracts have been / has been recognised in other comprehensive income.

Loss/(gain) on account of hedge ineffectiveness on commodity derivative contracts is ₹ (0.07) crore for the year ended March 31, 2017, (₹ 45.93 crore for the year ended March 31, 2016 and ₹ 32.46 crore for the year ended April 01, 2015) in the line item Revenue from Operations and Cost of raw materials consumed, as applicable.

54.3.7 Liquidity Risk

The Company monitors its risk of shortage of funds using cash flow forecasting models. These models consider the maturity of their financial investments, committed funding and projected cash flows from operations. The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates existing at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

The Company has undrawn committed facilities as at 31 March, 2017 of ₹ 1,642.10 crore (₹ 5,310.80 crores as at March 31, 2016 and ₹ 11,713.87 crores as at April 01, 2015) with maturities ranging from one to two years.

Notes to Financial Statements
for the year ended March 31, 2017

The Company was late in repaying principal amount of ₹ 281.33 crore and interest thereon amounting to ₹ 87.47 crore during FY 2015-16 for its loans with the carrying amount of ₹ 1,804.56 crore. These delays were remedied in FY 2015-16. During the year, Company has transferred their E&P business to a wholly owned subsidiary and therefore delays pertaining to the loan facilities of E&P business has not been disclosed.

(₹ in crore)

As at March 31, 2017	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings*	2,700.77	6,394.97	7,242.89	16,338.63
Short Term Borrowings*	10,151.66	-	-	10,151.66
Trade payables	26,159.04	-	-	26,159.04
Other financial liabilities	227.71	41.24	-	268.95
Derivatives	82.48	134.37	108.85	325.70
Finance lease payables	6.61	39.72	1,156.10	1,202.43
Total	**39,328.27**	**6,610.30**	**8,507.84**	**54,446.41**

(₹ in crore)

As at March 31, 2016	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings*	1,717.84	7,490.89	10,130.44	19,339.17
Short Term Borrowings*	11,254.10	-	-	11,254.10
Trade payables	25,309.56	-	-	25,309.56
Other financial liabilities	900.63	1,636.98	-	2,537.61
Derivatives	143.46	320.30	198.32	662.08
Finance lease payables	11.38	33.95	1,168.48	1,213.81
Total	**39,336.97**	**9,482.12**	**11,497.24**	**60,316.33**

(₹ in crore)

As at April 01, 2015	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings*	1,826.28	9,470.35	6,993.18	18,289.81
Short Term Borrowings*	10,069.36	-	-	10,069.36
Trade payables	21,096.64	-	-	21,096.64
Other financial liabilities	437.86	1,586.72	-	2,024.58
Derivatives	271.03	360.22	222.71	853.96
Finance lease payables	30.01	138.22	1,132.30	1,300.53
Total	**33,731.18**	**11,555.51**	**8,348.19**	**53,634.88**

* Excluding future interest obligation

Notes to Financial Statements

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54.3.8 Level wise disclosure of Financial instruments:

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	Level	Valuation techniques and key inputs
Investment in preference shares of Essar Power Limited	-	1,034.48	970.83	II	Discounted cash flow - Future cash flows are based on terms of Preference Shares discounted at a rate that reflects market risks
Investment in debentures of Vadinar Properties Limited	42.27	-	-	II	Discounted cash flow - Future cash flows are based on terms of Debentures discounted at a rate that reflects market risks
Investment in Mutual Funds of India Growth Opportunities Fund	-	-	1,309.60	III	Unquoted net asset value
Advances given for purchase of debentures of Vadinar Properties Limited	-	37.52	22.64	II	Discounted cash flow - Future cash flows are based on terms of Debentures discounted at a rate that reflects market risks
Foreign currency forward exchange contracts-Assets	8.97	0.01	0.55	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Foreign currency forward exchange contracts-Liabilities	7.76	1.25	-	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Commodity Derivative Contracts -Assets	28.32	36.07	133.84	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Commodity Derivative Contracts -Liabilities	9.50	26.62	24.29	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Currency swap contracts -Assets	78.35	122.47	232.73	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Currency swap contracts -Liabilities	172.04	382.91	623.47	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Interest rate swap contracts -Assets	-	-	1.56	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Interest rate swap contracts -Liabilities	97.58	138.46	104.09	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Embedded derivative -Assets	176.81	-	-	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Long term borrowings (including current maturities)	16,891.99	19,644.19	18,260.07	II	Discounted cash flow –observable future cash flows are based on terms discounted at a rate that reflects market risks.

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Sensitivity of Level III

Particulars	Valuation technique	Significant unobservable inputs	Change	Sensitivity of the input to fair value
Investment in Mutual Funds of India Growth Opportunities Fund	Net asset value	Net assets	0.50%	0.50% increase/(decrease) in the net asset value would increase/(decrease) the fair value by ₹ 6.55 crore.

55 Disclosures made under IND AS 101 - First time adoption of IND AS

First-time adoption - mandatory exceptions, optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 01, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 01, 2015 (the transition date).

Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Assessment of embedded derivatives

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Deemed cost for property, plant and equipment, investment property and intangible assets

The Company has elected to measure certain fixed assets i.e. plant & machinery and land at fair value and use that fair value as its deemed cost on the date of transition.

Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Share based payments

The Company has availed the exemption of not applying Ind AS 102-Share based payments to equity instruments that vested before the date transition to Ind AS.

Deemed cost for investments in subsidiaries and associates

The Company has elected to continue with the carrying value of all its investments in subsidiaries and associates recognised as of April 01, 2015 (transition date) measured as per previous GAAP as its deemed cost as at the date of transition.

Long term foreign currency monetary item

The Company has continued with the policy adopted for accounting of exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements prepared under previous GAAP for the year ended March 31, 2016.

Notes to Financial Statements
for the year ended March 31, 2017

Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 01, 2015.

Reconciliation of total equity as at March 31, 2016 and April 01, 2015

(₹ in crore)

Particulars	Notes	As at March 31, 2016	As at April 01, 2015
Equity (shareholders' funds) under previous GAAP		7,138.93	5,369.62
Additional depreciation charged on catalyst (rectification of useful life)		-	(470.67)
Change in accounting policy for Oil and Gas Activity	e	-	(418.64)
Adjusted equity (shareholders' funds) under previous GAAP		**7,138.93**	**4,480.31**
Fair Valuation as deemed cost of Property Plant and Equipment and change in useful lives of assets	a	18,567.66	18,917.44
Arrangement in nature of lease	b	(48.06)	(311.26)
Cost of major inspection capitalised	c	181.21	-
Fair valuation of investments	f	(5.38)	48.01
Financial assets at amortised cost	g	-	(41.40)
Deferred Taxes	h	(5,317.22)	(3,959.05)
Allowance for expected credit loss on financial assets	i	(661.09)	(387.82)
Financial liabilities at amortised cost	j	(18.84)	(2.65)
Advances received towards GDS classified as a liability	k	(1,632.45)	(1,540.36)
Measurement of derivative at fair value	l	104.18	82.66
Others	d	4.15	(6.17)
Effects of transition to Ind AS		**11,174.16**	**12,799.40**
Equity (shareholders' funds) under Ind AS		**18,313.09**	**17,279.71**

Reconciliation of total comprehensive income for the year ended on March 31, 2016

(₹ in crore)

Particulars	Notes	Year ended March 31, 2016
Profit for the year under previous GAAP		2,162.29
Adjustment : Add / (Less)		
Fair Valuation as deemed cost of Property Plant and Equipment and change in useful lives of assets	a	(349.78)
Additional depreciation charged on catalyst (rectification of useful life)		470.67
Change in accounting policy for Oil and Gas Activity	e	418.64
Arrangement in nature of lease	b	263.20
Cost of major inspection capitalised (net of amortisation)	c	181.21
Fair valuation of investments	f	(53.40)
Financial assets at amortised cost	g	41.40
Deferred Taxes	h	(1,498.85)
Allowance for expected credit loss on financial assets	i	(273.27)

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

Particulars	Notes	Year ended March 31, 2016
Financial liabilities at amortised cost	j	(16.18)
Advances received towards GDS classified as a liability	k	(92.09)
Measurement of derivative at fair value	l	26.67
Others	d, n, o	8.08
Effects of transition to Ind AS		**(873.70)**
Profit for the year under Ind AS		**1,288.59**
Other comprehensive for the year (net of tax)	m	(265.82)
Total comprehensive income under Ind AS		**1,022.77**

Reconciliation of statement of cash flow for the year ended on March 31, 2016

(₹ in crore)

Particulars	Notes	Year ended March 31, 2016		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	a, b, f, i, j, k, l	6,413.47	736.55	7,150.02
Net cash flows from investing activities	c	(6,158.45)	(322.91)	(6,481.36)
Net cash flows from financing activities	b, j, p	(483.67)	(524.54)	(1,008.21)
Net increase / (decrease) in cash and cash equivalents		**(228.65)**	**(110.90)**	**(339.55)**
Cash and cash equivalents at the beginning of the period	p	327.77	(0.84)	326.93
Cash and cash equivalents at the end of the period		**99.12**	**(111.74)**	**(12.62)**

Notes to the reconciliations

a Property, plant and equipment

The Company has elected to measure its land and plant & machinery (other than plant and machinery taken on finance lease) of its refinery at fair value at the date of transition to Ind AS. Gain on such fair valuation has been recognised in the opening retained earnings as at April 01, 2015. The Company has depreciated the fair value of plant and machinery over the technically assessed useful lives of the assets which is reflected in the Statement of Profit and Loss.

b Finance lease arrangement

In respect of certain long term arrangements, existing at the date of transition and identified to be in the nature of finance lease where the Company is lessee, the underlying assets and corresponding finance lease obligation determined at the inception of respective arrangements have been recognised on the date of transition with the adjustment of difference, if any, in the opening retained earnings, resulting into increase in finance cost and depreciation charged and reduction in the cost of goods/services procured and valuation of underlying inventories. During FY 2015-16, Company has changed the terms of the arrangement and accordingly the lease obligation and the corresponding asset has been derecognised and new leased asset and liability has been recorded. Such arrangements were recognised as per their legal form under the previous IGAAP.

c Shutdown

Ind AS 16 requires that cost of major inspections should be recognised in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied. During financial year 2015-16, the Company undertook a major shutdown and such expenditure incurred has been capitalised resulting into increase in depreciation and reduction in valuation of inventory.

Notes to Financial Statements
for the year ended March 31, 2017

d Capital work in progress (CWIP)

Foreign exchange fluctuation incurred on foreign currency monetary items (other than borrowings) and capitalized with CWIP has been decapitalized as per the requirements of Ind-AS-16.

e Change in accounting policy for Oil and Gas Activity

Company has changed its accounting policy for oil and gas activities, wherein it has charged off the expenditure incurred on dry and abandoned wells, surrendered blocks and geological activities carried out in exploration phase. Impact on account of change in accounting policy has been adjusted to opening retained earnings. Since the impact was already given under previous GAAP, it has resulted in increase in Profits in FY 2015-2016.

f Fair valuation of Investments

Investments in preference shares and equity instruments (other than investment in subsidiaries, which are accounted at cost) have been measured at fair value through profit or loss as against cost less diminution of other than temporary nature, if any, under the previous GAAP.
Current investments have been measured at fair value through profit or loss as against at lower of cost or fair value under the previous GAAP. The difference between the fair value and previous GAAP carrying value on transition date has been recognised as an adjustment to opening retained earnings and Statement of Profit and Loss Account for the year ended March 31, 2016.

g Financial assets at amortised cost

Interest free security deposits which were recognised at historical cost under previous GAAP have been recognised at amortised cost under Ind AS with the difference been adjusted to opening retained earnings. The impact for the period subsequent to the date of transition is reflected in the Statement of Profit and Loss.

h Deferred Tax

Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profits and accounting profits for the period. Under Ind AS deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments has also lead to recognition of deferred taxes on new temporary differences.

i Allowance for expected credit loss on financial assets

Under Ind AS, the Company is required to apply expected credit loss model for recognising the allowances for expected credit losses on financial assets. Accordingly, the Company has calculated and recognized such credit loss allowances which has resulted in an increase in loss and decrease in equity. Under IGAAP, such credit losses were provided based on incurred model.

j Financial liabilities and related transaction cost

Borrowings which were recognised at historical cost under previous GAAP have been recognized at amortised cost under Ind AS with the difference been adjusted to opening retained earnings.

Under previous GAAP, transaction costs incurred in connection with borrowings were amortised equally over the tenure of the borrowings. Under Ind AS, transaction costs are deducted from the initial recognition amount of financial liability and charged over the tenure of borrowing using the effective interest method.

Difference in the un-amortised cost as per Ind AS and previous GAAP on transition date has been adjusted to the cost of asset under construction or opening retained earnings, as applicable. The impact for the period subsequent to the date of transition is reflected in the Statement of Profit and Loss or cost of construction as applicable.

k Advances received towards GDS classified as a liability under IND AS

Under the previous GAAP, advances received against Global Depository Shares were classified as part of total equity. However, under IND AS, financial instruments are classified as a liability or equity according to the substance of the contractual arrangement and not its legal form. These advances do not contain any equity component and hence have been classified in their entirety as a financial liability under IND AS. On transition, these financial liabilities have been revalued.

l Measurement of derivative at fair value

The fair value of forward foreign exchange contracts has been recognised under Ind AS which were accounted in accordance with AS-11 under previous GAAP.

MTM gain on commodity derivative contracts, not designated into hedging relationship, has been recognised under Ind AS which were not recognised under previous GAAP based on prudence.

While determining the fair values of derivative instruments, the effect of credit risk has been recognised which was not recognised under previous GAAP. Difference between the fair value and the previous GAAP carrying value as on transition date and subsequent to the date of transition has been recognised in opening retained earnings and Statement of Profit and Loss respectively.

Notes to Financial Statements
for the year ended March 31, 2017

m Other comprehensive income:

Under Ind AS, all items of income and expenses recognized in the period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss "Other comprehensive income" includes remeasurements of defined benefit plans, foreign currency monetary item translation difference account and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

n Government grant relating to acquisition of property, plant and equipment and stores & spares

Grant received from the Government relating to the purchase of fixed asset and deducted from the carrying amount of corresponding fixed asset under previous GAAP has been recognized as deferred income under Ind AS with the corresponding adjustment to the carrying amount of property, plant and equipment (net of cumulative depreciation).

o Share-based payments

Under previous GAAP, the cost of equity-settled employee share-based payments was recognised using the intrinsic value method. This did not result in recognising any expense in profit or loss in respect of these share-based payments because the fair value of the shares on the grant date equal to the exercise price. Under Ind AS, the cost of equity-settled employee share-based payments is recognised based on the fair value of the options as on the grant date with the difference been adjusted in the opening retained earnings and employee stock option reserve. Company has elected to measure the fair value of unvested employee stock options outstanding as on the date of transition.

p Bank Overdrafts

Under Ind AS, bank overdrafts which are repayable on demand and form an integral part of an entity's cash management system are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Whereas under previous GAAP, there was no similar guidance and hence, bank overdrafts were considered similar to other borrowings and the movements therein were reflected in cash flows from financing activities. The effect of this is that bank overdrafts as at March 31, 2016 and as at April 01, 2015 have been considered as part of cash and cash equivalents under Ind AS for the purpose of presentation of statement of cash flows. Consequently, the cash outflow from financing activities as per the statement of cash flows for the year ended March 31, 2016 prepared as per Ind AS is lower to the extent of this net movement.

56. Defined benefit plans / long term compensated absences

(a) Defined benefit plans / long term compensated absences - as per actuarial valuations as at March 31, 2017:

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)		Employer Established Provident Fund {refer note (i) below}	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
A	**Net assets / liability recognised in the balance sheet**						
1	Present value of defined benefit obligation	33.42	32.06	8.43	10.83	202.05	168.24
2	Fair value of plan assets	17.22	15.21	-	-	202.05	168.24
3	Funded status - surplus / (deficit)	(16.20)	(16.85)	(8.43)	(10.83)	-	-
4	Net assets / (liability) recognised in the balance sheet	(16.20)	(16.85)	(8.43)	(10.83)	-	-
B	**Expenses recognised in statement of profit and loss or expenditure during construction, as applicable for the year ended March 31, 2017**						
1	Current services cost	3.42	3.32	-	-	9.86	9.00
2	Interest cost	1.14	0.89	0.80	0.92	-	0.11
	Components of defined benefit costs recognised in Profit and loss	**4.56**	**4.21**	**0.80**	**0.92**	**9.86**	**9.11**

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)		Employer Established Provident Fund {refer note (i) below}	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
1	Actuarial losses/(gains) - experience	0.36	1.52	(1.02)	(1.35)	-	-
2	Actuarial losses/(gains) - assumptions	(0.71)	0.18	(0.40)	0.04	-	-
3	Return on plan assets greater/(lesser) than discount rate	0.30	0.02	-	-	-	-
	Components of defined benefit costs recognised in other comprehensive income	**(0.05)**	**1.72**	**(1.42)**	**(1.31)**	**-**	**-**
	Total expenses	**4.51**	**5.93**	**(0.62)**	**(0.39)**	**9.86**	**9.11**
C	**Change in obligation and assets**						
C1	**Change in defined benefit obligation**						
1	Defined benefit obligation at beginning of the year	32.06	26.62	10.83	12.34	168.24	136.71
2	Service cost	3.42	3.32	-	-	9.86	9.00
3	Interest cost	2.42	2.02	0.80	0.92	15.69	13.25
4	Plan Amendments	-	-	-	-	-	-
5	Acquisition adjustment/Transfer In/ (Transfer Out)@	(2.94)	-	(0.83)	-	-	11.39
6	Other adjustments	-	-	-	-	1.86	-
7	Actuarial losses/(gains) - experience	0.36	1.52	(1.02)	(1.35)	-	(0.11)
8	Actuarial losses/(gains) - demographic assumptions	0.22	-	(0.65)	-	-	-
9	Actuarial losses/(gains) - financial assumptions	(0.92)	0.18	0.25	0.04	-	-
10	Benefit payments	(1.20)	(1.60)	(0.95)	(1.12)	(13.66)	(15.78)
11	Employees contribution	-	-	-	-	20.06	13.78
12	Defined Benefit obligation at the end of the year	33.42	32.06	8.43	10.83	202.05	168.24
C2	**Change in fair value of assets**						
1	Fair value of plan assets at the beginning of the year	15.21	14.90	-	-	168.24	136.71
2	Acquisition adjustment / Transfer In / (Transfer Out)@	(1.52)	-	-	-	-	-
3	Interest income on plan assets	1.27	1.13	-	-	15.69	13.14
4	Actual Company & employees contributions	3.76	0.80	-	-	29.92	34.17
5	Other adjustments	-	-	-	-	1.86	-
6	Return on plan assets greater/(lesser) than discount rate	(0.30)	(0.02)	-	-	-	-

Notes to Financial Statements

for the year ended March 31, 2017

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)		Employer Established Provident Fund {refer note (i) below}	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
7	Benefits payments	(1.20)	(1.60)	-	-	(13.66)	(15.78)
8	Fair value of plan assets at the end of the year	17.22	15.21	-	-	202.05	168.24
D	**Actuarial assumptions**						
1	Discount rate (per annum)	7.10%	7.70%	7.10%	7.70%	7.10%	7.70%
2	Rate of salary increase	12.00%	14.00%	NA	NA	NA	NA
3	Mortality	Indian Assured Lives Mortality (2006-08) Ult. Modified					
E	**Percentage of each category of plan assets to total fair value of plan assets**						
	Administered by Life Insurance Corporation of India	100%	100%	NA	NA	NA	NA
	Central Govt Securities / Bond	-	-	-	-	15%	21%
	State Govt Securities / Bond	-	-	-	-	29%	22%
	Public Sector Bonds	-	-	-	-	40%	54%
	Private Sector Bonds	-	-	-	-	7%	-
	Units of Mutual Fund	-	-	-	-	2%	1%
	Others (Including bank balances)	-	-	-	-	6%	2%
F	**Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date**	4.00	4.35	NA	NA	11.04	9.89

@ Employees were transferred from/to related parties/other body corporates with credit for past services.

(b) Defined contribution plans :

Company's contribution to superannuation fund and pension fund aggregating to ₹ 0.84 crore and ₹ 5.09 crore (Previous year ₹ 0.85 crore and ₹ 2.32 crore) respectively are recognised in the statement of profit and loss/expenditure during construction/pre-production activities, as applicable. There is no obligation other than the contribution payable to the respective trusts.

(c) Defined Benefit plans :

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

Notes :

i) The employer managed provident fund is considered as a defined benefit plan.

ii) The Company is unable to obtain the details of plan assets from the Insurance Company (LIC of India/SBI Life Insurance) and hence the disclosure thereof is not made.

These plans typically expose the Company to actuarial risks such as: interest rate risk, salary risk and demographic risk

1 Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Notes to Financial Statements

for the year ended March 31, 2017

2 Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

3 Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The defined benefit obligations shall mature after year ended March 31, 2017 as follows:

(₹ in crore)

Particulars	Gratuity	Compensated Absences	Employer Established Provident Fund
As at March 31			
2018	4.00	1.74	0.31
2019	4.18	1.39	0.27
2020	4.67	1.38	0.24
2021	5.26	1.17	0.22
2022	5.12	0.96	0.21
March 31, 2023 to March 31, 2027	27.45	3.63	0.83

A Sensitivity Analysis:

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
		Increase/(decrease) in DBO			
a)	**Discount Rate :**				
	Defined benefit obligation	33.42	32.06	8.43	10.83
	Discount rate	7.10%	7.70%	7.10%	7.70%
	1. Effect on DBO due to 0.5% increase in Discount Rate	(1.21)	(0.90)	(0.21)	(0.21)
	2. Effect on DBO due to 0.5% decrease in Discount Rate	1.29	0.95	0.22	0.22
b)	**Salary Escalation Rate :**				
	Salary Escalation rate	12.00%	14.00%	-	-
	1. Effect on DBO due to 0.5% increase in Salary Escalation Rate	0.63	0.48	-	-
	2. Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(0.64)	(0.48)	-	-
c)	**Withdrawal Rate :**				
	Attrition rate	11.00%	14.00%	11.00%	14.00%
	1. Effect on DBO due to 5.00% increase in Withdrawal Rate	(0.41)	(0.61)	0.97	0.92
	2. Effect on DBO due to 5.00% decrease in Withdrawal Rate	(0.01)	0.43	(1.48)	(1.35)

Method used for sensitivity analysis:

The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

Notes to Financial Statements
for the year ended March 31, 2017

57. Related party disclosures

I. Transactions with related parties

(₹ in crore)

Nature of transactions	Holding Company / Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates
Advance received from customers (net)	**-**	**-**	**0.76**	**-**
(ELL - ₹ 0.70 crore) (Previous year - EBTL - ₹ 0.16 crore, EPGL - ₹ 0.15 crore)	-	-	(0.34)	-
Expenses incurred on behalf of Joint Venture	**0.01**	**-**	**-**	**-**
(EEHL - ₹ 0.01 crore) (Previous year - EEHL - ₹ 0.19 crore)	(0.04)	-	(0.15)	-
Purchase of tangible assets / intangible assets (including CWIP)	**-**	**-**	**35.77**	**-**
(EOSIL - ₹ 33.34 crore) (Previous year EOSIL - ₹ 31.08 crore, EPIL - ₹ 53.33 crore)	-	-	(85.07)	-
Advances given on capital account (net of repayments)	**-**	**-**	**-**	**-**
(Previous year - EPIL - ₹ 105.00 crore)	-	-	(110.42)	-
Advances given to vendors for services (net of repayments)	**-**	**-**	**-**	**-**
(Previous year - VPCL - ₹ 302.78 crore)	-	-	(10.33)	(302.78)
Deposits given by the Company	**-**	**11.02**	**-**	**-**
(VPL - ₹ 11.02 crore) (Previous year VOTL - ₹ 665.78 crore, VPTL - ₹ 125.00 crore)	-	-	(790.78)	-
Sale of goods / power net of cash discount (including taxes)	**-**	**-**	**15,498.70**	**-**
(EEOL - ₹ 15,357.93 crore) (Previous year - EEOL - ₹ 218.78 crore, EEPDCL - ₹ 34.74 crore, ELL - ₹ 47.98 crore)	-	-	(329.97)	-
Interest income	**-**	**16.06**	**677.86**	**162.34**
(EEOL - ₹ 165.46 crore, VOTL - ₹ 325.79 crore, VPCL - ₹ 162.34 crore) (Previous year - ESTL - ₹ 257.11 crore, VPCL - ₹ 142.63 crore, VPTL - ₹ 90.19 crore)	-	(16.66)	(500.75)	(142.63)
Lease income (including lease tax)	**-**	**0.01**	**1.85**	**0.02**
(VOTL - ₹ 1.45 crore, VPTL - ₹ 0.40 crore) (Previous year - VOTL - ₹ 0.25 crore, VPTL - ₹ 1.58 crore)	-	(0.01)	(1.85)	(0.02)
Rendering of services	**-**	**-**	**59.94**	**29.01**
(VOTL - ₹ 53.93 crore, VPCL - ₹ 29.01 crore) (Previous year - VOTL - ₹ 45.36 crore, VPCL - ₹ 37.71 crore)	-	-	(55.23)	(37.71)
Receiving of services	**-**	**-**	**875.23**	**375.39**
(VOTL - ₹ 643.97 crore, VPCL - ₹ 375.39 crore, VPTL - ₹ 145.19 crore) (Previous year - VOTL - ₹ 562.01 crore, VPCL - ₹ 422.36 crore, VPTL - ₹ 322.37 crore)	-	-	(1,028.06)	(422.36)
Purchase of goods / supply of materials (including material taken on loan)	**-**	**-**	**10.03**	**-**
(EPGL - ₹ 9.55 crore) (Previous year - EEPDCL ₹ 1.46 crore)	-	-	(1.46)	-

Notes to Financial Statements
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I. **Transactions with related parties**

(₹ in crore)

Nature of transactions	Holding Company / Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates
Commodity derivatives	**-**	**-**	**381.96**	**-**
(EEOL ₹ 381.96 crore) (Previous year - EEOL ₹ 700.04 crore)	-	-	(700.04)	-
Lease rent charged to Company	**-**	**18.05**	**946.53**	**245.00**
(VOTL - ₹ 946.53 crore, VPCL - ₹ 245.00 crore) (Previous year - VPCL - ₹ 197.29 crore)	-	(16.96)	-	(197.29)
Investments	**-**	**52.38**	**-**	**-**
(VPL - ₹ 52.38 crore) (Previous year - ₹ Nil)	-	-	-	-
Investments held for sale	**-**	**2,768.37**	**-**	**-**
(EOGEPL - ₹ 2,768.37 crore) (Previous year - ₹ Nil)	-	-	-	-
Interest / financial charges paid / funded	**-**	**-**	**4.29**	**-**
(EEOL - ₹ 0.64 crore, ESTL - ₹ 3.41 crore) (Previous year - ESTL - ₹ 7.37 crore)	-	-	(7.52)	-
Inter Corporate Deposits given (including material given on loan)	**-**	**16.45**	**122.35**	**0.43**
(EPGL - ₹ 109.64 crore, VPL - ₹ 16.45 crore) (Previous year - ESTL - ₹ 2,047.94 crore, VPTL - ₹ 1,750.00 crore)	-	(3.70)	(4,356.40)	-
Sale of plant, property and equipments	**-**	**-**	**0.01**	**-**
(ESTL - ₹ 0.01 crore) (Previous year - ₹ Nil)	-	-	-	-
Advance paid / assignment against purchase of shares	**-**	**-**	**575.99**	**-**
(ESTLR - ₹ 575.99 crore) (Previous year - VOTL - ₹ 0.02 crore)	-	-	(0.02)	-
Assignment / transfer of receivables	**-**	**-**	**3,604.75**	**-**
(ESTLR - ₹ 2,662.23 crore, IBROX - ₹ 921.28 crore) (Previous year - ₹ Nil)	-	-	-	-
Expected Credit Loss	**3.20**	**1.68**	**375.55**	**28.95**
Current year reversal ₹ 409.37 crore (Previous year - ₹ 182.22 crore)	(3.05)	(0.20)	(167.52)	(11.44)

<u>**Transactions with other classes of related parties**</u>

a) **Key management personnel (remuneration)@**

(Shri L K Gupta - ₹ 12.26 crore, Shri C Manoharan - ₹ 7.68 crore, Shri Suresh Jain - ₹ 6.77 crore) (Previous year -	26.71
Shri L K Gupta - ₹ 13.87 crore, Shri C Manoharan - ₹ 5.01 crore)	(18.88)

@exclusive of provisions for liability in respect of leave earned and gratuity, since this is based on actuarial valuation done on an overall basis for all employees. Performance bonus / incentive amount considered on payment basis.

Notes to Financial Statements

for the year ended March 31, 2017

b) Key management personnel (Director Sitting Fees)

(Shri Prashant Ruia - ₹ 0.02 crore, Shri Dilip J. Thakkar - ₹ 0.09 crore, Shri K. N. Venkatsubramanian - ₹ 0.09 crore, Shri Sudhir Garg - ₹ 0.00 crore, Shri R Sudarsan - ₹ 0.01 crore, Shri Rajiv Pal Singh - ₹ 0.03 crore) (Previous year - Shri Prashant Ruia - ₹ 0.01 crore, Shri Dilip J. Thakkar - ₹ 0.10 crore, Shri K. N. Venkatsubramanian - ₹ 0.12 crore, Shri R Sudarsan - ₹ 0.01 crore, Shri V S Jain - ₹ 0.10 crore, Dr. Sabyasach Sen- ₹ 0.06 crore, Ms. Rugmani Shankar - ₹ 0.07 crore, Shri D K Varma - ₹ 0.02 crore, Capt B. S. Kumar - ₹ 0.01 crore)	0.24 (0.49)

c) Key management personnel (Commission to Directors)

(Shri Dilip J. Thakkar - ₹ 0.48 crore, Shri K. N. Venkatsubramanian - ₹ 0.43 crore, Shri V S Jain - ₹ 0.14 crore, Dr. Sabyasach Sen- ₹ 0.12 crore, Ms. Rugmani Shankar - ₹ 0.12 crore, Shri D K Varma - ₹ 0.05 crore, Capt B. S. Kumar - ₹ 0.03 crore) (Previous year - Shri Dilip J. Thakkar - ₹ 0.10 crore, Shri K. N. Venkatsubramanian - ₹ 0.10 crore, Shri V S Jain - ₹ 0.10 crore, Shri D K Varma - ₹ 0.05 crore, Shri S. V. Venkatesan - ₹ 0.05 crore)	1.37 (0.40)

d) Contribution during the year (includes Employees' share and contribution)

(Essar Oil Limited Employees Provident Fund ₹ 29.92 crore)	29.92
(Previous year - ₹ 34.17 crore)	(34.17)

II. Balances with related parties :

(₹ in crore)

Nature of balances	Holding Company / Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates
Assets				
Financial Assets				
Investments	**-**	**44.01**	**-**	**103.01**
(VPCL - ₹ 103.00 crore, VPL - ₹ 44.01 crore) (Previous year - EPoL - ₹ 1,034.48 crore)	-	(1.74)	(1,034.48)	(103.01)
(As at April 01, 2015 - EPoL - ₹ 970.83 crore)	-	(1.74)	(970.83)	(103.01)
Trade receivables (Net of expected credit loss ₹ 3.26 crore, Previous year ₹ 38.12 crore and as at April 01, 2015 - ₹ 12.87 crore)	**0.00**	**-**	**14,896.84**	**0.02**
(EEOL - ₹ 14,865.73 crore) (Previous year - EPGL - ₹ 37.67 crore, EPOL - ₹ 193.95 crore)	(29.16)	-	(325.61)	(0.01)
(As at April 01, 2015 - EPOL - ₹ 203.61 crore, EPGL - ₹ 35.95 crore, EPMPL - ₹ 34.36 crore)	-	-	(361.22)	(0.01)
Financial Assets - Loans				
Inter Corporate Deposits (Net of expected credit loss ₹ 6.66 crore, Previous year ₹ 212.21 crore and as at April 01, 2015 - ₹ 86.39 crore)	**-**	**8.46**	**248.88**	**-**
(EPOL - ₹ 248.88 crore) (Previous year - ESTL - ₹ 2,181.73 crore, VPTL - ₹ 1,708.00 crore)	-	(1.13)	(4,809.05)	-
(As at April 01, 2015 - EPIL - ₹ 203.72 crore, EPOL - ₹ 248.88 crore, ESTL - ₹ 861.80 crore, VOTL - ₹ 195.20 crore, VPTL - ₹ 292.80 crore)	-	(4.07)	(1,802.39)	-
Financial Assets - Others				
Advance against purchase of shares	**-**	**-**	**1,400.02**	**-**
(EPOL - ₹ 1,400.00 crore)(Previous year - EPOL - ₹ 1,400.00 crore)	-	-	(1,400.02)	-
(As at April 01, 2015 - EPOL - ₹ 1,400.00 crore)	-	-	(1,400.00)	-
Security deposits(Net of expected credit loss ₹ 35.80 crore, Previous Year ₹ 31.17 crore and as at April 01, 2015 - ₹ 25.48 crore)	**-**	**69.56**	**1,066.78**	**202.09**

Notes to Financial Statements

for the year ended March 31, 2017

(₹ in crore)

Nature of balances	Holding Company / Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates
(VOTL - ₹ 1,062.64 crore, VPCL - ₹ 202.09 crore)(Previous year - VOTL - ₹ 663.18 crore, VPCL - ₹ 575.84 crore, VPTL - ₹ 412.85 crore)	-	(59.22)	(1,088.95)	(575.84)
(As at April 01, 2015 - VPCL - ₹ 575.84 crore, VPTL - ₹ 290.85 crore)	-	(59.22)	(301.39)	(575.84)
Other loans and advances (Net of expected credit loss ₹ 2.58 crore, Previous year ₹ 18.28 crore and as at April 01, 2015 - ₹ 9.85 crore)	**-**	**40.42**	**-**	**-**
(VPL - ₹ 40.42 crore) (Previous year - VPCL - ₹ 635.83 crore)	(17.80)	(40.42)	-	(635.83)
(As at April 01, 2015 - VPCL - ₹ 292.85 crore, VPL - ₹ 40.42 crore)	-	(40.42)	(17.61)	(292.85)
Other receivables (Net of expected credit loss ₹ 25.00 crore, Previous year ₹ 182.90 crore and as at April 01, 2015 - ₹ 165.87 crore)	**-**	**0.93**	**1,270.08**	**-**
(EEOL - ₹ 146.67 crore, VOTL - ₹ 132.62 crore, IBROX - ₹ 917.69 crore) (Previous year - ESTL - ₹ 2,436.22 crore)	(2.23)	(44.86)	(3,224.54)	(167.57)
(As at April 01, 2015 - EEOL - ₹ 2,036.13 crore, ESTL - ₹ 2,212.90 crore)	(1.38)	(39.08)	(4,504.24)	(45.22)
Non-Financial Assets - Others				
Advances recoverable in cash or in kind or for value to be received	-	-	-	-
(Previous year - VPCL - ₹ 705.98 crore)	(0.00)	-	(12.08)	(705.98)
(As at April 01, 2015 - VPCL - ₹ 754.61 crore)	(0.00)	(0.01)	(6.41)	(754.61)
Capital advances	**-**	**70.02**	**-**	**-**
(VPL - ₹ 70.02 crore) (Previous year - EOSIL - ₹ 22.09 crore, EPIL - ₹ 105.00 crore, VPL - ₹ 77.14 crore)	-	(77.14)	(127.09)	-
(As at April 01, 2015 - EOSIL - ₹ 16.71 crore, VPL - ₹ 77.14 crore)	-	(77.14)	(16.94)	-
Prepaid Expenses	**-**	**15.62**	**-**	**-**
(VPL - ₹ 15.62 crore) (Previous year - VPL ₹ 7.90 crore)	-	(7.90)	-	-
(As at April 01, 2015 - VPL - ₹ 6.13 crore)	-	(6.13)	-	-
Investments held for sale at fair value	**-**	**555.81**	**-**	**-**
(EOGEPL - ₹ 555.81 crore) (Previous year - ₹ Nil)	-	-	-	-
(As at April 01, 2015 - ₹ Nil)	-	-	-	-
Liabilities				
Borrowings				
Finance Lease obligation	**-**	**20.78**	**-**	**1,181.65**
(VPCL - ₹ 1,181.65 crore)(Previous year - VPCL - ₹ 1186.55 crore)	-	(26.94)	-	(1,186.55)
(As at April 01, 2015 - VPCL - ₹ 1,263.31 crore)	-	(36.43)	-	(1,263.31)
Other Financial Liabilities				
Security deposits	**-**	**-**	**-**	**-**
(Previous year - ESTL - ₹ 0.02 crore)	-	-	(0.02)	-
(As at April 01, 2015 - EPIL - ₹ 1.13 crore)	-	-	(1.15)	-

Notes to Financial Statements
for the year ended March 31, 2017

(₹ in crore)

Nature of balances	Holding Company / Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates
Trade payables / Other liabilities	**-**	**-**	**138.94**	**-**
(VOTL - ₹ 136.62 crore) (Previous year - EEOL - ₹ 191.06 crore, EESML - ₹ 34.81 crore)	-	-	(276.66)	-
(As at April 01, 2015 - EPIL - ₹ 8.97 crore, EESML - ₹ 18.18 crore)	(0.01)	-	(57.07)	-
Other Non-Financial Liabilities				
Advance received from customers	**-**	**-**	**0.76**	**-**
(ELL - ₹ 0.70 crore)(Previous year - EBTL - ₹ 0.16 crore, EPGL - ₹ 0.15 crore)	-	-	(0.36)	-
(As at April 01, 2015 - EEOL - ₹ 260.57 crore)	-	-	(260.72)	-
Other Equity- Share application money pending allotment				
Advance towards global depository shares	**-**	**-**	**-**	**-**
(Previous year - EEHL - ₹ 1,632.45 crore)	(1,632.45)	-	-	-
(As at April 01, 2015 - EEHL - ₹ 1,540.36 crore)	-	-	(1,540.36)	-
Other balances				
Outstanding guarantees given on behalf of the Company	**1,179.00**	**-**	**-**	**-**
(EGFL - ₹ 1,179.00 crore) (Previous year - EGFL - ₹ 1,179.00 crore)	(1,179.00)	-	-	-
(As at April 01, 2015 - EGFL - ₹ 1,872.97 crore)	(1,921.26)	-	-	-
Capital and Other Commitments	**-**	**-**	**2,118.50**	**-**
(EPOL - ₹ 2,100.00 crore)(Previous year - EPL - ₹ 9,946.02 crore, EPOL - ₹ 2,100.00 crore)	-	(4.86)	(12,147.86)	-
(As at April 01, 2015 - EPOL - ₹ 2,100.00 crore)	-	(4.86)	(2,148.81)	-

"0.00" represents amount less than ₹ 0.01 crore.

During the year, the company has transferred ₹ 17,228.14 crore due from certain related parties and other entities to Essar Steel Jharkhand Limited and Ibrox Aviation and Trading Private Limited. (refer note 1 under Cash Flow statement and note 45 (a))

Notes :

1) Names of related parties and description of relationship:

Ultimate holding Company	Essar Global Fund Limited, Cayman (EGFL)
Intermediate holding Companies	Essar Energy Limited (Formerly Known as Essar Energy PLC)(EEL)
	Essar Oil & Gas Limited, Mauritius (EOGL) w.e.f. February 16, 2016
Holding Companies	Essar Oil & Gas Limited, Mauritius (EOGL) upto February 15, 2016
	Essar Energy Holdings Limited (EEHL) w.e.f. February 16, 2016
Subsidiaries	Essar Oil Trading Mauritius Limited(EOTML)
	Vadinar Properties Limited (VPL) w.e.f. February 18, 2015
	Essar Oil and Gas Exploration and Production Limited w.e.f. May 10, 2016
Associates	Vadinar Power Company Limited (VPCL)
	Vadinar Liquid Terminals Limited (VLTL) w.e.f. March 27, 2015

Notes to Financial Statements
for the year ended March 31, 2017

Key management personnel	Shri Prashant Ruia, Chaiman
	Shri Lalit Kumar Gupta, Managing Director and CEO
	Shri C Manoharan, Director - Refinery
	Shri Suresh Jain, Director - Finance (w.e.f. April 7, 2016)
	Shri Dilip J. Thakkar, Independent Director
	Shri K. N. Venkatasubramanian, Independent Director
	Shri V S Jain, Independent Director (Upto March 23, 2016)
	Dr. Sabyasachi Sen, Independent Director (Upto March 14, 2016)
	Smt Rugmani Shankar, Independent Director (Upto March 31, 2016)
	Shri D K Varma, Independent Director (Upto October 09, 2015)
	Capt B. S. Kumar, Independent Director (Upto March 09, 2016)
	Shri T S Narayanasami(Upto May 25, 2015)
	Shri Naresh Kumar Nayyar(Upto March 16, 2016)
	Shri Sudhir Garg, Nominee Director - IFCI(Upto February 22, 2017)
	Shri R. Sudarsan, Nominee Director - LIC of India
	Smt Suparna Singh(w.e.f. June 29, 2016)
	Shri Sachikanta Mishra(w.e.f. February 22, 2017)
Fellow Subsidiaries	Aegis Limited(AEGIS), AGC Networks Limited(AGCNET), AGC Networks Pte. Ltd.(AGCNETPTE), Bhander Power Limited(BPL), Equinox Business Parks Private Limited(EBPPL), Essar Bulk Terminal Limited(EBTL), Essar Bulk Terminal Paradip Limited(EBTPL), Essar Bulk Terminal (Salaya) Limited(EBTSL), Essar Energy Overseas Limited(EEOL), Essar Electric Power Development Corporation Limited(EEPDCL), Essar Exploration & Production Limited(EEPL), Essar Exploration & Production Limited, Nigeria(EEPLN), Essar Energy Services (Mauritius) Limited(EESML), Essar Exploration & Production (India) Limited(EEXPIL), Essar Gujarat Petrochemicals Limited(EGPL), Arkay Logistics Limited (FKA Essar Logistics Limited) (ELL), Essar Oil (UK) Limited(EOLUK), Essar Oilfields Services India Limited(EOSIL), Essar Power Gujarat Limited(EPGL), Essar Power Hazira Ltd(EPHL), Essar Project (India) Limited(EPIL), Essar Ports Limited(EPL), Essar Power (Jharkhand) Ltd(EPJL), Essar Power MP Limited(EPMPL), Essar Power Limited(EPOL), Essar Power Orissa Ltd(EPOLL), Essar Power Transmission Company Limited(EPTCL), Equinox Realty & Infrastructure Private Limited(ERIPL), Essar Shipping Limited(ESL), Essar Steel Logistics Limited(ESTLL), Essar Steel (Jharkhand) Limited (From October 19, 2016 upto March 19, 2017)(ESTLR), Essar Steel India Limited(ESTL), Energy Transportation International Limited(ETIL), Ibrox Aviation And Trading Pvt Ltd (From December 1, 2016)(IBROX), Brahmani Thermal Power Private Limited (FKA Navbharat Power Private Limited)(NPPL), Peak Trading Overseas Limited(PTOL), Vadinar Oil Terminal Limited(VOTL), Vadinar Ports & Terminal Limited(VPTL), Essar Refinery Projects Limited, India (FKA Essar Road Projects Limited) upto February 26, 2015(ERPL), Essar Power Hazira Holdings Limited(EPHHL), Essar Energy Holdings Limited Upto February 15, 2016(EEHL).
Other related party	Essar Oil Limited Employees Provident Fund (Controlled Trust)

2) Names of related parties, where the transactions during the year / balances as at March 31, 2017 with a single party are 10% or more, are disclosed under each nature of transaction / class of balances.

3) Previous year figures for April 01, 2015 and March 2016 have been shown in brackets.

58. The office of the Director Finance and Chief Financial Officer, a whole-time key managerial personnel, of the Company fell vacant from the close of business hours of June 30, 2017. The resultant vacancy shall be filled by the Company within the timeline specified under section 203 (4) of the Companies Act, 2013.

For and on behalf of the Board of Directors

Suresh Jain
Director

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Mayank Bhargava
Company Secretary
Mumbai, August 1, 2017

P R Ashok
Vice President -
Corporate Accounts

Independent Auditor's Report

To
THE MEMBERS OF ESSAR OIL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Essar Oil Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the aforesaid consolidated financial statements.

Basis for Qualified Opinion

Attention is invited to the following Notes of the consolidated financial statements:

(a) Note No. 45 (a) regarding the ability of the Group to collect amounts due from certain entities, which is predicated on the successful closure of the sale of shares by the majority shareholders and deployment of the sales consideration towards liquidation of the outstanding amounts, as explained in the note. In view of the delay in achieving closure of the said share sale transaction and consequent collection of the amounts as envisaged, and further the reassessment by the Group of its ability to recover the entire outstanding balance through the escrow mechanism, we are unable to express an opinion on the recoverability of the aggregate carrying values of dues of ₹ 22,982.45 crore at 31st March, 2017 and the consequent debits to profit or loss aggregating to ₹ 6,259.13 crore for the year. (The above amounts exclude the Group's share in an associate's dues of ₹ 60.38 crore at 31st March, 2017 and debit to profit or loss of ₹ 82.96 crore).

(b) Note No. 45 (b) regarding a sum of ₹ 1,331.11 crore carried in the balance sheet, pending legal advice and independent valuation. Had a provision been made considering the uncertainty resulting from the above, the loss for the year would be higher by this amount.

(c) Note No. 52 regarding ₹ 328.39 crore being capital and other amounts advanced to related and other parties included in loss on disposal of discontinued operations. We are unable to comment on the assessment by the Holding Company that these amounts are no longer recoverable- see footnote (iii).

(d) Note No. 47 (i) and (ii) regarding interest on debentures ₹ 88.65 crore and compensation payable in lieu of employee stock options surrendered ₹ 54.56 crore not accounted for in the books for the reasons explained in the note. Consequently, the loss for the year is lower by ₹ 143.21 crore.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates as at 31st March, 2017, and their consolidated loss, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matters

Attention is invited to the following Notes of the consolidated financial statements:

(a) Note No. 46 regarding the Holding Company's ability to discharge its liability of ₹ 17,186.34 crore as at the date of this report, to National Iranian Oil Company and be able to continue as a going concern which is predicated on collection of dues of ₹ 22,982.45 crore from related and other parties in the near term (refer basis of qualified opinion paragraph above) under the mechanism explained in the note.

(b) Note No. 32 regarding reversal of provision for tax and the corresponding credit entitlement by ₹ 358.43 crore for assessment year 2016-17, supported by an opinion from a tax counsel. If the basis of calculation of the tax liability is not allowed by the revenue authorities, the reversals will have to be reinstated in the books. The credit entitlement will be allowed when payment is made.

(c) Note No. 52 regarding divestment of the Holding Company's Exploration and Production business to a related party for the reasons explained in the note.

(d) Note No. 5 regarding costs carried forward aggregating to ₹ 297.01 crore relating to the petrochemical and refinery expansion projects, which are presently in their nascent stages – see footnote no. 4.

Our opinion is not modified in respect of above matters.

Other Matters

(a) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 450.55 crore as at 31st March, 2017, total revenues of ₹ 9.60 crore and net cash outflows amounting to ₹ 0.06 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 48.81 crore for the year ended 31st March, 2017, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of subsection (3) of section 143 of the act, in so far as it relates to the aforesaid subsidiary and associates, is based solely on the reports of the other auditors, except to the extent included in sub-paragraph (a) of Basis for Qualified Opinion above.

(b) We did not audit the financial statement of one subsidiary, whose financial statement reflect total assets of ₹ 2,515.54 crore as at 31st March, 2017, total revenues of ₹ Nil and net cash inflows amounting to ₹ 5.94 crore for the year ended on that date, as considered in the consolidated financial statements. This financial statement is unaudited and has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.

(c) The comparative financial information for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 in respect of one subsidiary and two associates included in these consolidated financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the consolidated financial statements above, except to the extent included in sub-paragraph (a) of Basis for Qualified Opinion, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) Except for the matters described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, the reports of the other auditors and the financial information adequate for the purposes of our audit have been received from the branch not visited by us.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements and with the financial information received from the branch not visited by us.

   d) Except for the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, as applicable.

   e) The going concern matter described in item (a) of the Emphasis of Matters paragraph read with item (a) of the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.

f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and its associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding Company, subsidiary company and its associate companies incorporated in India. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting in respect of the Group's ability to assess recoverability of outstanding amounts more particularly ability to make recoverability assessments considering all relevant factors.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us by the management:

i. The Group has disclosed the impact of pending litigations on the consolidated financial position of the Group and its associates in its consolidated financial statements in accordance with generally accepted accounting principles.

ii. The Group and its associates did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. In case of subsidiary company and its associate companies incorporated in India, there were no amounts which were required to be transferred to the Investor Education and Protection Fund.

iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of account maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us (and other auditors) by the Management of the respective Group entities. Attention is however, invited to the Note 14 of the consolidated financial statements regarding the Holding Company having received Specified Bank Notes amounting to ₹ 50.38 Lakhs during the period 9th November, 2016 to 19th November, 2016, at its retail outlets (petrol pumps) / guest house.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 117365W)

P. B. Pardiwalla
Partner
Membership No. 40005

MUMBAI, 14th August, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1g under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2017 we have audited the internal financial controls over financial reporting of Essar Oil Limited (hereinafter referred to as "the Holding Company") and its subsidiary company and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company and its associate Companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its subsidiary company and its associate companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified as at 31st March 2017, relating to inadequate internal financial controls over financial reporting in respect of recoverability of outstanding amounts, more particularly the Group's ability to make recoverability assessments, considering all relevant factors (reference is invited to items (a), (b), and (c) of the Basis for Qualified Opinion paragraph foregoing).

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In our opinion, to the best of our information and according to the explanations given to us, except for the effects of the material weaknesses described above, the Holding Company, its subsidiary company and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company for the year ended March 31, 2017, and the material weakness affects our opinion on the consolidated financial statements of the Company.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company and its two associate companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India, except to the extent included in the Qualified Opinion paragraph above.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117365W)

P. B. Pardiwalla
Partner
Membership No. 40005

MUMBAI, 14th August, 2017

Consolidated Balance Sheet

As at March 31, 2017

(₹ in crore)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
1) Non-current assets				
(a) Property, plant and equipment	5A	39,031.32	40,432.77	40,682.26
(b) Capital work-in-progress	5C	629.70	3,831.63	3,530.58
(c) Goodwill on consolidation		11.12	11.12	11.12
(d) Intangible assets	5B	28.28	30.07	25.48
(e) Financial assets				
(i) Investments	6	191.84	240.64	1,221.62
(ii) Loans	7	-	-	312.32
(iii) Others	8	6,402.10	1,725.72	2,766.06
(f) Other non-current assets	9	643.31	883.23	687.85
(g) Non-current tax assets	10	283.60	109.65	24.08
2) Current assets				
(a) Inventories	11	6,985.62	3,942.50	5,130.89
(b) Financial assets				
(i) Investments	12	-	1,034.48	1,309.60
(ii) Trade receivables	13	17,464.91	15,626.54	12,396.46
(iii) Cash and cash equivalents	14	1,827.70	98.84	327.89
(iv) Bank balances other than (iii) above	15	1,539.23	1,489.30	1,716.96
(v) Loans	16	248.88	7,703.26	1,688.19
(vi) Others	17	9,118.81	8,928.74	6,394.63
(c) Current tax assets	18	101.14	32.68	31.34
(d) Other current assets	19	329.79	947.91	956.07
(e) Assets classified as held for sale	52	2,110.92	-	-
TOTAL ASSETS		**86,948.27**	**87,069.08**	**79,213.40**
EQUITY AND LIABILITIES				
(a) Equity share capital	20	1,507.16	1,467.27	1,466.12
(b) Other equity	21	17,716.55	17,096.63	16,072.10
LIABILITIES				
1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	22	14,036.72	17,898.83	16,337.24
(ii) Other financial liabilities	23	260.91	2,105.16	2,138.28
(b) Provisions	24	-	5.14	5.14
(c) Deferred tax liabilities (Net)	25	4,581.15	4,958.96	4,038.59
(d) Other non current liabilities	26	3.50	17.00	17.00
2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	27	10,151.66	11,254.10	10,069.36
(ii) Trade payables	28	26,159.39	25,309.87	21,097.01
(iii) Other financial liabilities	29	2,884.26	2,667.90	2,434.41
(b) Other current liabilities	30	7,744.45	3,815.36	5,507.67
(c) Provisions	31	24.63	27.68	24.06
(d) Current tax liabilities	32	322.74	445.18	6.42
(e) Liabilities classified as held for sale	52	1,555.15	-	-
TOTAL EQUITY AND LIABILITIES		**86,948.27**	**87,069.08**	**79,213.40**

See accompanying notes to the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, August 14, 2017

For and on behalf of the Board of Directors

Suresh Jain
Director

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Mayank Bhargava
Company Secretary
Mumbai, August 1, 2017

P R Ashok
Vice President -
Corporate Accounts

Statement of Consolidated Profit and Loss

For the Year Ended March 31, 2017

(₹ in crore)

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	33	72,084.57	62,381.17
Other income	34	2,838.86	2,289.24
Total Income		**74,923.43**	**64,670.41**
Expenses			
Cost of raw materials consumed		41,965.75	36,663.53
Excise duty		11,215.52	9,784.31
Purchases of stock-in-trade (trading goods)		7,888.52	5,030.24
Changes in inventory of finished goods, stock-in-trade and work-in-progress	35	(1,244.58)	725.14
Employee benefits expense	36	421.70	319.32
Finance costs	37	3,772.04	2,685.12
Depreciation and amortisation expense	5	1,680.99	1,573.19
Other expenses	38	3,509.51	4,143.95
Total expenses		**69,209.45**	**60,924.80**
Profit before exceptional items and tax		**5,713.98**	**3,745.61**
Exceptional items	44	5,275.55	712.77
Profit before share of (loss) / profit of associates and tax		**438.43**	**3,032.84**
Share of (loss) / profit of associates		(48.81)	2.36
Profit after share of (loss) / profit of associates but before tax		**389.62**	**3,035.20**
Tax expense:			
(a) Current tax expenses (Net of reversal of earlier years)	25	(120.38)	442.14
(b) Deferred tax expenses / (income)	25	(495.64)	1,061.06
Profit from continuing operations		**1,005.64**	**1,532.00**
Loss from discontinued operations (after tax)	52	(2,208.53)	(251.08)
(Loss) / Profit for the year		**(1,202.89)**	**1,280.92**
Other Comprehensive Income			
A. Items that will not be reclassified to profit or loss		0.95	(0.29)
Actuarial valuation reserve {Including share of associate of ₹ (0.01) crore (previous year ₹ (0.03) crore)}		1.46	(0.44)
Income tax relating to items not reclassified to profit and loss		(0.51)	0.15
		0.95	**(0.29)**
B. Items that will be reclassified to profit or loss		221.69	(265.56)
Cashflow Hedge Reserve		145.11	(153.15)
Income tax relating to items reclassified to profit and loss		(50.22)	53.00
		94.89	**(100.15)**
Foreign currency monetary item translation difference account		193.91	(252.93)
Income tax relating to items reclassified to profit and loss		(67.11)	87.53
		126.80	**(165.40)**
Exchange difference arising on translation of foreign operation		0.00	(0.01)
Income tax relating to items reclassified to profit and loss		0.00	0.00
		0.00	**(0.01)**
		126.80	**(165.41)**
Total Comprehensive Income for the year (comprising (loss) / profit and Other Comprehensive Income for the year)		**(980.25)**	**1,015.07**
Earnings per equity share (for continuing operations) :	39		
(1) Basic (in ₹)		6.91	10.57
(2) Diluted (in ₹)		6.90	10.55
Earnings per equity share (for discontinued operations) :	39		
(1) Basic (in ₹)		(15.17)	(1.73)
(2) Diluted (in ₹)		(15.17)	(1.73)
Earnings per equity share (for continuing and discontinued operations)	39		
(1) Basic (in ₹)		(8.26)	8.83
(2) Diluted (in ₹)		(8.26)	8.82

"0.00" represents amount less than ₹ 0.01 crore

See accompanying notes to the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, August 14, 2017

For and on behalf of the Board of Directors

Suresh Jain
Director

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Mayank Bhargava
Company Secretary
Mumbai, August 1, 2017

P R Ashok
Vice President -
Corporate Accounts

Consolidated Cash Flow Statement

For the Year Ended March 31, 2017

(₹ in crore)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A	**Cash flow from operating activities**		
	Net (Loss) / profit before share of (loss) / profit of associates and tax	**(1,770.10)**	**2,781.76**
	Adjustments for :		
	Depreciation and amortisation expense (also refer note 52)	1,682.10	1,573.19
	Property, Plant & Equipment written off	33.14	111.62
	Interest on income tax refund	(5.32)	(4.01)
	Interest income on inter corporate deposits	(570.63)	(512.04)
	Interest income on bank deposits (other than margin deposits)	(1.57)	(7.24)
	Profit on sale of Investments (net)	-	(12.18)
	Loss on sale of Property, plant and equipment (net)	3.63	-
	Financial assets / Liabilities measured at FVTPL	12.51	(57.99)
	Gain on extinguishment of lease arrangement	(377.35)	(355.01)
	Dividend Income	(2.30)	-
	Unrealised exchange differences	(1,473.95)	15.25
	Loss from discontinued operations (refer note 52)	2,197.25	-
	Exceptional Item - Debit to profit and loss on re-assessment of the Group's ability to collect the amount. (refer note 44)	6,259.13	-
	Mark to market - commodity and currency swap hedging (gain) / losses (net)	(206.39)	(180.01)
	Interest expenses	3,532.27	2,436.80
	Expected credit loss and debit balances written off	222.49	377.16
	Credit balances written back	(4.76)	(32.08)
	Operating profit before working capital changes	**9,530.15**	**6,135.22**
	Adjustments for :		
	Changes in inventories	(3,045.89)	1,186.05
	Changes in receivables, advances and other assets	(3,289.88)	(3,362.71)
	Changes in payables, liabilities and provision	6,186.20	3,272.08
	Net Cash generated from operating activities	**9,380.58**	**7,230.64**
	Income tax refund / (payment) (net) (including interest)	(243.24)	(89.46)
	Net cash generated from operating activities (A)	**9,137.34**	**7,141.18**
B	**Cash flow from investing activities**		
	Additions to property, plant and equipment	(585.52)	(1,129.21)
	Sale of property, plant and equipment	3.72	-
	Sale of Investment	102.87	492.87
	Dividend Income	2.30	-
	Advances refunded/(given) against purchase of shares/debentures (net)	(1,032.80)	(11.17)
	Placement of long term bank deposits	(6.94)	(32.45)
	Encashment of long term bank deposits	29.28	9.40
	Placement of inter corporate deposits	(231.82)	(7,089.90)
	Refund of inter corporate deposits	23.25	1,258.26
	Interest received on inter corporate deposits	28.75	27.83
	Interest received on bank deposits (other than margin deposits)	1.83	6.73
	Net cash used in investing activities (B)	**(1,665.08)**	**(6,467.64)**

Consolidated Cash Flow Statement

For the Year Ended March 31, 2017

(₹ in crore)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
C	**Cash flow from financing activities**		
	Proceeds from borrowings	3,473.06	11,690.47
	Repayment of borrowings	(4,154.00)	(8,824.61)
	Changes in short term borrowings (net)	(1,422.09)	(1,345.12)
	Proceeds towards Equity shares issued under ESOP	-	7.95
	Interest paid	(3,748.01)	(2,542.11)
	Net cash (used) / generated from financing activities (C)	**(5,851.04)**	**(1,013.42)**
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**1,621.22**	**(339.88)**
	Cash and cash equivalents at the beginning of the year	**(12.37)**	**327.51**
	Cash and cash equivalents on acquisition of subsidiary	**0.05**	**-**
	Cash and cash equivalents at the end of the year (Including cash and cash equivalents classified as asset held for sale)	**1,608.80**	**(12.37)**
	Net (decrease) / increase in cash and cash equivalents	**1,621.22**	**(339.88)**

Notes:

1. Non cash transaction:
   a) In connection with Share Purchase Agreement entered into by the majority shareholders, the Company has transferred ₹ 17,228.14 crore due from certain related parties and other entities to Essar Steel Jharkhand Limited and Ibrox Aviation and Trading Private Limited.
   b) During the year, the Company has issued the equity shares on private placement basis against the outstanding balance of advances received against GDS.

2. Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

(₹ in crore)

Cash on hand and balances with banks	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents (refer note 14)	1,827.70	98.84
Less : Effect of exchange rate changes	(3.42)	0.01
Less : Bank overdraft / Cash credit (refer note 27)	228.26	111.20
Add : Cash and cash equivalents classified as asset held for sale (refer note 52)	5.94	-
Cash and cash equivalents as restated*	**1,608.80**	**(12.37)**

* does not include cash and cash equivalents which are not readily available for use

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, August 14, 2017

For and on behalf of the Board of Directors

Suresh Jain
Director

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Mayank Bhargava
Company Secretary
Mumbai, August 1, 2017

P R Ashok
Vice President -
Corporate Accounts

Consolidated Statement of Changes in Equity

for the period Ended March 31, 2017

a. Equity Share Capital

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the reporting period	1,467.27	1,466.12
Issue of equity shares	39.89	1.15
Balance at the end of the reporting period	**1,507.16**	**1,467.27**

b. Other Equity

Statement of Changes in Equity (₹ in crore)

Particulars	Reserves and Surplus						Other Comprehensive Income / (loss) (OCI)				Total
	Capital reserve	Securities premium account	Debenture redemption reserve	General reserve	Employee Share Option Outstanding Account	Retained Earnings	Foreign currency Translation Reserve	Effective portion of Cash Flow Hedges	Remeasurements of the net defined benefit Plans	Foreign currency monetary item translation difference account	
Balance as at April 01, 2015	**40.89**	**6,184.60**	**37.33**	**22.25**	**7.16**	**9,882.04**	**(0.00)**	**(111.87)**	**(3.85)**	**13.55**	**16,072.10**
Profit for the year	-	-	-	-	-	1,280.92	-	-	-	-	1,280.92
Other Comprehensive Income for the year, net of tax	-	-	-	-	-	-	(0.01)	(100.15)	(0.29)	(165.40)	(265.85)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**1,280.92**	**(0.01)**	**(100.15)**	**(0.29)**	**(165.40)**	**1,015.07**
Debenture redemption reserve transferred to General Reserve	-	-	(26.59)	26.59	-	-	-	-	-	-	-
Securities premium on issuance of equity share capital	-	6.80	-	-	-	-	-	-	-	-	6.80
Share option outstanding reserve transferred to security premium	-	2.59	-	-	(2.59)	-	-	-	-	-	-
Recognition of share based payments	-	-	-	-	2.66	-	-	-	-	-	2.66
Balance as at March 31, 2016	**40.89**	**6,193.99**	**10.74**	**48.84**	**7.23**	**11,162.96**	**(0.01)**	**(212.02)**	**(4.14)**	**(151.85)**	**17,096.63**
Loss for the year	-	-	-	-	-	(1,202.89)	-	-	-	-	(1,202.89)
Other Comprehensive Income for the year, net of tax	-	-	-	-	-	-	0.00	94.89	0.95	126.80	222.64
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**(1,202.89)**	**0.00**	**94.89**	**0.95**	**126.80**	**(980.25)**
Equity shares issued	-	1,607.40	-	-	-	-	-	-	-	-	1,607.40
Recognition of share based payments	-	-	-	-	2.86	-	-	-	-	-	2.86
Employee stock option surrendered	-	-	-	-	(10.09)	-	-	-	-	-	(10.09)
Balance as at March 31, 2017	**40.89**	**7,801.39**	**10.74**	**48.84**	**-**	**9,960.07**	**(0.01)**	**(117.13)**	**(3.19)**	**(25.05)**	**17,716.55**

"0.00" represents amount less than ₹ 0.01 crore

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, August 14, 2017

For and on behalf of the Board of Directors

Suresh Jain
Director

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Mayank Bhargava
Company Secretary
Mumbai, August 1, 2017

P R Ashok
Vice President -
Corporate Accounts

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

1. General Background:

Essar Oil Limited (the Company) is a public limited company incorporated under the provisions of the Companies Act, 1956. It is primarily engaged in the business of refining of crude oil and marketing of petroleum products in domestic and overseas markets. It was also engaged in oil and gas exploration and production activities, which activity has been discontinued from March 31, 2017.

On October 15, 2016 the majority shareholders of the Company had entered into agreements (SPAs) to sell their shares following which, inter alia, the Company initiated and is presently in the final stages of completing the following actions:

(a) Sale of its Exploration and Production (E&P) business (refer note 52);

(b) Liquidating amounts due from certain entities {refer note 45 (a)}; and

(c) Acquisition of Vadinar Oil Terminal Limited (VOTL) and Vadinar Power Company Limited (VPCL) {refer note 40(a) & (b)}.

The Company has three subsidiaries and two associates. The Company along with its subsidiaries constitute "the Group". They are primarily engaged in the following activities:

Sr. No.	Name of the Entity	Relationship	% of holding	Business activity
1.	Essar Oil Trading Mauritius Limited, Mauritius (EOTML),	Subsidiary	100%	Engaged in investment holding activities and trading in commodities. There have been no operations in this company post acquisition till March 31, 2017.
2.	Vadinar Properties Limited (VPL)	Subsidiary	100%	Engaged in construction and development of residential township, colonies and residential complexes.
3.	Essar Oil and Gas Exploration Production Limited (EOGEPL),	Subsidiary	100%	Engaged in the business of in oil and gas exploration and production activities.
4.	Vadinar Power Company Limited (VPCL),	Associate	26.01%	Owns and operates power plants at Vadinar and supplies steam and electricity to the Company.
5.	Vadinar Liquid Terminals Limited (VLTL),	Associate	26%	Engaged in the business of development of marine liquid terminal facilities including single point mooring (SPM) and product jetties. There have been no operations in this company till March 31, 2017.

The financial statements were approved for issue by the board of directors on August 1, 2017.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest Crore, except where otherwise indicated.

2. Basis of preparation and presentation:

Statement of Compliance with Indian Accounting Standards (Ind ASs): The Consolidated financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India. These are the Group's first Ind AS financial statements. The date of transition to Ind AS is April 01, 2015.

Up to the financial year ended March 31, 2016, the Group prepared its financial statements in accordance with the requirements of the previous applicable GAAP, which included Standards notified under the Companies (Accounting Standards) Rules, 2006.

First-time adoption: In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Group's first Ind AS financial statements include, three balance sheets, namely, the opening balance sheet as at April 01, 2015 and balance sheets as at March 31, 2016 and 2017, and, two statements each of profit and loss, cash flows and changes in equity for the years ended March 31, 2016 and 2017 together with related notes. The same accounting policies have been used for all periods presented, except where the Group has made use of exceptions or exemptions allowed under Ind AS 101 in the preparation of the opening Ind AS balance sheet. The balance sheets, statements of profit and loss, statements of cash flows and statements of changes in equity of the prior years presented have been recast in accordance with Ind ASs.

The consolidated financial statements comprising of Essar Oil Limited (the Company) and its subsidiaries are together referred as "the Group" and the Group's share of profit / loss in its associates have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015

A. The consolidated financial statements have been prepared on the following basis:

   a) The financial statements of the subsidiaries and associates used in this consolidation are drawn upto the same reporting date of the Company.

   b) The financial statements of the Company and its subsidiaries have been combined on a line by line basis adding together the book values of like items of assets, liabilities, income and expenses, after duly eliminating intra-group balances and intra group transactions and resulting unrealised profits or losses, if any.

   c) Investment in associates are accounted using the equity method and are initially recognised at cost.

   d) The excess of cost to the Company of its investment in a subsidiary over its share of the equity of subsidiary at the date on which the investment is made, is recognised as "Goodwill" in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary as at the date of investment is in excess of the cost of investment of the Company, it is recognised as "Capital Reserve" and shown under the head Reserves and Surplus in the consolidated financial statements.

   e) EOTML is a foreign subsidiary. Revenue items for this subsidiary are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.

B. The consolidated financial statements of the Company, its subsidiaries and associate companies have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

3. Summary of significant accounting policies:

A. Property Plant and Equipment (PPE) and depreciation

PPE is recorded at cost of acquisition or construction less accumulated depreciation and impairment loss, if any.

Cost of acquisition comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use. Costs of construction are composed of those costs that relate directly to specific assets and those that are attributable to the construction or project activity in general and can be allocated to specific assets up to the date the assets are put to their intended use.

Cost of major inspection is recognised with the carrying value of property, plant and equipment.

Depreciation on PPE including assets whose ownership vests with a third party, is provided, pro-rata for the period of use, by the straight line method, as specified in schedule II of Companies Act, 2013 except in respect of the following assets:

- Buildings constructed on Leasehold Land: Over the period of lease of land.
- Plant & Machinery – 8-40 years
- Catalysts: Over the useful life of 2-4 years, as technically assessed.

B. Intangible fixed assets and amortisation

Intangible fixed assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

Intangible assets are amortised uniformly over the best estimate of their useful lives. The Group has estimated the useful life of software and licenses ranging from 3 - 5 years from the date of acquisition.

C. Oil and gas exploration and production assets

The Group has adopted Successful Efforts Method (SEM) of accounting for its Oil and Gas activities. The policy of recognition of exploration and evaluation expenditure is considered in line with the principle of SEM. Seismic costs, geological and geophysical studies, petroleum exploration license fees and general and administration costs directly attributable to exploration and evaluation activities are expensed off. The costs incurred on acquisition of interest in oil and gas blocks and on exploration and evaluation other than those which are expensed off are accounted for as Intangible Assets under Development. All development costs incurred in respect of Proved reserves are also capitalized under Intangible Assets under Development. Until a well is ready to commence commercial production, the costs accumulated in Intangible Assets under Development are classified as Intangible Assets corresponding to proved developed oil and gas reserves. The exploration and evaluation expenditure which does not result in discovery of proved oil and gas reserves and all cost pertaining to production are charged to the Statement of Profit and Loss.

Oil and Gas Joint Ventures are in the nature of joint operations. Accordingly, assets and liabilities as well as income and expenditure are accounted on the basis of available information on a line-by-line basis with similar items in the Group's financial statements, according to the participating interest of the Group.

D. Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication of impairment loss

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exists, the recoverable amount, (i.e. higher of fair value less costs of disposal and value in use) of the asset is estimated, or, when it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. 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 (or cash-generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

E. Lease

Operating lease:

Lease expenses and lease income are recognised on a straight line basis over the lease term in profit or loss.

Finance lease - As lessee:

Assets taken on lease are capitalised at fair value or net present value of the minimum lease payments, whichever is lower. Depreciation on the assets taken on lease is charged over the lower of useful life of the asset and the lease period.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the balance liability.

Modification in the terms of the arrangement is accounted as an extinguishment and accordingly, the lease obligation and the related asset are derecognized and the resultant gain/loss is charged to profit or loss.

Arrangements in the nature of lease:

The Group enters into agreements that do not take the legal form of a lease but convey the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Group applies the requirement of Ind AS 17-"Leases" to the lease element of the arrangement.

F. Inventories

Inventories (other than crude oil extracted) are valued at the lower of cost and net realisable value.

Cost of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of crude oil and coal inventory is determined on a first in first out basis and the cost of all other inventories is determined on a weighted average basis.

Closing stock of crude oil extracted is valued at net realisable value.

G. Revenue recognition

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.

Revenue from sale of goods is recognised when property in the goods is transferred to the buyer for a price, when significant risks and rewards of ownership have been transferred to the buyer and no effective control, to a degree usually associated with ownership, is retained by the Group.

Sale of goods are stated net of trade discounts and include duty draw back and excise duty.

Interest income is recognised on a time proportion basis.

H. Government grants

Government grants are recognised when there is reasonable assurance that the conditions attached to the grants will be complied with and where such benefits have been earned and it is reasonably certain that the ultimate collection will be made.

I Employee benefits

Retirement benefit costs and termination benefits: Payments to defined contribution plans are recognised as expense when employees have rendered service entitling them to the contributions.

The Group determines the present value of the defined benefit obligation and fair value of plan assets and recognizes the net liability or asset in the balance sheet. The net liability or asset represents the deficit or surplus in the Group's defined benefit plans. (The surplus is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans).

The present value of the obligation is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each year.

Defined benefit costs are composed of:

(a) service cost – recognized in profit or loss;
service cost comprises (i) current cost which is the increase in the present value of defined benefit obligations resulting from employee service in the current period, (ii) past service cost which is the increase in the present value of defined benefit obligations resulting from employee service in the prior periods resulting from a plan amendment, and (iii) gain or loss on settlement.

(b) net interest on the net liability or asset - recognized in profit or loss;
net interest on the net liability or asset is the change during the reporting period that arises from the passage of time.

(c) remeasurements of the net liability or asset - recognized in other comprehensive income.

(d) remeasurements of the net liability or asset essentially comprise of actuarial gains and losses (i.e. changes in the present value of defined benefit obligations resulting from experience adjustments and effects of changes in actuarial assumptions), and, return on plan assets (i.e. income derived from plan assets, other than interest included in (b) above and realized or unrealized gains and losses on plan assets).

Short-term benefits: A liability is recognised for benefits accruing to employees in respect of wages and salaries,

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

annual leave and sick leave and other short term benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Other long-term benefits: Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Share based payment arrangements: Equity-settled share-based payments to employees of the Company and employees of subsidiary companies are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 20 (d). The fair value determined at the grant date of the equity-settled share-based payments to employees of the Group is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of year. At the end of each year, the Group revisits its estimate of the number of equity instruments expected to vest and recognizes any impact in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

J. Foreign currencies

The functional currency of the Group is determined on the basis of the primary economic environment in which it operates. The functional currency of the Group is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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 a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below the policy on hedge accounting in 3 (K) (iii);
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to Statement of Profit and Loss on repayment of the monetary items; and
- exchange difference arising on settlement / restatement of long-term foreign currency monetary items recognized in the financial statements for the year ended March 31, 2016 prepared under previous GAAP, are capitalized as a part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary item, whichever is earlier and charged to the Statement of Profit and Loss on annual basis. The un-amortised exchange difference is carried under other equity as "Foreign currency monetary item translation difference account" net of tax effect thereon, where applicable.

K. Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets primarily comprise of investments, loans and advances, premises and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings, trade payables and financial guarantee contracts.

Financial assets and financial liabilities are recognised when an entity 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 Statement of Profit and Loss (FVTPL)) 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 and loss are recognised immediately in Statement of Profit and Loss.

(i) Financial assets

a) Recognition and initial measurement

The Group initially recognises loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

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b) Investments in associates:

The Group's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If Group's share of losses of an associate exceeds its interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as Share of profit of an associate in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Classification of financial assets

On initial recognition, a financial asset is classified to be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or FVTPL.

<u>A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL</u>:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL</u>;

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of Ind AS 109 are measured at fair value.

All other financial assets are classified as measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognized in statement of profit or loss. The net gain or loss recognized in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

- The Group's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the entity,

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- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

d) Derecognition of financial assets

The Group derecognises a financial asset 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 party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

e) Impairment

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

f) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the 'Other income' line item.

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(ii) Financial liabilities and equity instruments

a) Classification as debt or equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit and Loss.

The Group derecognises financial liabilities when, and only when, the Group 's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

Other financial liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Group enters into deferred payment arrangements (acceptances) whereby overseas lenders such as banks and other financial institutions make payments to supplier's banks for import of raw materials and capital expenditure. The banks and financial institutions are subsequently repaid by the Group at a later date. These are normally settled up to 12 months (for raw materials) and up to 60 months (for capital expenditure). These arrangements for raw materials are recognized as Acceptances (under trade payables) and the arrangements for capital expenditure are recognised as other financial liabilities.

Derecognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

d) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, commodity price and foreign exchange rate risks, including foreign exchange forward contracts, foreign exchange options, commodity forward contracts, interest rate swaps and cross currency swaps.

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Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedge item.

iii. Hedge Accounting

In order to manage its exposure to certain commercial risks associated with commodity price, foreign exchange and interest rate fluctuations, the Group enters into derivative contracts.

The Group designates hedging instruments as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in a "Hedging Reserve Account". The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss. Amounts deferred in the Hedging Reserve Account are recycled in the statement of profit and loss in the periods when the hedged item is recognised in the statement of profit and loss, in the same line as the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In case of cash flow hedges any cumulative gain or loss deferred in the Hedging Reserve Account at that time is retained and is recognised when the forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred is recognised immediately in the statement of profit and loss.

iv. Reclassification of financial assets

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

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

Notes to Consolidated Financial Statements

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v. **Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

(L) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred. The Group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Group borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset. The Group suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

(M) Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from

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For the Year Ended March 31, 2017

the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(N) Provisions, contingent liabilities and contingent assets

A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources is remote. Contingent assets are disclosed where inflow of economic benefits is probable.

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

A. Going Concern

The management at each close makes an assessment of the Group's ability to continue as a going concern. In making such evaluation, it considers, inter alia, the quantum and timing of its cash flows, in particular collection of all its recoverables and settlement of its obligations to pay creditors and lenders on due dates. The accounting policy choices in preparation and presentation of the financial statements is based on the Group's assessment that the Group will continue as a going concern in the foreseeable future.

B. Determination of functional currency

The Management makes judgements in defining the functional currency based on economic substance of the transactions relevant to the Group. In concluding that Indian Rupees is the functional currency for the Group, the management considered (i) the currency that mainly influences the sales prices for goods and services, the labour, material and other costs of providing goods and services, and (ii) the effect of the competitive forces and regulations of the country which mainly determine the sales prices of the goods and services. As no single currency was clearly dominant, the management also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

C. Arrangements in the nature of lease

The Group has entered into long-term arrangements on take or pay basis to facilitate continuous supply of power to its refinery at Jamnagar. Based on assessment of the terms of the arrangements, the Group has concluded that these arrangements are in the nature of lease.

D. Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

E. Impairment indicators

The management performs annual impairment tests on cash generating units and capital work-in-progress (Train II and Petrochemical Units in particular) for which there are indicators that the carrying amount might be higher than the recoverable amount. This analysis is based upon various assumptions including margins, commencement date, demand for the products, and possibilities of synergies, etc.

F. Income Taxes

Deferred tax assets (including MAT recoverable) are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The management has made a significant judgment, based on counsel's opinion, about pattern of utilization of brought forward book losses and depreciation for the purpose of computation of minimum alternated tax.

G. Recoverability of financial assets

Assessment of recoverability of dated receivables require significant judgment. Factors considered include the credit rating, assessment of intention and ability of the counter party to discharge the liability, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. As stated

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

in Note 45 the recoverability of amounts due from certain related parties and other entities is predicated on the sale of shares by the majority shareholders and deployment of the sale consideration towards liquidating the dues. The assessment of recoverability of these amounts is based on management's to date understanding with the majority shareholders of the amounts expected to be collected and passed through to the Group through the escrow arrangement.

H. Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystalizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

I. Fair valuation of assets held for sale

As stated in Note 52 the Group has determined the fair value of the E&P business based on a price discovery process and valuation report without considering all benefits that could accrue in the long term and/or implications of events post the discovery of the price.

J. Fair value measurements of financial assets

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility.

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

5. Property, Plant and Equipment

(₹ in Crore)

Description of the assets	Gross block (Cost or deemed cost) (I)				Depreciation / amortisation (II)				Net block (III)=(I)-(II)	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	During the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
A) Tangible assets										
Land	2,817.08	7.07	-	2,824.15	-	-	-	-	2,824.15	2817.08
Buildings	817.12	26.27	-	843.39	171.37	35.25	-	206.62	636.77	645.75
Plant & machinery	34,351.01	1,072.91	332.27	35,091.65	601.81	1,463.00	288.59	1,776.22	33,315.43	33749.20
Producing properties	31.82	-	-	31.82	2.66	0.55	-	3.21	28.61	29.16
Furniture and fixtures	26.60	0.11	4.06	22.65	12.05	2.35	3.77	10.63	12.02	14.55
Office equipments	66.29	14.51	6.52	74.28	45.68	9.80	6.16	49.32	24.96	20.61
Vehicles	13.59	0.56	0.71	13.44	8.63	1.48	0.68	9.43	4.01	4.96
Aircraft	10.00	-	-	10.00	2.72	0.45	-	3.17	6.83	7.28
Total	**38,133.51**	**1,121.43**	**343.56**	**38,911.38**	**844.92**	**1,512.88**	**299.20**	**2,058.60**	**36,852.78**	**37,288.59**
Tangible assets taken on lease										
Land	0.17	-	-	0.17	0.13	0.03	-	0.16	0.01	0.04
Buildings	39.28	34.90*	39.28*	34.90	9.05	1.67	9.98	0.74	34.16	30.23
Plant & machinery	1,286.93	1,129.46*	1,284.55*	1,131.84	363.69	58.42	395.93	26.18	1,105.66	923.24
Total	**1,326.38**	**1,164.36**	**1,323.83**	**1,166.91**	**372.87**	**60.12**	**405.91**	**27.08**	**1,139.83**	**953.51**
Tangible assets given on lease										
Land	2,440.15	-	-	2,440.15	-	-	-	-	2,440.15	2440.15
Plant & machinery	0.01	-	-	0.01	-	-	-	-	0.01	0.01
Total	**2,440.16**	**-**	**-**	**2,440.16**	**-**	**-**	**-**	**-**	**2,440.16**	**2,440.16**
Total Tangible assets	**41,900.05**	**2,285.79**	**1,667.39**	**42,518.45**	**1,217.79**	**1,573.00**	**705.11**	**2,085.68**	**40,432.77**	**40,682.26**

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in Crore)

Description of the assets	Gross block (Cost or deemed cost) (I)				Depreciation / amortisation (II)				Net block (III)=(I)-(II)	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	During the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
B) Intangible assets										
Softwares & licenses	82.07	13.20	5.55	89.72	56.59	8.32	5.26	59.65	30.07	25.48
Total Intangible assets	**82.07**	**13.20**	**5.55**	**89.72**	**56.59**	**8.32**	**5.26**	**59.65**	**30.07**	**25.48**
C) Capital work-in-progress (Including expenditure during construction)									**3,831.63**	**3,530.58**

*Refer note 3(E)

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in Crore)

Description of the assets	Gross block (Cost or deemed cost) (I)				Depreciation / amortisation (II)				Net block (III)=(I)-(II)	
	As at April 01, 2016	Additions	Deductions**	As at March 31, 2017	As at April 01, 2016	During the year	Deductions**	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
A) Tangible assets										
Land	2,824.15	16.69	2.17	2,838.67	-	-	-	-	2,838.67	2,824.15
Buildings	843.39	30.33	21.68	852.04	206.62	35.08	4.37	237.33	614.71	636.77
Plant & machinery	35,091.65	81.25	96.27	35,076.63	1,776.22	1,335.77	47.23	3,064.76	32,011.87	33,315.43
Producing properties	31.82	-	31.82	-	3.21	0.99	4.20	-	-	28.61
Furniture and fixtures	22.65	1.39	7.47	16.57	10.63	2.35	3.33	9.65	6.92	12.02
Office equipments	74.28	15.74	14.39	75.63	49.32	9.93	13.23	46.02	29.61	24.96
Vehicles	13.44	0.15	3.12	10.47	9.43	0.89	2.38	7.94	2.53	4.01
Aircraft	10.00	-	10.00	-	3.17	0.21	3.38	-	-	6.83
Total	**38,911.38**	**145.55**	**186.92**	**38,870.01**	**2,058.60**	**1,385.22**	**78.12**	**3,365.70**	**35,504.31**	**36,852.78**
Tangible assets taken on lease										
Land	0.17	0.05*	0.05*	0.17	0.16	0.01	-	0.17	-	0.01
Buildings	34.90	265.91*	265.91*	34.90	0.74	15.00	13.50	2.24	32.66	34.16
Marine structures	-	273.99*	273.99*	-	-	23.55	23.55	-	-	-
Plant & machinery	1,131.84	4,145.56*	4,145.56*	1,131.84	26.18	254.06	202.60	77.64	1,054.20	1,105.66
Total	**1,166.91**	**4,685.51**	**4,685.51**	**1,166.91**	**27.08**	**292.62**	**239.65**	**80.05**	**1,086.86**	**1,139.83**
Tangible assets given on lease										
Land	2,440.15	-	-	2,440.15	-	-	-	-	2,440.15	2,440.15
Plant & machinery	0.01	-	0.01	-	-	-	-	-	-	0.01
Total	**2,440.16**	**-**	**0.01**	**2,440.15**	**-**	**-**	**-**	**-**	**2,440.15**	**2,440.16**
Total Tangible assts	**42,518.45**	**4,831.06**	**4,872.44**	**42,477.07**	**2,085.68**	**1,677.84**	**317.77**	**3,445.75**	**39,031.32**	**40,432.77**

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in Crore)

Description of the assets	Gross block (Cost or deemed cost) (I)				Depreciation / amortisation (II)				Net block (III)=(I)-(II)	
	As at April 01, 2016	Additions	Deductions**	As at March 31, 2017	As at April 01, 2016	During the year	Deductions**	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
B) Intangible assets										
Softwares & licenses	89.72	9.28	6.70	92.30	59.65	10.63	6.26	64.02	28.28	30.07
Producing properties	-	-	-	-	-	-	-	-	-	-
Total Intangible assets	**89.72**	**9.28**	**6.70**	**92.30**	**59.65**	**10.63**	**6.26**	**64.02**	**28.28**	**30.07**
C) Capital work-in-progress (Including expenditure during construction)									**629.70**	**3,831.63**

*Pursuant to a change in the term of the arrangement leading to classification from finance lease to operating lease, subject to lenders' approval.
**Including discontinued operation.

NOTES:

1 A charge has been created on land given on lease in favour of lender of VOTL and VPCL.

2 Additions to plant and machinery include exchange gain of ₹ 81.40 crore (Previous year loss of ₹ 251.87 crore) and borrowing cost of ₹ 39.02 crore (Previous year ₹ 107.68 crore).

3 The Group has elected to measure land and plant & machinery (other than plant and machinery taken on finance lease) of its refinery and land of township at fair value at the date of transition to Ind AS (April 01, 2015) and use those fair value as their deemed cost. This valuation is based on the report of an independent third party valuer. The carrying amounts of land and Plant & Machinery under the previous GAAP are as follows:

(₹ in Crore)

Description of Assets	Carrying value	Fair Value
Land	177.44	5,255.05
Plant and machinery	19,673.24	33,686.93

4 Capital work in progress mainly includes engineering, license and other costs carried aggregating to ₹ 297.01 crore (Previous year ₹ 266.44 crore and as at April 01,2015 ₹ 316.72 crore) relating to petrochemical and expansion projects undertaken by the company that, presently are in their nascent stages.

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

6. Investments (Non Current) (Unquoted)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(1) Investment in equity instruments - At cost or deemed cost			
(i) Investment in associates (fully paid-up) (long- term)			
102,999,994 (Previous year 102,999,994 and 102,999,994 as at April 01, 2015) equity shares of ₹ 10 each of Vadinar Power Company Limited (VPCL)	191.84	240.63	238.27
13,000 (Previous year 13,000 and 13,000 as at April 01, 2015) equity shares of ₹ 10 each of Vadinar Liquid Terminal Limited (VLTL)	-	0.01	0.01
(2) Other Investments - At FVTPL			
(i) Investment in Essar Power Limited - 10.25% Cumulative redeemable preference shares	-	-	970.83
Nil (Previous year Nil and 512,500,000 as at April 01, 2015) preference shares of ₹ 20 each of Essar Power Limited (EPoL)			
(ii) Investments in debentures			
Nil (Previous year Nil and 54,000 as at April 01, 2015) Fully Convertible Debentures of Prajakta Estates Pvt Ltd of ₹ 100 each	-	-	2.48
Nil (Previous year Nil and 320,000 as at April 01, 2015) Fully Convertible Debentures of Trikaya Township Pvt. Ltd. of ₹ 100 each	-	-	3.70
Nil (Previous year Nil and 878,820 as at April 01, 2015) Fully Convertible Debentures of Sangam Cultivators Pvt Ltd of ₹ 100 each	-	-	6.33
(iii) Investments in equity instruments (long term)			
13,000,000 (Previous year 13,000,000 and 13,000,000 as at April 01, 2015) equity shares of ₹ 10 each of Petronet VK Limited	-	-	-
1,584,000 (Previous year 1,584,000 and 1,584,000 as at April 01, 2015) equity shares of ₹ 10 each of Petronet CI Limited (company under liquidation)	-	-	-
10,000,000 (Previous year 10,000,000 and 10,000,000 as at April 01, 2015) equity shares of ₹ 10 each of Petronet India Limited	-	-	-
Total	**191.84**	**240.64**	**1,221.62**

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Investment at Cost	191.84	240.64	238.28
Investment at Fair Value throught Profit and Loss Account	-	-	983.34
Total	**191.84**	**240.64**	**1,221.62**

Refer note 3(K)(i)(b) and (c) for basis of valuation

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

7. Loans (Non Current)
(Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Inter Corporate Deposits			
-To related parties			
- Considered good	-	-	312.32
- Considered doubtful	-	-	7.68
Less: Expected credit loss	-	-	(7.68)
Total	**-**	**-**	**312.32**

8. Other Financial Assets (Non Current)
(Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advances against purchase of shares / debentures			
-To related parties	1,400.02	1,400.02	1,400.00
-To others	3,365.55	50.84	39.02
(A)	**4,765.57**	**1,450.86**	**1,439.02**
Security deposits			
-To related parties			
- Considered good	1,268.88	-	877.23
- Considered doubtful	31.36	-	21.70
-To others			
- Considered good	6.44	6.32	67.76
- Considered doubtful	0.17	0.04	0.36
Less: Expected credit loss	(31.53)	(0.04)	(22.06)
(B)	**1,275.32**	**6.32**	**944.99**
Others			
Other receivables			
-To related parties			
- Considered good	-	-	145.03
- Considered doubtful	-	-	3.57
-To others (refer note 42)			
- Considered good	216.04	196.10	86.80
- Considered doubtful	4.89	4.19	0.40
Less: Expected credit loss	(4.89)	(4.19)	(3.97)
(C)	**216.04**	**196.10**	**231.83**

Notes to Consolidated Financial Statements
For the Year Ended March 31, 2017

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest accrued on deposits				
- Considered good		0.01	0.01	1.16
- Considered doubtful		0.00	0.00	0.00
Less: Expected credit loss		(0.00)	(0.00)	(0.00)
	(D)	**0.01**	**0.01**	**1.16**
Bank Deposit for more than Twelve months				
- Considered good		0.16	2.50	10.17
- Considered doubtful		0.00	0.01	0.04
Less: Expected credit loss		(0.00)	(0.01)	(0.04)
	(E)	**0.16**	**2.50**	**10.17**
Derivative Assets - At fair value		145.00	69.93	138.89
	(F)	**145.00**	**69.93**	**138.89**
Total	(G) = (A+B+C+D+E+F)	**6,402.10**	**1,725.72**	**2,766.06**

9. Other non-current assets

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Prepaid expenses - To Others		0.01	2.46	8.81
	(A)	**0.01**	**2.46**	**8.81**
Balances with government authorities		0.49	0.62	7.37
	(B)	**0.49**	**0.62**	**7.37**
Capital Advances				
-To related parties		-	127.09	16.94
-To others		23.76	313.78	273.89
	(C)	**23.76**	**440.87**	**290.83**
Other Receivables				
-Claims / Other Receivable		237.11	180.83	201.47
-Export Incentive Receivables {refer note 42(a)}		381.94	258.45	179.37
	(D)	**619.05**	**439.28**	**380.84**
Total	(E) = (A+B+C+D)	**643.31**	**883.23**	**687.85**

10. Non Current Tax Assets

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance income tax / Tax deducted at source			
- Considered good	283.60	109.65	24.08
Total	**283.60**	**109.65**	**24.08**

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

11. Inventories

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Raw materials {including in transit ₹ 2,344.19 crore (Previous year ₹ 1,398.08 crore and ₹ 607.39 crore as at April 01, 2015)}	4,070.76	2,289.10	2,516.69
Work-in-progress	1,599.01	728.94	1,412.61
Finished goods	857.41	501.69	556.54
Trading goods	32.28	13.58	0.41
Stores and spare parts {including in transit ₹ 3.34 crore (Previous year ₹ 2.68 crore and ₹ 16.23 crore as at April 01, 2015)}	318.98	302.22	324.01
Other consumables {including in transit ₹ 3.80 crore (Previous year ₹ 10.58 crore and ₹ 104.80 crore as at April 01, 2015)}	107.18	106.97	320.63
Total	**6,985.62**	**3,942.50**	**5,130.89**

Refer note 3(F) for basis of valuation

12. Investments (Current)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Other Investments - At FVTPL			
(a) Investment in Essar Power Limited - 10.25% Cumulative redeemable preference shares	-	**1,034.48**	-
Nil (Previous year 512,500,000 and Nil as at April 01, 2015) preference shares of ₹ 20 each of Essar Power Limited (EPoL)			
(b) Investment in a mutual fund			
India Growth Opportunities Fund	-	-	1,309.60
Nil (Previous year Nil and 119,500,000 as at April 01, 2015) units of ₹ 100 each of India Growth Opportunities Fund of Srei multiple asset investment trust			
Total	**-**	**1,034.48**	**1,309.60**

13. Trade receivables (Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade Receivables			
- Considered good*	17,452.26	15,611.45	12,387.08
- Considered doubtful	4.04	146.51	16.30
Bills Receivable	12.65	15.09	9.38
	17,468.95	15,773.05	12,412.76
Less: Expected credit loss	(4.04)	(146.51)	(16.30)
Total	**17,464.91**	**15,626.54**	**12,396.46**

* ₹ 15.92 crore (Previous year ₹ 18.39 crore and ₹ 17.15 crore as at April 01, 2015) secured by corporate / bank guarantees and / or letters of credit.

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 54.

Notes to Consolidated Financial Statements
For the Year Ended March 31, 2017

14. Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash and cash equivalents			
Balances with banks in:			
-Current accounts	1,826.18	96.74	312.17
-Deposits with maturities less than 3 months	-	1.92	11.98
Cheques on hand	**1.46**	**0.03**	**3.66**
Cash on hand	**0.06**	**0.15**	**0.08**
Total	**1,827.70**	**98.84**	**327.89**

In accordance with the MCA notification G.S.R. 308 (E) dated March 30, 2017 details of specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016, is given below:

(Amount in ₹)

Particulars	Value of Specified Bank Notes (SBNs)	Value of Other Denomination Notes (ODN)	Total
Closing Cash in hand as on November 8, 2016	5,78,000	22,128	6,00,128
Add: Receipts	50,38,500#	16,86,893	67,25,393
Less: Payments	(57,500)*	(58,050)	(1,15,550)
Less: Amount Deposited in Banks	(55,59,000)	(13,59,110)	(69,18,110)
Closing Cash in hand as on December 30, 2016	-	2,91,861	2,91,861

The Company had accepted Specified Bank Notes amounting to ₹ 48,77,500 during the period November 9, 2016 to November 11, 2016 and ₹1,61,000 during the period November 12, 2016 to November 19, 2016, at its retail outlets (petrol pumps) / guest house, which were deposited in the bank accounts of the Company. In the Company's view, the Company was not prohibited from accepting these specified bank notes during the above period.

* Amount exchanged at banks

15. Bank balances other than Cash and Cash Equivalents

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Other bank balances			
- Balances with banks in Current accounts / deposits - Earmarked accounts (debenture / unclaimed debenture interest)	4.92	13.76	21.83
- Margin deposits* {refer note 42(b)}	1,533.26	1,452.12	1,694.77
- Other deposits	1.05	23.42	0.36
Total	**1,539.23**	**1,489.30**	**1,716.96**

* Mainly placed for letters of credit facilities, guarantees and short term borrowings from banks.

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

16. Loans (Current) (Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Inter Corporate Deposits			
- To related parties			
- Considered good	248.88	4,886.84	1,593.63
- Considered doubtful	6.12	212.14	78.48
- To others			
- Considered good	-	2,816.42	94.56
- Considered doubtful	-	10.91	5.97
Less: Expected credit loss	(6.12)	(223.05)	(84.45)
Total	**248.88**	**7,703.26**	**1,688.19**

17. Other Financial Assets (Current) (Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Other Loans and Advances			
- To related parties			
- Considered good	-	653.63	310.46
- Considered doubtful	-	15.70	7.27
- To others			
- Considered good	-	34.58	29.03
- Considered doubtful	-	1.66	0.52
Less: Expected credit loss	-	(17.36)	(7.79)
(A)	**-**	**688.21**	**339.49**
Security deposits			
- To related parties			
- Considered good	-	1,664.79	-
- Considered doubtful	-	27.39	-
- To others			
- Considered good	23.33	133.78	80.16
- Considered doubtful	0.21	6.89	1.52
Less: Expected credit loss	(0.21)	(34.28)	(1.52)
(B)	**23.33**	**1,798.57**	**80.16**
Others			
Other receivables			
- From related parties			
- Considered good {refer note 45(b)}	1,270.08	3,418.21	4,421.01
- Considered doubtful	24.94	180.04	159.81
- From others			
- Considered good	7,635.43	2,883.45	1,248.59

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
- Considered doubtful		551.12	47.39	76.43
Less: Expected credit loss		(576.06)	(227.43)	(236.24)
	(C)	**8,905.51**	**6,301.66**	**5,669.60**
Interest accrued on deposits				
- Considered good		42.51	51.67	75.60
- Considered doubtful		0.17	0.20	0.30
Less: Expected credit loss		(0.17)	(0.20)	(0.30)
	(D)	**42.51**	**51.67**	**75.60**
Derivative Assets - At fair value		147.46	88.63	229.78
	(E)	**147.46**	**88.63**	**229.78**
Total	**(F) = (A+B+C+D+E)**	**9,118.81**	**8,928.74**	**6,394.63**

18. Current Tax Assets

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance income tax / Tax deducted at source			
- Considered good	101.14	32.68	31.34
Total	**101.14**	**32.68**	**31.34**

19. Other Current Assets (Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advances recoverable in cash or in kind or for value to be received				
-From related parties		-	718.06	761.02
-From others		85.77	40.40	56.69
	(A)	**85.77**	**758.46**	**817.71**
Prepaid expenses		191.63	123.18	58.16
Balances with government authorities		50.49	50.31	44.62
	(B)	**242.12**	**173.49**	**102.78**
Other Receivables				
-Claims / Other Receivable		1.90	15.96	35.58
	(C)	**1.90**	**15.96**	**35.58**
Total	**(D) = (A+B+C)**	**329.79**	**947.91**	**956.07**

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

20. Equity Share capital

(₹ in crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorised						
Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
Issued and subscribed						
Equity shares of ₹ 10 each	1,55,24,87,155	1,552.49	1,51,25,94,359	1,512.59	1,51,14,42,900	1,511.44
Paid up						
Equity shares of ₹ 10 each fully paid up	1,49,05,61,155	1,490.56	1,45,06,68,359	1,450.67	1,44,95,16,900	1,449.52
Add : Forfeited shares - Equity shares of ₹ 10 each	6,19,26,000	16.60	6,19,26,000	16.60	6,19,26,000	16.60
		1,507.16		**1,467.27**		**1,466.12**

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year :

(₹ in crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	1,45,06,68,359	1,450.67	1,44,95,16,900	1,449.52	1,44,95,16,900	1,449.52
Add : Equity shares issued	3,98,92,796	39.89	11,51,459	1.15	-	-
Shares outstanding at the end of the year	1,49,05,61,155	1,490.56	1,45,06,68,359	1,450.67	1,44,95,16,900	1,449.52

The above includes 95,14,63,854 underlying equity shares represented by 62,18,718 outstanding global depository shares (GDS). Each GDS represents 153 underlying equity shares.

b) The rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of an equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Holders of GDS are entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of shares, less the fees and expenses payable under the Deposit Agreement and any Indian tax applicable to such dividends. Holders of GDS had no direct voting rights in respect of shares, which underlie the GDS. With the amendment of the Depository Agreement on February 14, 2017, the holders of GDS are entitled to instruct the Depository to exercise the voting rights, arising under the equity shares represented by the GDS at general meetings and through postal ballot.

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

c) **Shares held by holding / ultimate and Intermediate holding company and / or their subsidiaries / associates and shareholders holding more than 5% shares (including GDS) in the Company:**

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	% of shares	Number of shares	% of shares	Number of shares	% of shares
Nil (Nil as at March 31, 2016 and 4,761,000 as at April 01, 2015) GDS held by Essar Oil & Gas Limited, Mauritius	-	-	-	-	72,84,33,000	50.25%
6,218,718 (6,218,718 as at March 31, 2016 and 1,457,718 as at April 01, 2015) GDS held by Essar Energy Holdings Limited, Mauritius	95,14,63,854	63.83%	95,14,63,854	65.59%	22,30,30,854	15.39%
Equity shares held by Essar Energy Holdings Limited, Mauritius	39,66,07,443	26.61%	35,47,14,547	24.45%	35,47,14,547	24.47%
Equity Shares held by Essar Power Hazira Holdings Limited	-	-	100	0.00%	100	0.00%
Equity Shares held by Oil Bidco (Mauritius) Limited, a promoter entity as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009	11,65,81,496	7.82%	11,21,05,503	7.73%	-	-

d) **Stock Options :**

i) **Details of stock options granted to eligible employees under the Essar Oil Employee Stock Option Scheme 2011 are as under:**

Particulars	Information w.r.t. Scheme	
Date of Shareholders Approval	August 12, 2011. The Shareholders approval was modified on December 20, 2012	
Total Number of Options Approved	1,36,56,670	
Vesting Requirements	The options shall vest in a graded manner in three equal installments, at the end of 3rd/ 4th / 5th years from the grant date.	
Maximum Term of options granted	12 years from the date of grant.	
Source of Shares	Primary	
Variations in terms of options	Not applicable	
Exercise period	7 years from date of vesting	
	Tranche I	**Tranche II**
No. of options Granted	32,11,391	23,13,292
Exercise price	₹ 69.05	₹ 52.20
Grant dates	December 02, 2011	November 20, 2013
Exercise dates	December 02, 2014, December 02, 2015, December 02, 2016	November 20, 2016, November 20, 2017, November 20, 2018
Total options exercised	11,51,459	Not Applicable
Total options already forfeited	15,15,949	4,33,124
Total options surrendered in 2016 - 17	5,43,983	18,80,168
Options outstanding at the end of the year	-	-
Weighted average exercise price of the stock options	₹ 69.05	₹ 52.20
Weighted average share price for the stock options exercised during the period	N.A.	
Weighted average remaining contractual life (in years)	6.67	8.64

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

ii) **Movement of Options Granted :**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Options outstanding at the beginning of the year	24,24,151	39,00,853
Granted during the year	-	-
Options forfeited / cancelled during the year	-	3,25,243
Options surrendered during the year	24,24,151	-
Options exercised during the year	-	11,51,459
Options outstanding at the end of the year	-	24,24,151
Options vested but not exercised	-	-

iii) **Method of settlement - Settlement through equity.**

iv) **The fair value of the options has been determined under the Black-Scholes model.The assumptions used in this model for calculating fair value are as below:**

Details	Year of Grant 2011–12	Year of Grant 2013-14
Risk – free interest rate	8.73%	9.13%
Expected life (years)*	12	12
Expected volatility**	38.26%	50.81%
Expected dividend	0.00%	0.00%
The price of underlying share in market at the time of option grant	₹ 69.05 per share	₹ 52.20 per share
Weighted average fair value	₹ 66.80 per share	₹ 53.52 per share

*Expected life of the options is based on the actual life of the options as per the scheme of the Group as no historical data for early exercise of options is available.

**Volatility is measurement of the amount by which the price has fluctuated or is expected to fluctuate during a period. Volatility used in the Black-Scholes options pricing model has been derived based on the volatility in the stock prices of the earlier periods.

21. Other Equity

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
General reserve	48.84	48.84	22.25
Retained Earnings	9,960.07	11,162.96	9,882.04
Other Comprehensive Income:			
Cashflow hedge reserve	(117.13)	(212.02)	(111.87)
Actuarial valuation reserve	(3.19)	(4.14)	(3.85)
Foreign currency monetary item translation difference account	(25.05)	(151.85)	13.55
Other Reserves:			
Capital reserve	40.89	40.89	40.89
Securities premium account	7,801.39	6,193.99	6,184.60
Debenture redemption reserve	10.74	10.74	37.33
Employee Stock Option Schemes (ESOS) Outstanding Account	-	7.23	7.16
Foreign currency Translation Reserve	(0.01)	(0.01)	(0.00)
Total	**17,716.55**	**17,096.63**	**16,072.10**

“0.00” represents amount less than ₹ 0.01 crore.

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

22. Borrowings

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(A) Secured Borrowings - At amortised cost				
Debentures				
Non convertible debentures		18.09	42.92	140.37
Term loans				
From banks		6,863.95	8,893.49	12,231.92
From financial institutions		1,340.72	1,565.08	1,610.58
Export advances from customers		7,480.79	7,946.28	3,004.36
Unamortised portion of ancillary borrowing cost		(312.45)	(189.38)	(252.40)
Amount included under Other financial liabilities (Current)		(2,530.31)	(1,586.92)	(1,682.94)
	(A)	**12,860.79**	**16,671.47**	**15,051.89**
(B) Unsecured Borrowings				
Debentures - At fair value				
Fully convertible debentures		-	37.51	33.90
Finance lease obligation - At amortised cost				
From related parties		1,181.65	1,186.55	1,263.31
From others		-	0.32	0.79
Other loans - At amortised cost				
Conditional grant from a bank		-	8.20	7.87
Amount included under Other financial liabilities (Current)		(5.72)	(5.22)	(20.52)
	(B)	**1,175.93**	**1,227.36**	**1,285.35**
Total	(A+B)	**14,036.72**	**17,898.83**	**16,337.24**

(i) Security for term loans and funded interest facilities from banks and financial institutions and debentures

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Term loans, funded interest facilities and debentures are secured / to be secured by first ranking security interests {pari passu with loans for refinery expansion, refinery optimisation, certain External Commercial Borrowing (ECB) loans, Sales tax / General purpose term loan and Export Performance Bank Guarantee Facilities (EPBG)} on all present and future immovable assets of refinery division, all present and future movable assets other than current assets of refinery division, first ranking charge over the rights, title and interests under project documents and over all licenses, permits, approvals, assignments, concessions and consents of project, security interest on rights, title and interests in trust and retention accounts and all sub accounts created there under, insurance policies in relation to the refinery including refinery expansion, refinery optimisation and HMU II and second ranking security interests on current assets, first ranking pledge of certain shares of the Company held by a related party, personal guarantees of some of the promoters and other collaterals being pledge of certain shares of related parties and mortgage over a property of a body corporate. Term Lenders have (barring one) released personal guarantees and collaterals thereto.	3,038.50	3,578.30	5,038.62

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
b) Corporate term loan from a bank is secured by first charge on all present and future current assets (ranking pari passu with working capital facility), excluding that of exploration and production division, second charge by way of mortgage on all present and future fixed assets including the plant site of the refinery excluding certain category of assets, personal guarantees of some of the promoters and corporate guarantee by body corporate and other collaterals being second ranking on pledge of certain shares of the Company and that of a related party held by related parties and the company and second ranking mortgage over a property of a body corporate.	-	-	500.02
c) Sales tax / General purpose term loan from a bank is secured / to be secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, certain ECB loans, refinery optimisation and EPBG) on all present and future fixed assets and second ranking security interests on all present and future current assets excluding that of exploration and production division, personal guarantees of some of the promoters and certain undertakings provided by related parties, first ranking pari passu pledge of certain investments of the Company.	657.96	657.96	1,500.00
d) Term loan from a bank is secured by subservient charge on moveable fixed assets of the Refinery Division and personal guarantee of one of the promoters.	-	227.20	500.00
e) Term loan from a bank is secured by subservient charge on moveable fixed assets of the Refinery Division and extension of pledge of certain equity shares of related parties / body corporate.	1,022.64	1,022.64	-
f) ECB loan is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery project, all present and future movable assets of refinery project excluding current assets, security interest on the rights, title and interest under project documents, trust and retention accounts, insurance policies all in relation to the refinery including refinery expansion, refinery optimisation and HMU II and second pari-passu charge on the current assets, pledge of certain shares of the Company held by a related party and certain undertakings provided by the related parties.	1,399.00	1,592.26	1,654.36
g) ECB loan is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets in relation to the refinery project, including the rights to the refinery project land and the project site (but excluding (I) all immovable property leased to or provided for use by the entities implementing the terminal utility, the power utility and township project, and (II) any land for the second train); a first ranking charge by way of hypothecation of all moveable fixed assets in relation to the refinery project, both present and future (but excluding all upstream oil & gas, coal bed methane related assets including but not limited to Ratna & R-series oil fields, CBON-3 (Mehsana), Raniganj RG (East), CR-ON-90/1 (Cachar), Blocks L&A2 (Myanmar) and AA-ONN (Assam) blocks and Naphtha Receivables, all intangible and tangible assets with respect to the refinery project (but excluding Current Assets in relation to the refinery project and all upstream oil & gas, coal bed methane related assets including but not limited to Ratna & R-series oil fields, CBON-3 (Mehsana), Raniganj RG (East), CR-ON-90/1 (Cachar), Blocks L&A2 (Myanmar) and AA-ONN (Assam) blocks and Naphtha Receivables, all the bank accounts in relation to the refinery project, including without limitation the Trust and Retention Accounts, the Debt Service Reserve Account, the Escrow Account, all the rights, titles, permits, approvals, interests etc., under project documents, a second ranking charge by way of hypothecation on all current assets in relation to the refinery project, pledge of certain shares of the Company held by a related party and certain undertakings provided by related parties.	1,400.87	1,556.49	1,502.18

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
h) Long term advances against export performance bank guarantees USD 1,153.76 million (Previous year USD 1,197.94 million and USD 480 million as at April 01, 2015) from customers are secured by EPBG issued by domestic banks:	7,480.79	7,946.28	3,004.36
(i) EPBG issued by SBI USD 640.25 million (Previous year USD 665.75 million and USD 380 million as at April 01, 2015) is secured / to be secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loan, Sales tax / General purpose term loan and refinery expansion) on plant site, all present and future fixed assets (except excluded assets), second ranking security interest on all present and future current assets (except excluded assets) and further by pledge of certain shares of the Company held by a related party, personal guarantees of promoters' of the Company together with collateral securities i.e. pledge over certain shares of related parties and mortgage over certain assets of a body corporate and certain guarantees from body corporates and undertakings from related parties and first ranking pari passu pledge of certain investments of the Company.	4,151.29	4,416.11	2,378.45
(ii) EPBG issued by ICICI USD 513.51 million (Previous year USD 532.19 million and USD 100 million as at April 01, 2015) is secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and refinery expansion) on plant site, over the rights, title and interest to the Refinery project including the HMU project, tangible and intangible assets, all present and future fixed assets (except excluded assets), second ranking security interest on present and future current assets (except excluded assets), pledge of certain shares of the Company held by a related party and undertaking of certain related parties.	3,329.50	3,530.17	625.91
i) Term loans for the refinery expansion are secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets of refinery, all present and future movable assets, other than current assets of refinery, all tangible and intangible assets of refinery, all the bank accounts of refinery including without limitation the cash sweep account, debt service reserve account, first charge on security interest on rights, title and interests under project documents, trust and retention accounts, insurance policies in relation to the refinery, including refinery expansion, charge over immovable properties leased to entities implementing the terminal utility, power utility and township utility (subject to prior charge in favor of the lenders financing the said utilities) and second ranking security interest on current assets of refinery and further by pledge and non-disposal undertaking of certain shares / global depository shares of the Company, certain shares of the Company and that of a related party held by related parties and the Company, first ranking pari passu pledge of certain investment of the company, personal guarantees of promoters of the Company together with collateral securities i.e. pledge over certain shares of related parties, mortgage over certain assets of a body corporate, certain undertakings from related parties, residual charge on the company's participating interest, cash flows related to upstream oil and gas, coal bed methane fields and related assets subject to certain approvals.	731.19	829.36	2,420.47

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
j) Term loan for the refinery optimisation is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery project, all present and future movable assets other than current assets of refinery project, all tangible and intangible assets of refinery project, bank accounts of optimisation project, security interest on rights, title and interests under project documents, trust and retention accounts, insurance policies in relation to the refinery, refinery expansion and refinery optimisation and second ranking security interests on current assets.	-	-	805.53
k) Term loans are secured / to be secured by first charge on immovable assets and movable assets (present and future), first charge over book debts, operational cash flows, receivables, trust and retention account, Debt Service Reserve account, participating interest under CBM contract, security interest on rights, title and interests under the project documents, insurance policies, clearances, rights under letter of credit and guarantees, performance bond, corporate guarantee and bank guarantees, all in relation to CBM Project.	-	421.59	502.06
l) Term loans are secured / to be secured by first charge on all present and future movable assets, immovable assets, current assets and intangible assets, first charge on all the bank accounts of the Company including Trust and Retention Account, Debt Service Reserve account and the monies deposited therein, a sub-ordinate charge on participating interest under CBM contract, security interest on all present and future right, title, interest, benefits, claims and demands under the project documents and under the approvals and insurance contracts/insurance proceeds including all right, title and interest, claims and demands under any letter of credit, guarantees related to the project.	-	757.88	-
m) ECB Loan is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery, security interest on rights, title and interests under project documents, all present and future movable assets of refinery, all tangible and intangible assets of refinery, all the bank accounts of HMU II project including without limitation to trust and retention accounts, debt service reserve account, project implementation account and second ranking security interests on current assets of refinery, pledge of certain shares of the Company held by a related party and certain undertakings provided by related parties.	519.07	601.42	603.71
n) Term loan is secured by mortgage of certain immovable properties owned by a Company and a body corporate.	13.99	25.60	35.57

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(ii) Repayment and other terms:			
a) Outstanding debentures consists of 3,190,100 (Previous year 5,174,950 and 13,595,950 as at April 01, 2015) – Secured redeemable non – convertible debentures (NCDs) of ₹ 105/- each. These amounts carry interest ranging from fixed rate of 12.50% p.a to a prime lending rate/ base rate of respective banks plus margin and is repayable from December 2014 to June 2018.	18.09	42.92	134.20
Nil (Previous year Nil and 700,000 as at April 01, 2015) – Secured redeemable non – convertible debentures (NCDs) of ₹ 100 each on private placement basis partly paid up at ₹ 93.86 per debenture. These debentures carry interest at a prime lending rate / base rate of the bank plus margin and has been prepaid in FY 2015-2016.	-	-	6.17

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
b)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions is based on their prime lending rate / base rate / 1 month LIBOR plus margin (margin ranges from 2.12% p.a. to 3.00% p.a.) with different repayment installments starting from December 2009 to March 2026.	2,409.03	2,723.55	3,784.43
c)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions is repayable in installments from March 2021 to March 2026 and carries interest ranging from 4.98% to 12.37%. The Company has an option, subject to consent of the lenders, to prepay these facilities as per agreed terms at a reduced amount at any point of time during its term.	1,675.72	1,675.72	2,265.63
d)	The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions is repayable in 40 equal quarterly installments beginning June 30, 2015 and carried interest ranging from 4.98% to 12.37%. The Company has an option, subject to consent of the lenders, to prepay this facility as per agreed terms at a reduced amount at any point of time during its term.	375.95	422.92	469.92
e)	A funded interest loan of ₹ 206.88 crore (Previous year ₹ 206.88 crore and ₹ 206.88 crore as at April 01, 2015) is payable in a single bullet payment in 2031.	51.90	47.02	42.60
f)	Term Loans carry interest rate linked with respective banks' prime lending rate / base rate plus 4% (margin / liquidity premium) and are repayable in installments starting from December 2012 and ending in September 2018	590.00	590.00	2,906.68
g)	Term loans carry interest rate linked with respective banks base rate / MCLR rate / 3 months LIBOR plus margin and are repayable in installments starting from March 2014 and ending in April 2022. Out of above certain amount ₹ Nil (previous year ₹ Nil, ₹ 17.68 crore as at April 01, 2015) pertains to Buyers' credit which will be ultimately converted into term loan.	-	421.59	502.06
h)	Term loans carry interest rate linked with respective banks base rate / 6 months LIBOR plus margin and are repayable in installments starting from June 2018 and ending in September 2028.	-	757.88	-
i)	ECB Loan carry interest rate of 3 months LIBOR + 2.75% p.a. are repayable in installments starting from January 2012 and ending in October 2018.	141.19	239.36	319.31
j)	ECB Loans carry interest rate of 3 months / 6 months LIBOR + margin ranging from 4.70% p.a. to 5.00% p.a. are repayable in installments starting from March 2015 and ending in March 2024.	2,799.87	3,148.75	3,156.54
k)	EPBG advances USD 1,197.94 million (Previous year USD 1,197.94 million and USD 480 million as at April 01, 2015) carry interest rate of 12 months LIBOR + 2% margin are repayable over a period of two years with a rollover option, subject to discretion of the buyer, upto a period of 10 years.	7,480.79	7,946.28	3,004.36
l)	Corporate term loan carry interest rate at banks' prime lending rate / base rate plus 3.75% p.a.(margin / liquidity premium) and is repayable in installments from June 2014 to March 2017 has been repaid during the year.	-	-	500.02
m)	General purpose term loan carry interest rate at banks' prime lending rate / base rate plus 3.25% p.a.(margin / liquidity premium) and is repayable in installments from December 2012 to September 2018.	657.96	657.96	1,500.00
n)	Term loan carry interest rate at banks' prime lending rate / base rate plus 0.75% p.a.(margin / liquidity premium) and is repayable in 8 quarterly installments starting from June 2015 and ending on March 2017.	-	227.20	500.00
o)	Term loan carry interest rate at banks' prime lending rate / base rate plus 0.75% p.a.(margin / liquidity premium) and is repayable in installments starting from June 2018 and ending on March 2023.	1,022.64	1,022.64	-

Notes to Consolidated Financial Statements
For the Year Ended March 31, 2017

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
p) ECB Loan carry interest of LIBOR + 4.96% p.a. and is repayable in installments starting from June 2015 and ending in March 2021.	519.07	601.42	603.71
q) Term loan is repayable by May 2017 and carry interest rate of lender's Current Prime Lending Rate (CPLR) payable monthly.	10.04	19.39	27.41
r) Term loan is repayable by December 2017 and carry interest rate of lender's Current Prime Lending Rate (CPLR) payable monthly.	3.95	6.21	8.15
s) Fully Convertible Debentures Series I consists of 6,26,850 debentures of ₹ 100 each and Series II consists of 46,10,981 debentures of ₹ 100 each. Each Fully Convertible Debenture shall compulsorily get converted into equity share(s) of ₹ 10 each at such premium as may be agreed between the issuer and the holder at the expiry of 7 years from the date of allotment (i.e. March 31, 2011 in case of Series I and March 31, 2012 in case of Series II). The holder of the debentures shall also have the option to convert them into equity share(s) of ₹ 10 each any time after March 31, 2012 in case of Series I and March 31, 2013 in case of Series II at such premium as may be agreed between the issuer and the holder. The debentures shall not carry any interest and shall not be listed in any stock exchange.	-	52.38	52.38
t) The pilot project for coal bed methane gas was partially financed by a conditional grant of USD Nil (Previous year USD 0.89 million and USD 0.89 million as at April 01, 2015) and ₹ Nil (Previous year ₹ 2.31 crore and ₹ 2.31 crore as at April 01, 2015) received from a bank. The conditional grant, in terms of the agreement, will be repayable in the event the Company puts the project to commercial use, and repayments to the bank will be based on gross annual sales derived from the commercial exploitation of the project, subject to a maximum repayment of 200% of the conditional grant. Commercial exploitation of the project is dependent upon getting necessary approvals from the Government of India.The conditional grant amount has been transferred to Essar Oil and Gas Exploration Production Limited (EOGEPL), subject to lender approval, consequent to the disposal off the E&P Division (refer note 52)	-	8.20	7.87

23. Other financial liabilities (Non-Current)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance against GDS	-	1,632.46	1,540.36
Security deposits	13.46	36.02	34.43
Derivative Liabilities - At fair value	211.66	420.68	506.77
Other liabilities	35.79	16.00	56.72
Total	**260.91**	**2,105.16**	**2,138.28**

24. Provisions (Non current)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Other Provisions			
Site restoration	-	5.14	5.14
Total	**-**	**5.14**	**5.14**

Represents current cost of restoring the Exploration and production sites on abandonment or decommissioning of oil and gas wells and facilities at the end of their economic life.(Refer note 52)

Notes to Consolidated Financial Statements
For the Year Ended March 31, 2017

25. Taxation

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred tax liabilities (Net)	4,581.15	4,958.96	4,038.59
Total	**4,581.15**	**4,958.96**	**4,038.59**

(a) Income tax expense / (benefit)

(₹ in crore)

Particulars		2016-2017	2015-2016
Current tax :			
Current tax		238.05	442.14
Tax reversal pertaining to earlier years		(358.43)	-
Total current tax	(A)	**(120.38)**	**442.14**
Deferred tax	(B)	(495.64)	1,061.06
Total tax (benefit) / expense	**(C) = (A+B)**	**(616.02)**	**1,503.20**

(b) The income tax expenses for the year can be reconciled to the accounting profit as follows:

(₹ in crore)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(Loss) / Profit before tax (net of loss from Discontinued Operations) for the year	**(1,818.91)**	**2,784.12**
Enacted tax rate	34.608%	34.608%
Expected income tax (benefit) / expense at statutory rates	**(629.49)**	**963.53**
Items giving rise to difference in tax		
Deferred tax asset not recognised	760.42	556.93
Business loss utilised not recognised earlier	(84.11)	-
Permanent disallowances	25.64	(16.51)
Effect of change in indexed cost of land	(705.72)	(4.76)
Others	17.24	4.01
Total Income tax (benefit) / expense	**(616.02)**	**1,503.20**

(₹ in crore)

Deferred tax balance in relation to	As at March 31, 2016	Recognised / reversed through profit and loss	Recognised in / reclassified from other comprehensive income	As at March 31, 2017
Property, plant and equipment	9,389.64	(523.17)	-	8,866.47
Carried forward business loss/ unabsorbed depreciation	(2,829.64)	-	-	(2,829.64)
43B disallowances	(537.06)	(71.06)	-	(608.12)
Cash flow hedge / FCMITDA / Actuarial Valuation	(194.75)	-	117.84	(76.91)
Borrowings	(372.73)	(33.35)	-	(406.08)
MAT credit entitlement	(437.31)	122.19	-	(315.12)
Others	(59.19)	9.74	-	(49.45)
Total	**4,958.96**	**(495.65)**	**117.84**	**4,581.15**

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

Deferred tax balance in relation to	As at April 01, 2015	Recognised / reversed through profit and loss	Recognised in / reclassified from other comprehensive income	As at March 31, 2016
Property, plant and equipment	9,074.16	315.48	-	9,389.64
Carried forward business loss/ unabsorbed depreciation	(3,854.23)	1,024.59	-	(2,829.64)
43B disallowances	(667.60)	130.54	-	(537.06)
Cash flow hedge / FCMITDA / Actuarial Valuation	(54.07)	-	(140.68)	(194.75)
Borrowings	(442.36)	69.63	-	(372.73)
MAT credit entitlement	-	(437.31)	-	(437.31)
Others	(17.31)	(41.88)	-	(59.19)
Total	**4,038.59**	**1,061.05**	**(140.68)**	**4,958.96**

Note:

The Group is assessed to tax on taxable profits determined for each fiscal year beginning on April 01 and ending on March 31. For each fiscal year, the entity profit or loss is subject to the higher of the regular income tax payable or the Minimum Alternate Tax ("MAT").

Provision for tax is determined based on book profits prepared under generally accepted accounting principles and adjusted for, inter alia, the Group's assessment of allowable expenditure (as applicable), including exceptional items, set off of tax losses and unabsorbed depreciation. Statutory income tax is charged at 30% plus a Surcharge and Cess. MAT for the fiscal year 2016-17 is payable at 18.5% as increased by Surcharge and Cess. MAT paid in excess of regular income tax payable during a year can be carried forward and set off against regular income taxes payable within a period of fifteen years succeeding the fiscal year in which MAT credit arises.

See note 32

26. Other Non Current Liabilities

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance received towards construction of amenities	3.50	17.00	17.00
Total	**3.50**	**17.00**	**17.00**

27. Short term borrowings

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Secured Borrowings			
Buyers' credits and bills discounting	7,156.74	8,392.90	10,068.99
Bank overdraft / Cash credit	228.26	111.20	0.37
Term loan from bank	1,466.66	1,450.00	-
Working capital demand loan from bank	1,300.00	1,300.00	-
Total	**10,151.66**	**11,254.10**	**10,069.36**

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

Security for short term borrowing:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Buyers' credits and bills discounting:			
a) Secured / to be secured by first charge on all current assets (ranking pari passu with Corporate term loan) excluding that of exploration and production division, second charge by way of mortgage of land and building and plant and machinery and other movable assets, present and future excluding certain category of assets, personal guarantees of some of the promoters, corporate guarantee by body corporates, other collaterals being second ranking pledge of certain shares of the Company and that of related parties held by other related parties, second ranking mortgage over a property of a body corporate and first ranking pari passu pledge of certain investments of the Company.	7,156.74	8,284.13	9,540.10
b) Secured by charge over receivables.	-	-	441.38
c) Secured by fixed deposits maintained with a bank.	-	108.77	87.51
d) Bank overdraft / cash credit from bank is secured by fixed deposits maintained with a bank.	228.26	111.20	0.37
e) Short Term Loan from bank is secured by subservient charge on movable fixed and current assets of the Refinery Division, personal guarantee of one of the promoters, Corporate guarantee of body corporate and pledge of certain shares of a related parties / body corporate.	1,466.66	1,450.00	-
f) Working Capital Demand loan from bank is secured / to be secured by first charge on all current assets both present and future including all receivables of Refinery and Marketing Division (ranking pari passu with Corporate term loan) excluding that of exploration and production division, second charge by way of mortgage of immovable and movable properties, including revenues both present and future excluding certain category of assets, personal guarantees of some of the promoters, corporate guarantee by body corporates, other collaterals being second ranking pledge of certain shares of the Company and that of related parties held by other related parties and second ranking mortgage over a property of a body corporate.	1,300.00	1,300.00	-

28. Trade Payables

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Micro and small enterprises	3.16	0.95	1.94
Others	26,156.23	25,308.92	21,095.07
Total	**26,159.39**	**25,309.87**	**21,097.01**

29. Other financial liabilities

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current maturities of borrowings (refer note 22)	2,536.03	1,592.14	1,703.46
Interest accrued but not due on borrowings	39.04	132.48	21.13
Capital creditors	137.54	297.50	358.05
Bills Payable	-	-	2.97
Security deposits	23.05	60.41	46.20
Unclaimed debenture interest and principal (secured)*	5.48	14.40	22.32
Other liabilities	67.90	442.41	35.20
Derivative Liabilities - At fair value	75.22	128.56	245.08
Total	**2,884.26**	**2,667.90**	**2,434.41**

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at balance sheet date.

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

30. Other Current liabilities

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Statutory dues	644.35	512.41	1,191.06
Advances received from customers	7,095.03	3,280.91	4,316.61
Export Obligation Deferred Income*	5.07	22.04	-
Total	**7,744.45**	**3,815.36**	**5,507.67**

*In respect of unfulfilled export obligation of ₹ 7,807.63 crore (₹ 16,586.05 crore as at March 31, 2016 and Nil as at April 01, 2015)

31. Provisions (Current)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for employee benefits			
Earned leave	8.43	10.83	12.34
Gratuity	16.20	16.85	11.72
Total	**24.63**	**27.68**	**24.06**

32. Current Tax Liabilities (Net)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for taxation	322.74	445.18	6.42
Total	**322.74**	**445.18**	**6.42**

Note:

The Company has for assessment year 2016 -17 filed its income tax return reflecting a tax liability of ₹ 78.88 crore. The basis of calculation of the liability is supported by an opinion from an eminent tax counsel. The provision (and credit entitlement) previously recorded in the books have therefore been reduced by ₹ 358.43 crore. The liability of ₹ 78.88 crore carried in the books is subject to acceptance of the basis of calculation by revenue authorities in the Company's tax assessments.

33. Revenue from operations

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of petroleum products {refer note 42 (a)}	63,766.43	56,935.00
Sale of traded goods - crude and petroleum products	8,095.65	5,240.17
Other operating revenues	222.49	206.00
Total	**72,084.57**	**62,381.17**

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

34. Other income

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income		
- Bank deposits (at amortised cost)	93.90	116.09
- Other financial assets (carried at amortised cost) {refer note 42 (a)}	1,505.28	1,462.82
- Derivative instruments-carried at fair value	128.88	120.81
	1,728.06	**1,699.72**
Dividend income		
- Dividend from equity investment-carried at FVTPL	2.30	-
Other non-operating income {refer note 42 (a)}	98.34	146.62
Other gains and losses		
- Net gain on investments carried at FVTPL	3.60	24.24
- Exchange differences (net)	624.46	-
- Net gain on financial assets carried at FVTPL	4.75	63.65
- Gain on extinguishment of lease arrangement	377.35	355.01
Total	**2,838.86**	**2,289.24**

35. Changes in inventory of finished goods, work-in-progress and stock-in-trade

(₹ in crore)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Opening inventory:			
- Finished goods		501.69	556.54
- Work-in-progress		728.94	1,412.61
- Stock-in-trade		13.58	0.41
	(A)	**1,244.21**	**1,969.56**
Closing inventory:			
- Finished goods		857.40	501.69
- Work-in-progress		1,599.00	728.94
- Stock-in-trade		32.28	13.58
	(B)	**2,488.68**	**1,244.21**
Shown under Discontinued Operations	**(C)**	**0.11**	**0.21**
Net Decrease / (Increase) in Inventory	**Total (A) - (B) - (C)**	**(1,244.58)**	**725.14**

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

36. Employee benefits expense

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	394.58	287.31
Contribution to provident and other funds	22.11	17.32
Staff welfare expenses	12.24	12.03
Employee Stock Option Expenses	(7.23)	2.66
Total	**421.70**	**319.32**

Excess managerial remuneration of ₹15.41 crore is subject to approval of the shareholders at the ensuing annual general meeting.

37. Finance costs

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest - at amortised cost		
a) On debentures	27.15	25.01
b) On fixed loans	1,193.38	1,640.06
c) On others	2,308.51	767.21
Other finance charges	243.00	252.84
Total	**3,772.04**	**2,685.12**

38. Other expenses

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Operating Expenses:		
Consumption of stores and spare parts	79.80	95.32
Intermediate material storage charges	2.11	133.18
Consumption of power and fuel {Net of consumed out of own production ₹ 754.15 crore (Previous year ₹ 579.07 crore)}	1,154.18	1,115.29
Other operating expenses	368.44	527.30
(A)	**1,604.53**	**1,871.09**
Selling and Marketing Expenses		
Terminalisation charges	25.35	15.75
Rent / ROI / Adhoc Compensation for retail outlets	54.28	15.35
Product handling / storage charges	273.89	382.80
Freight and Forwarding Charges	204.98	147.27
Other selling and distribution expenses	132.58	77.20
(B)	**691.08**	**638.37**
General and Administrative Expenses		
Rates and taxes	3.37	2.92
Insurance	49.16	54.73
Legal and professional fees	197.57	221.47

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Rent		28.49	25.66
Repairs and maintenance			
a) Buildings		36.14	35.08
b) Plant and machinery		64.24	58.53
c) Others		41.55	34.47
Property, plant and equipment written off / sold		36.77	111.62
Exchange differences (net)		-	413.07
Trade Mark Fees		287.93	130.67
Sundry expenses *		242.61	267.12
Expected credit loss		211.84	273.09
Loss arising on Financial Assets at FVTPL		14.23	6.06
	(C)	**1,213.90**	**1,634.49**
Total	**(A)+(B)+(C)**	**3,509.51**	**4,143.95**

* An amount of ₹ 6.65 crore has been contributed by the Company to Satya Electoral Trust during the year ended on March 31, 2017.

39. Earnings per share

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
From Continuing Operations			
Profit after tax (₹ In crore)		1,005.64	1,532.00
Profit attributable to ordinary shareholders for Basic EPS (₹ In crore)	**(A)**	**1,005.64**	**1,532.00**
Impact on Profit (Net of Tax) for Diluted EPS (₹ In crore)		-	-
Profit attributable to ordinary shareholders for Diluted EPS (₹ In crore)	**(B)**	**1,005.64**	**1,532.00**
From Discontinuing Operations			
Profit after tax (₹ In crore)		(2,208.53)	(251.08)
Profit attributable to ordinary shareholders for Basic EPS (₹ In crore)	**(C)**	**(2,208.53)**	**(251.08)**
Impact on Profit (Net of Tax) for Diluted EPS (₹ In crore)		-	-
Profit attributable to ordinary shareholders for Diluted EPS (₹ In crore)	**(D)**	**(2,208.53)**	**(251.08)**
From Continuing & Discontinuing Operations			
Profit after tax (₹ In crore)		(1,202.89)	1,280.92
Profit attributable to ordinary shareholders for Basic EPS (₹ In crore)	**(E)**	**(1,202.89)**	**1,280.92**
Impact on Profit (Net of Tax) for Diluted EPS (₹ In crore)		-	-
Profit attributable to ordinary shareholders for Diluted EPS (₹ In crore)	**(F)**	**(1,202.89)**	**1,280.92**
		Nos.	**Nos.**
Ordinary shares at the beginning of the year for basic EPS		1,450,668,359	1,449,516,900
Add: Weighted average number of ordinary shares issued during the year		5,464,767	410,989
Weighted average number of ordinary shares for basic EPS	**(G)**	**1,456,133,126**	**1,449,927,889**
Add: Shares deemed to be issued		1,351,562	2,642,222
Weighted average number of ordinary shares for diluted EPS	**(H)**	**1,457,484,688**	**1,452,570,111**
Nominal value of ordinary shares (₹)		10/-	10/-

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
From Continuing Operations			
Basic earnings per share (₹)	(A/G)	6.91	10.57
Diluted earnings per share (₹)*	(B/H)	6.90	10.55
From Discontinuing Operations			
Basic earnings per share (₹)	(C/G)	(15.17)	(1.73)
Diluted earnings per share (₹)*	(D/H)	(15.17)	(1.73)
From Continuing & Discontinuing Operations			
Basic earnings per share (₹)	(E/G)	(8.26)	8.83
Diluted earnings per share (₹)*	(F/H)	(8.26)	8.82

* Advances against GDS not considered since the number of underlying shares per GDS has not presently been determined {refer note 23 and 41(b) (ii)}

40. Capital and other commitments

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Capital commitments :			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)* {including ₹ 0.05 crore (as at March 31, 2016 ₹ 0.12 crore and as at April 01,2015 ₹ 0.11 Crore) pertaining to joint ventures}	824.15	956.26	1,512.36

* Group's share in associates is ₹ 0.03 crore (Previous year ₹ 0.01 crore and ₹ 7.31 crore as at April 01, 2015)

Other commitments

a) Purchase of 293,000,006 equity shares and 391,998,000 participating preference share of VPCL.
The company entered into a Share Purchase Agreement with Essar Power Limited for acquisition of balance 73.99% of equity shares and 100% of Cumulative Convertible Participating Preference Shares of VPCL, for an amount not exceeding ₹ 2,100 crore. The Company has since acquired the above stake in VPCL at various dates between April 26, 2017 to May 29, 2017.

b) Purchase of 3143,23,454 equity share of VOTL.
The company entered into a Share Purchase Agreement with Essar Steel Jharkhand Limited for acquisition of upto the entire issued and paid up share capital of VOTL (engaged in port and handling services) at an Enterprise Value not exceeding INR equivalent of USD 2,000 million. The Company has since acquired in aggregate 97.63% at various dates between June 29, 2017 to July 20, 2017 {refer note 45 (b)}.

c) Commitment to procure power under long term take or pay arrangement and avail storage & product handing services under midterm arrangement..

d) Group's share in an associate for exports obligations is ₹ 269.28 crore (As at March 31, 2016 ₹ 239.86 crore and As at April 01, 2015 ₹ 226.34 crore) under Exports Promotion Capital Goods Scheme (EPCG) at balance sheet date, which is to be fulfilled by supplying power under the deemed export category or to SEZ as per the provisions of Foreign trade policy within a period of 8/12 years.

41. Contingent liabilities

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Claims against the Group not acknowledged as debts			
(i) In respect of income tax*	74.31	71.37	68.63
(ii) In respect of sales tax / VAT {includes likely reimbursement of ₹ 1,928.25 crore (as at March 31, 2016 ₹ 1,378.12 crore and as at April 01, 2015 ₹ Nil)}	2,494.61	1,632.75	40.74

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(₹ in crore)

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(iii)	In respect of custom duty / excise duty / service tax* {includes likely reimbursement of ₹ 47.22 crore (as at March 31, 2016 ₹ Nil and as at April 01, 2015 ₹ Nil)}	568.12	495.42	651.30
(iv)	Others {including ₹ 0.53 crore (as at March 31, 2016 ₹ 0.54 crore and as at April 01, 2015 ₹ 0.51 crore) pertaining to joint venture} Others includes certain arbitration matters ₹ 5.55 crore (as March 31, 2016 ₹ 5.55 crore and ₹ 98.76 crore as at April 01, 2015), Insurance related claim ₹ 123.70 crore (as March 31, 2016 ₹ 109.99 crore and ₹ 102.99 crore as at April 01, 2015), Gujarat entry tax ₹ 3.51 crore (as March 31, 2016 ₹ 3.51 crore and ₹ 3.51 crore as at April 01, 2015), additional compensation in land acquisition matter ₹ 0.79 crore (as March 31, 2016 ₹ 0.77 crore and ₹ 0.74 crore as at April 01, 2015), E & P legal disputes / claims ₹ 52.11 crore (as March 31, 2016 ₹ 29.23 crore and ₹ 28.09 crore as at April 01, 2015), Green cess matter ₹ 16.27 crore (as March 31, 2016 ₹ 13.10 crore and ₹ 10.10 crore as at April 01, 2015), Renewable Purchase Obligation of ₹ 18.92 crore (as March 31, 2016 ₹ 13.12 crore and ₹ Nil as at April 01, 2015) and Other miscellaneous claims of ₹ 55.93 crore (as March 31, 2016 ₹ 42.96 crore and ₹ 0.24 crore as at April 01, 2015). * Group's share in associates is ₹ 0.92 crore (Previous year ₹ 0.92 crore and ₹ 0.76 crore as at April 01, 2015)	276.78	218.23	244.43

b) Other money for which the Company is contingently liable

(i) The Company has entered into an arrangement for standby bareboat charter with Essar Shipping (Cyprus) Limited (ESCL) for 3 ships at an average rate of USD 8,300 per day per ship for upto a period of 8 years. This bareboat charter gets implemented only if ESCL defaults its payment with its lenders. However, ESCL has agreed to indemnify the Company against all losses, in the event of the bareboat charters becoming effective.

(ii) The RBI levied a compounding penalty of ₹ 241.16 crore on the company for delay in allotment of equity against advances for GDS. Based on legal advise the Company is in the process of filing a writ petition in the High Court.

(iii) Pursuant to a take or pay arrangement for supply of LNG, a claim has been raised on the company by a supplier for a sum of ₹ 769.59 crore (including interest). The Company has disputed the claim and has also been legally advised that it is entitled to lift LNG against the principal amount of the claim, if paid.

Third party claims where the possibility of outflow of resources embodying economic benefits is remote, and includes show cause notices which have not yet converted to regulatory demands, have not been considered as contingent liabilities.

42. (a) The Company has continued recognition of income during the year amounting to ₹ 87.46 crore (Previous year ₹ 59.19 crore) (refer note 33) in respect of duty drawback {Receivables as at March 31, 2017 ₹ 298.38 crore (As at March 31, 2016 ₹ 210.92 crore and As at April 01, 2015 ₹ 153.71 crore)} (refer note 9) and ₹ 7.78 crore (Previous year ₹ 207.14 crore) (refer note 34) in respect of contractual matter {Receivables as at March 31, 2017 ₹ 177.25 crore (As at March 31, 2016 ₹ 169.46 crore and As at April 01, 2015 ₹ 5.18 crore) (refer note 8), based on legal advice regarding the probability of succeeding before relevant authorities.

(b) Margin deposits and Other receivables include ₹ 4.11 crore and ₹ 4.80 crore respectively, being amounts retained by a bank towards invocation of a Bank Guarantee, which are pending release by the bank pursuant to a court order in favour of the Company.

43. GDS proceeds utilisation

As at balance sheet date, the unutilized balance of proceeds from issue of GDS / advance towards issue of GDS amounting to ₹ 0.12 crore (as at March 31, 2016 ₹ 3.97 crore and ₹ 12.37 crore as at April 01, 2015) is lying in current / deposit accounts with banks.

Notes to Consolidated Financial Statements

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44. Exceptional items

Exceptional items comprise of (₹ in crore)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Inventory (Gain)/Loss arising from steep fluctuations in the global price of crude oil	(130.00)	712.77
Foreign currency gain arising from redesignation of the currency in which dues of NIOC are to be settled, from USD to Euro	(853.58)	-
Debit to profit and loss on re-assessment of the Group's ability to collect the amount specified in note 45 (a) below	6,259.13	-
Total	**5,275.55**	**712.77**

45. (a) As reported in the earlier year, in terms of the SPAs entered into by the majority shareholders to sell their stake in the Company (refer note 1) an escrow arrangement was to be put in place to deploy the sales consideration, to the extent required, for realization of amounts due from certain related parties and other entities. The closure of sale by the majority shareholders is taking longer than previously envisaged. The Group in the interim continues to transact with these entities, and has reassessed its ability to collect the outstanding balance, through the said escrow arrangement, based on which it has debited to profit or loss ₹ 6,259.13 crore as an Exceptional Item. The carrying values of the dues to be received through the escrow mechanism aggregate at March 31, 2017 to ₹ 22,982.45 crore (The above amounts exclude the Group's share in an associate's dues of ₹ 60.38 crore as at March 31, 2017 and debit to profit or loss of ₹ 82.96 crore).

(b) The Board of Directors, post the year end, deliberated that the valuation of VOTL was potentially higher than presently considered, and resolved that the same be dealt with appropriately after obtaining legal advice and an independent valuation. Pending resolution of the same, the Company has held a sum of ₹ 1,331.11 crore under Other Financial Assets (Current) (refer note 17) in the balance sheet.

46. The ability of the Company to continue as a going concern is predicated on the successful implementation of the SPAs together with the escrow arrangement for deployment of the sales consideration towards the liquidation of amounts due to the Company from certain entities (refer note 45 (a) above) and have the required cash flow to discharge its liability for payments to the National Iranian Oil Company (NIOC). The Company expects to shortly receive ₹ 22,982.45 crore, through the escrow mechanism and discharge its liability to NIOC of ₹ 17,186.34 crore (net of subsequent payments) as at March 31, 2017.

47. (i) The Hon'ble High Court of Gujarat had, in response to the Company's petition, ruled vide its orders dated August 04, 2006 and August 11, 2006 that the interest on debentures for the period October 1998 to April 2012 should be accounted for on 'cash basis'. Accordingly, accrued interest liabilities amounting to ₹ 88.65 crore (Previous year ₹ 140.29 crore and ₹ 251.90 crore as at April 01, 2015) as at March 31, 2017 have not been accounted for in the books. These accrued interest liabilities are at rates ranging from fixed rate of 4.98% p.a. to a prime lending rate / base rate of respective banks plus margin and are repayable from December 2014 to March 2027.

(ii) Pursuant to the delisting of the Company's equity shares from the stock exchanges and the employees having surrendered their outstanding unvested stock options, the Company has agreed to compensate the employees on the dates on which the options would have otherwise vested in the future periods. Since the amount would be payable only if the employees were in continuous service till the future vesting dates, the company has not accounted for the compensation amount of ₹ 54.56 crore during the year.

48. The Company has been legally advised that its business activities fall under the category of "Infrastructure" and therefore it is exempted from the provisions of section of 186(2) to 186(18) of the Companies Act, 2013 with respect to the loans made, guarantees given and securities provided.

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49. Leases

a) Finance lease:-

i) Future lease rental payable and reconciliation of minimum lease payments and its present value in respect of the assets:-

(₹ in crore)

Particulars	Minimum Lease payments/ Future lease rent payable			Interest			Present value of minimum lease payments		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Future lease rental obligation payable:									
Not later than one year	245.00	245.34	79.99	239.28	240.12	59.47	5.72	5.22	20.52
Later than one year but not later than five years	980.00	980.00	317.94	945.48	950.58	189.03	34.52	29.42	128.91
Later than five years	3,920.00	4,165.00	3,686.58	2,778.59	3,012.77	2,571.91	1,141.41	1,152.23	1,114.67
Total	**5,145.00**	**5,390.34**	**4,084.51**	**3,963.35**	**4,203.47**	**2,820.41**	**1,181.65**	**1,186.87**	**1,264.10**

ii) General description of the leasing arrangements:

- Leased Assets – Power Plants and supply depot
- Future lease rental payments are determined on the basis of quarterly / monthly lease payments as provided in the agreements.
- At the expiry of the lease term, the Company has an option to extend the lease on mutual terms and conditions. In case of the supply depot, the ownership gets transferred to the Company at the end of the lease term.
- Assets are taken on lease over a period of 10 to 30 years.

b) Operating lease:

i) The Company's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings)/ retail outlet facilities/storage and handling facilities. The lease rentals are recognised under "Cost of Consumption" or "Other Expenses" as applicable. These leasing arrangements are usually renewable by mutually agreed terms and conditions.

ii) Non-cancelable operating lease commitment

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Not later than one year	953.03	613.58	595.92
Later than one year but not later than five years	981.97	1,230.98	1,844.56
Later than five years	-	-	-
Total	**1,935.00**	**1844.56**	**2440.48**

50. Auditors' remuneration

(₹ in crore)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
- Audit fees - as statutory auditor	3.06	2.79
- Taxation matters	0.36	0.54
- Other services {includes ₹ 1.40 crore for audit of special purpose financial statements (previous year ₹ Nil)}	3.08	1.63
- Reimbursement of expenses	0.02	0.03
Total	**6.52**	**4.99**

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

51. Segment information

Identification of Segments:

The Group's operating segments are established on the basis of those components of the group that are evaluated regularly by the Chief Financial Officer and Managing Director & Chief Executive Officer (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. The Group has one principal operating and reporting segment; viz. Refining and Marketing of petroleum products. The business, which were not reportable segments during the year, have been grouped under the "Others" segments. This comprises of construction and development of residential township and investment holding activities and trading in commodities:

Exploration and Production operation was discontinued in the current year. The segment revenue and results of the discontinued operations is described in more detail in note no. 52.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Group with following additional policies for segment reporting.

a) Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

b) Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Segment Revenue and Results - continuing operation:

(₹ in crore)

Sr. No.	Particulars	2016-17	2015-16
1	**Information about primary segment - business:-**		
	Segment revenue		
	Refining and marketing {includes interest on margin deposit of ₹ 92.36 crore (previous year ₹ 109.17 crore)}	72,896.23	62,623.04
	Others	-	-
	Unallocated {includes interest on bank deposit of ₹ 1.54 crore (previous year ₹ 6.92 crore)}	5.02	52.41
	Total segment revenue	**72,901.25**	**62,675.45**
	Add : Interest / dividend income	1,636.47	1,583.63
	Add : Net gain on investments carried at FVTPL	3.60	24.24
	Add : Credit balances written back	4.76	32.08
	Add : Gain on extinguishment of lease arrangement	377.35	355.01
	Total revenue	**74,923.43**	**64,670.41**
2	**Segment result before interest, extraordinary items and tax**		
	Refining and marketing {includes share of loss of associates of ₹ 48.81 crore (previous year profit of ₹ 2.36 crore)}	7,530.28	4,699.54
	Others	(15.74)	(7.27)
	Unallocated	(342.50)	(506.98)
	Total	**7,172.04**	**4,185.29**
	Less : Interest expense	3,529.04	2,432.28
	Add : Interest / dividend income	1,636.46	1,583.63
	Add : Net gain on investments carried at FVTPL	3.60	24.24
	Add : Credit balances written back	4.76	32.08
	Add : Gain on extinguishment of lease arrangement	377.35	355.01
	Less: Exceptional Items	5,275.55	712.77
	Profit / (Loss) before tax	389.62	3,035.20
	Less : Taxes	(616.02)	1,503.20
	Profit / (Loss) after tax	**1,005.64**	**1,532.00**

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Other Information:

(₹ in crore)

Sr. No.	Particulars	2016-17	2015-16
1	**Capital Expenditure**		
	Refining and marketing	4,819.12	2,270.70
	Exploration and production activities	0.69	1.94
	Others	-	-
	Unallocated	20.53	26.35
	Total	**4,840.34**	**2,298.99**
2	**Depreciation / amortisation and depletion expense (excluding depreciation disclosed in note 52)**		
	Refining and marketing	1,665.12	1,559.91
	Unallocated	15.87	13.28
	Total	**1,680.99**	**1,573.19**
3	**Significant non-cash expenses other than depreciation / amortisation and depletion expense**		
	Refining and marketing	4,411.81	(204.38)
	Exploration and production activities	-	15.15
	Others	37.48	3.15
	Unallocated	15.54	65.00
	Total	**4,464.83**	**(121.08)**

Segment Assets and Liabilities:

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
1	**Segment assets**			
	Refining and marketing {Including investment in associates of ₹ 191.84 crore (as at March 31, 2016 ₹ 240.64 crore and as at April 01, 2015 ₹ 238.28 crore)}	83,750.50	80,302.83	73,649.51
	Others	426.96	553.50	552.28
	Unallocated	659.89	636.75	428.27
	Total	**84,837.35**	**81,493.08**	**74,630.06**
	Add : Assets classified as held for sale (refer note 52)	2,110.92	4,257.25	3,421.33
	Add : Amount recoverable against defeasement / assignment agreement	-	1,318.75	1,162.01
	Total group assets	**86,948.27**	**87,069.08**	**79,213.40**
2	**Segment liabilities**			
	Refining and marketing	34,357.99	30,009.11	26,812.38
	Others	58.80	111.42	110.81
	Unallocated	4,989.17	7,084.18	5,676.48
	Total	**39,405.96**	**37,204.71**	**32,599.67**
	Add : Liabilities classified as held for sale (refer note 52)	1,555.15	422.92	250.35
	Add : Loan funds (Including interest accrued but not due)	26,763.45	30,877.55	28,131.19
	Add : Liabilities towards deferred sales tax including interest thereon (refer note below)	-	-	693.97
	Total group liabilities	**67,724.56**	**68,505.18**	**61,675.18**

Notes:

The sales tax liability payable in eight quarterly installments w.e.f. January 02, 2013 with interest was not considered as segment liability considering the substance of the terms.

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Secondary Segment Information:

The Company operates in two geographical segments namely "within India" and "outside India".

(₹ In crore)

Particulars	2016-17		2015-16	
	Within India	Outside India	Within India	Outside India
Revenue from External Customers	39,841.33	33,059.92	38,929.68	23,745.77

(₹ In crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non Current Assets*			
Within India	40,343.73	45,188.82	44,937.29
Outside India	-	-	-

* Non current assets excludes financial assets, non current tax assets and deferred tax assets.

Information about major customers:

Three customers in the Refining and Marketing segment contributes revenues aggregated to ₹ 32,035.22 crore, accounted for approximately 43% of the total revenue (March 31, 2016: Three customers in the Refining and Marketing segment contributes revenues aggregated to ₹ 26,902.33 crore accounted for approximately 42% of the total revenue). No other customer contributed 10% or more, to the total revenue for both March 31, 2017 and March 31, 2016.

52. Discontinued Operations

Following the SPAs entered into by the majority shareholders, (refer note no. 1), the Company has disposed off its E&P division subsequent to the date of balance sheet. Given below is the analysis of loss from the discontinued operations, assets and liabilities classified as held for sale and a summary of cash flows with comparatives.

Analysis of loss from discontinued operations:

(₹ in crore)

Particulars		As at March 31, 2017	As at March 31, 2016
Revenue from Operations		1.68	1.79
Other Income		1.91	3.75
Total Income	**(I)**	**3.59**	**5.54**
Expenses (including depreciation ₹ 1.11 crore, Previous year ₹ 1.36 crore)		14.87	256.62
Total Expenses	**(II)**	**14.87**	**256.62**
Loss before tax	**(III)=(I-II)**	**(11.28)**	**(251.08)**
Loss on disposal of operation - {refer note (iii) below}		(2,197.25)	-
Total loss from discontinued operations		**(2,208.53)**	**(251.08)**

Notes:

(i) Expenses of the previous year includes liquidity damages of ₹ 240.00 crore.

(ii) There is no current or deferred tax attributable to the loss from discontinued operations.

(iii) The divestment of the E&P division being a condition precedent to consummation of the SPAs, the Company commissioned a third party independent agency to run a price discovery process and furnish a valuation report of the business. The Company has, based on the independent third party valuation report of the E&P business, determined the fair value of E&P operations and booked the loss on disposal of operations. The valuation report inter alia, reckons with the prices for Henry Hub, NBP, Alberta Gas and Russia gas prices on

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the basis of the formula notified by MoPNG which have been projected based on Woodmac gas price projections for international gas hubs. Having regard to the immediacy of the matter, the Company could not reckon with all benefits that could accrue in the long term and/or implications of events post the conclusion of price discovery process .The shareholders of the Company approved the transfer on January 9, 2017.

The loss above includes ₹ 328.39 crore being amounts advanced to related and other parties, by E&P division, no longer recoverable.

Assets and Liabilities classified as held for sale

(₹ in crore)

Particulars	As at March 31, 2017
Assets classified as held for sale	
Non current assets	
(a) Property, plant and equipment (including capital work-in progress and intangible assets)	1,954.97
(b) Other assets	-
Current assets	
(a) Financial assets (including cash and cash equivalent of ₹ 5.94 crore)	63.71
(b) Other assets	92.24
Total assets classified as held for sale	**2,110.92**
Liabilties classified as held for sale	
Non current liabilities	
(a) Borrowings	1,330.34
(b) Long term provisions	5.14
Current liabilities	
(a) Financial liabilities	210.65
(b) Short-term provisions	2.25
(c) Other liabilities	6.77
Total liabilties classified as held for sale	**1,555.15**
Net assets classified as held for sale	**555.77**

Summary of Cash Flows from Discontinuing Operations:

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016
Net cash inflows from Operating Activities	(5.63)	(249.72)
Net cash inflows from Investing Activities	(270.61)	(82.26)
Net cash inflows from Financing Activities	(4.89)	605.27
Net cash inflows / (outflows)	**(281.13)**	**273.29**

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53. Details of dues to micro and small enterprises

The information regarding principal and interest pertaining to micro and small enterprises based on available details is as under:

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
1	Principal amount due and remaining unpaid	0.53	0.18	-
2	Interest due on (1) above and the unpaid interest	-	0.01	-
3	Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	0.05	0.02	0.01
4	Payments made beyond the appointed day during the year	14.86	4.07	1.71
5	Interest due and payable for the period of delay	-	0.02	-
6	Interest accrued and remaining unpaid	-	0.03	-
7	Amount of further interest remaining due and payable in succeeding year	-	-	-

54. Financial instruments

54.1 Capital Management

The Group's objective while managing capital is to safeguard its ability to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 22 and 27 offset by cash and bank balances) and total equity. As part of externally imposed capital requirements, the Group is required to maintain certain financial covenants as specified in the loan agreements. The Group monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes borrowings less cash and cash equivalents and other bank balances.

(₹ in crore)

Long Term and Short Term Borrowings	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest-bearing loans and borrowings#	27,284.96	29,747.58	27,098.36
Less: cash and cash equivalents	(1,833.63)	(98.84)	(327.89)
	25,451.33	29,648.74	26,770.47
Working capital loans(Including Temporary OD and Cash Credit)	(1,528.26)	(1,411.20)	(0.37)
Bill discounting and Buyers Credit	(7,156.74)	(8,392.90)	(10,068.99)
Short term working capital loan	(8,685.00)	(9,804.10)	(10,069.36)
Other financial assets-Other bank balances	(1,580.38)	(1,489.30)	(1,716.96)
Underlying net debt	**15,185.95**	**18,355.34**	**14,984.15**
Total equity	19,223.71	18,563.90	17,538.22
Equity and underlying net debt	**34,409.66**	**36,919.24**	**32,522.37**
Gearing ratio	**44.13%**	**49.72%**	**46.07%**

excludes finance lease obligation

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54.2 Categories of Financial Instruments

(₹ in crore)

Particulars		As at March 31, 2017 @		As at March 31, 2016		As at April 01, 2015	
		Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets							
Measured at amortised cost							
Loans		248.88	248.88	7,703.26	7,703.26	2,000.51	2,000.51
Other financial assets		15,238.39	15,238.39	10,445.06	10,445.06	8,753.00	8,753.00
Trade receivables		17,480.94	17,480.94	15,626.54	15,626.54	12,396.46	12,396.46
Cash and cash equivalent		1,833.63	1,833.63	98.84	98.84	327.89	327.89
Bank balances other than cash and cash equivalent		1,580.38	1,580.38	1,489.30	1,489.30	1,716.96	1,716.96
Non-current investments		191.84	191.84	240.64	240.64	238.28	238.28
Total financial assets at amortised cost	**(A)**	**36,574.07**	**36,574.07**	**35,603.64**	**35,603.64**	**25,433.10**	**25,433.10**
Financial assets							
Measured at fair value through profit and loss							
Non-current investments		-	-	-	-	983.34	983.34
Current investments		-	-	1,034.48	1,034.48	1,309.60	1,309.60
Other financial assets		292.46	292.46	209.40	209.40	407.69	407.69
Total financial assets at fair value through profit and loss	**(B)**	**292.46**	**292.46**	**1,243.88**	**1,243.88**	**2,700.63**	**2,700.63**
Total financial assets	**(A+B)**	**36,866.53**	**36,866.53**	**36,847.52**	**36,847.52**	**28,133.73**	**28,133.73**
Financial liabilities							
Measured at amortised cost							
Borrowings							
Long-term borrowings#		17,982.89	17,952.90	19,490.97	19,434.87	18,040.70	17,896.73
Short-term borrowings		10,151.66	10,151.66	11,254.10	11,254.10	10,069.36	10,069.36
Trade payables		26,159.39	26,159.39	25,309.87	25,309.87	21,097.01	21,097.01
Other financial liabilities		461.75	461.75	2,631.68	2,631.68	2,117.38	2,117.38
Total financial liabilities at amortised cost	**(A)**	**54,755.69**	**54,725.70**	**58,686.62**	**58,630.52**	**51,324.45**	**51,180.48**
Financial liabilities							
Measured at fair value through profit and loss							
Other financial liabilities		286.88	286.88	549.24	549.24	751.85	751.85
Total financial liabilities at fair value through profit and loss	**(B)**	**286.88**	**286.88**	**549.24**	**549.24**	**751.85**	**751.85**
Total financial liabilities	**(A+B)**	**55,042.57**	**55,012.58**	**59,235.86**	**59,179.76**	**52,076.30**	**51,932.33**

including current maturities of long-term borrowings and finance lease obligations

@ includes assets / liabilities classified as held for sale

Notes to Consolidated Financial Statements

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54.3 Financial risk management objectives

The Group's principal financial liabilities, other than derivatives, comprise loans and overdrafts, debentures, finance leases and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arise directly from its operations.

The Group is subject to fluctuations in commodity prices and currency exchange rates due to nature of its operations. Risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, commodity price risk and credit risk. Group enters into derivative transactions, primarily in the nature of commodity derivative contracts, forward currency contracts, currency swap contracts and interest rate swap contracts. The purpose is to manage commodity price risk, currency risks and interest rate risks arising from the Group's operations.

The Group has a Risk Management Committee established by its Board of Directors overseeing the risk management framework and developing and monitoring Group's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identification and mapping controls against this risk, monitor the risk and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and Group's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Group. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

54.3.1 Foreign currency risk management:

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed as per advice of Risk Management Committee (RMC) within approved policy parameters.

The carrying amounts of the Group's monetary assets and liabilities denominated in different currencies are as follows:

(₹ in crore)

Particulars	March 31, 2017 @		March 31, 2016		April 01, 2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
USD	18,071.51	31,435.22	15,654.64	27,805.64	12,149.26	23,900.49
EURO	5.24	18,355.30	0.94	47.52	1.00	7.64
AED	-	0.05	-	-	-	-
GBP	2.27	0.53	1.40	1.08	0.66	0.65
JPY	-	-	-	0.23	-	0.08
CAD	-	-	-	0.72	-	-
AUD	-	-	-	-	0.86	-
SGD	-	-	0.01	-	0.01	-
TOTAL	**18,079.02**	**49,791.10**	**15,656.99**	**27,855.19**	**12,151.79**	**23,908.86**

@ includes assets / liabilities classified as held for sale

The following table details the Group's sensitivity to a 5% increase and decrease in INR against the relevant foreign currencies net of hedging. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates with all the variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 5% against the relevant currency. For a 5% weakening of INR against the relevant currency, there would be an inverse impact on profit or equity.

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(₹ in crore)

Particulars	Impact on Profits (net of taxes)		
	March 31, 2017 @	March 31, 2016	April 01, 2015
Receivable			
USD	(590.87)	(511.84)	(403.88)
GBP	(0.07)	(0.05)	(0.02)
EURO	(0.17)	(0.03)	(0.03)
Payables			
USD	985.61	937.96	802.77
EURO	523.46	1.55	0.25
GBP	0.02	0.04	0.02

@ includes assets / liabilities classified as held for sale

54.3.2 Forward foreign exchange contracts and Currency Swap Contracts

It is the policy of the Company to enter into forward foreign exchange contracts to cover foreign currency payments and receipts. The Company has also entered into currency swap contracts to cover the currency risk on forecasted sales. The following table details the forward foreign currency contracts and currency swap contracts outstanding at the end of the reporting period:

Outstanding currency swap contracts:

Cash flow hedges

Sell US$	Notional amounts (in USD Mn)			Fair value of assets/(liabilities) (₹ in crore)*		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Less than 1 year	77.96	94.67	217.14	(6.86)	(35.21)	(122.33)
1 year to 2 years	20.41	111.08	115.36	(1.56)	(76.20)	(38.22)
2 years to 5 years	47.84	59.58	169.80	(23.76)	(63.27)	(120.34)
More than 5 years	49.64	66.93	101.26	(72.29)	(130.00)	(148.97)
Total	**195.85**	**332.26**	**603.56**	**(104.47)**	**(304.68)**	**(429.86)**

* Excludes Credit Value / Debit Value adjustments

Outstanding foreign currency forward exchange contracts

Particulars	Notional amounts (in USD Mn)			Fair value of assets/(liabilities) (₹ in crore)*		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Buy US$						
Less than 3 months	199.05	113.20	141.90	(2.73)	(1.24)	0.55
Buy EUR						
Less than 3 months	339.71	-	-	3.68	-	-

* Excludes Credit Value / Debit Value adjustments

The line items in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities. ₹ 113.79 crore (₹ 226.02 crore as at March 31, 2016 and ₹ 310.85 crore as at April 01, 2015) of hedging losses on currency swap contracts have been recognised in other comprehensive income. There are no hedge ineffectiveness on currency swap contracts during the reporting periods.

Notes to Consolidated Financial Statements

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54.3.3 Unhedged currency risk position:

(i) The foreign currency exposure of the Group as at balance sheet date that have not been hedged by a derivative instrument or otherwise are given below:

As at March 31, 2017 :

Currency	Payables		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in Crore	FC in Million	₹ in Crore	FC in Million	₹ in Crore	FC in Million
JPY	0.00	0.04	-	-	-	-
USD	14,408.78	2,222.25	16,533.57	2,549.96	15,752.85	2,429.55
EURO	16,009.95	2,311.99	5.24	0.76	-	-
GBP	0.53	0.07	2.27	0.28	-	-
AED	0.05	0.03	-	-	-	-
Total	**30,419.32**		**16,541.09**		**15,752.85**	

includes assets / liabilities classified as held for sale

As at March 31, 2016 :

Currency	Payables		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in Crore	FC in Million	₹ in Crore	FC in Million	₹ in Crore	FC in Million
JPY	0.23	3.87	-	-	-	-
USD	9,382.44	1,414.45	15,667.40	2,361.94	19,314.57	2,911.76
EURO	3.29	0.44	0.94	0.13	44.24	5.89
GBP	1.08	0.11	1.40	0.15	-	-
SGD	-	-	0.01	0.00	-	-
CAD	0.72	0.14	-	-	-	-
AED	0.00	0.00	-	-	-	-
Total	**9,387.76**		**15,669.75**		**19,358.81**	

As at April 01, 2015 :

Currency	Payables		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in Crore	FC in Million	₹ in Crore	FC in Million	₹ in Crore	FC in Million
JPY	0.08	1.60	-	-	-	-
USD	8,602.49	1,374.40	12,368.51	1,976.09	15,950.20	2,548.33
EURO	1.65	0.24	1.00	0.15	6.00	0.89
GBP	0.65	0.07	0.66	0.07	-	-
AUD	-	-	0.86	0.18	-	-
SGD	-	-	0.01	0.00	-	-
AED	-	-	-	0.00	-	-
Total	**8,604.87**		**12,371.04**		**15,956.20**	

"0.00" represents amount less than 0.01 million in FC
"0.00" represents amount less than ₹ 0.01 crore in INR

(ii) Bank balance in foreign currency as at March 31, 2017 ₹ 1,573.54 crore (USD 242.69 million) {as at March 31, 2016 ₹ 0.03 crore (USD 0.00 million) and ₹ 90.79 crore (USD 14.50 million) as at April 01, 2015}

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54.3.4 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 Group's' exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The borrowings of the Group are denominated in rupees and US dollars / Euro with a mix of floating and fixed interest rate. The Group hedges its US dollar interest rate risk through interest rate swaps to reduce the floating interest rate risk. The Group has exposure to interest rate risk, arising principally on changes in base lending rates and LIBOR rates. Hedging activities are evaluated regularly to align with interest rate views and define risk appetite, ensuring that the most cost effective hedging strategies are applied.

The following table provides a breakdown of the Group's fixed and floating rate borrowings:

(₹ in crore)

Particulars	As at March 31, 2017[@]	As at March 31, 2016	As at April 01, 2015
Fixed rate borrowings	9,023.79	10,168.14	12,345.28
No Interest bearing	59.97	92.73	84.37
Floating rate borrowings	19,382.88	20,673.60	15,932.81
Total borrowings	**28,466.64**	**30,934.47**	**28,362.45**
Less: Upfront fee	(332.06)	(189.38)	(252.40)
Total borrowings	**28,134.58**	**30,745.09**	**28,110.05**

[@] includes liabilities classified as held for sale

If interest rates had been 50 basis points higher / lower and all other varibles were held constant, the Group's, profit for the year ended March 31, 2017 would decrease / increase by ₹ 86.56 crore (Previous year ₹ 91.33 crore). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Interest rate swap contracts

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the the cash flow exposures on the variable rate loan. The following tables detail the nominal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

Cash flow hedges

Outstanding Contracts (Floating to Fixed)

Particulars	Notional amounts (in USD Mn)			Fair value of assets/(liabilities) (₹ in crore)*		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Less than 1 year	18.94	18.55	3.37	(18.12)	(13.48)	(6.49)
1 year to 2 years	23.63	18.94	18.55	(19.24)	(23.85)	(9.76)
2 years to 5 years	86.08	80.71	70.85	(41.84)	(74.07)	(42.74)
More than 5 years	89.44	118.44	147.24	(10.72)	(30.70)	(33.34)
Total	**218.09**	**236.64**	**240.01**	**(89.92)**	**(142.10)**	**(92.33)**

* Excludes Credit Value / Debit Value adjustments

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Not designated in hedging relationship
Outstanding Contracts (Fixed to Floating)

Particulars	Notional amounts (in USD Mn)			Fair value of assets/(liabilities) (₹ in crore)*		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Less than 1 year	28.89	24.98	20.79	(11.42)	(14.30)	(6.17)
1 year to 2 years	28.20	28.89	24.98	(9.55)	(14.00)	(7.84)
2 years to 5 years	44.36	72.56	78.31	(7.49)	(22.56)	(20.60)
More than 5 years	-	-	23.14	-	-	(15.31)
Total	**101.45**	**126.43**	**147.22**	**(28.46)**	**(50.86)**	**(49.92)**

* Excludes Credit Value / Debit Value adjustments

The line items in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities.

₹ 89.92 crore (₹ 142.10 crore as at March 31, 2016 and ₹ 92.32 crore as at April 01, 2015) of hedging losses on interest rate swap contracts have been recognised in other comprehensive income.

There are no hedge ineffectiveness on interest rate swap contracts during the reporting periods.

Certain interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

54.3.5 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Group's credit risk arises principally from the trade receivables, loans, investment in debt securities, cash & cash equivalents and derivatives.

Trade receivables:

Customer credit risk is managed centrally by the Group and is subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on extensive credit rating scoreboard and individual credit limits defined in accordance with the assessment unless credit limits are approved by the Managing Director and Chief Executive Officers at his discretion.

Credit risk on receivables is also mitigated, to some extent, by securing the same against letter of credit and guarantees of reputed nationalised and private sector banks. Trade receivables consist of a large number of customers spread across geographical areas with no significant concentration of credit risk. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue trade receivables. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit period on sale of goods ranges from 0 to 180 days with or without security. In case of certain customers, interest is charged even during the credit period. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The history of trade receivables shows a negligible allowance for bad and doubtful debts. Given below is the ageing of trade receivables of the Group:

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Ageing of gross receivables:

(₹ in crore)

Particulars	As at March 31, 2017@	As at March 31, 2016	As at April 01, 2015
Not due	10,193.38	6,873.96	10,567.30
0-30 days	1,253.03	1,086.69	755.64
31-60 days	1,854.52	1,532.97	2.69
61-90 days	918.38	1,010.90	145.00
91-180 days	3,227.88	3,813.25	791.02
More than 181 days	37.80	1,455.29	151.11
Total	**17,484.98**	**15,773.06**	**12,412.76**

@ includes assets classified as held for sale

The Company does not have a legal right of offset against any amounts owed by the Company to the counterparties. Trade receivables have been given as collateral towards borrowings (refer security note 22 and 27). Company follows simplified approach and make the provision for expected credit loss at the rate of 10 % for debtors due for more than 180 days.

Loans, Deposits, Advances and investments

The Company's treasury function manages the financial risks related to the business. The Treasury function focuses on capital protection, liquidity and yield maximisation. Investment of surplus funds are made in reputed mutual fund companies. Loans, Deposits and Advances are extended to counterparties after assessing their financial capabilities. Counterparty credit limits are reviewed and approved by Board/Audit Committee of the Company. These limits are set to minimise the concentration of risks and therefore mitigates the financial loss through counterparty's potential failure to make payments. Expected credit losses are provided based on the credit risk of the counterparties.

Cash and bank balances and derivatives

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. Further, commodity derivative contracts are entered only with international over the counterparties having high credit rating and thus the risk of default is minimised.

The Group's maximum exposure to the credit risk for the components of the balance sheet as at March 31, 2017, March 31, 2016 and March 31, 2015 is the carrying amounts mentioned in note no 7, note no 8, note no 13, note no 16 and note no 17.

54.3.6 Commodity price risk

The prices of refined petroleum products and crude oil are linked to the international prices. The Group's revenues, cost and inventories are exposed to the risk of fluctuation in prices of crude oil and petroleum products in the international markets. From time to time, the Group uses commodity derivative instruments to hedge the price risk of forecasted transactions such as forecast crude oil purchases and refined product sales. These derivative instruments are considered economic hedges for which changes in their fair value are recorded in the income statement.

The Group operates a risk management desk that uses hedging instruments to seek to reduce the impact of market volatility in crude oil and product prices on the Group's profitability. The Group's risk management desk uses a range of conventional oil price-related financial and commodity derivative instruments such as futures, swaps and options that are available in the commodity derivative markets (The derivative instruments used for hedging purposes typically do not expose the Group to market risk because the change in their market value is usually offset by an equal and opposite change in the market value of the underlying asset, liability or transaction being hedged). The Group's open positions in commodity derivative instruments are monitored and managed on a daily basis to ensure compliance with its stated risk management policy which has been approved by the management.

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Category wise break-up of commodity derivative contracts entered into by the Group and outstanding as at balance sheet date:

Particulars	Qty. in Barrels ('000)			Fair value of assets/(liabilities) (₹ in crore)*		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash flow hedges						
Crude oil						
Buy Positions						
Less than 1 year	5,085.00	3,750.00	-	(13.99)	4.53	-
Sell Positions						
Less than 1 year	(4,365.00)	-	-	3.00	-	-
Petroleum products						
Sell Positions						
Less than 1 year	(2,850.00)	(9,500.00)	(5,400.00)	29.57	5.74	130.23
Not designated in cash flow hedge						
Crude oil						
Buy Positions						
Less than 1 year	-	2,210.00	6,050.00	-	(9.20)	(17.65)
Sell Positions						
Less than 1 year	-	(3,000.00)	(2,679.00)	-	(5.36)	3.45
Petroleum products						
Sell Positions						
Less than 1 year	-	(1,875.00)	(2,100.00)	-	11.37	(9.34)

* Excluding CVA/DVA Adjustment

The line items in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities.

₹ 24.59 crore (₹ 43.89 crore as at March 31, 2016 and ₹ 232.09 crore as at April 01, 2015) of hedging gain on commodity derivative contracts have been recognised in other comprehensive income. Loss/(gain) on account of hedge ineffectiveness on commodity derivative contracts is ₹ (0.07) crore for the year ended March 31, 2017, (₹ 45.93 crore for the year ended March 31, 2016 and ₹ 32.46 crore for the year ended April 01, 2015) in the line item Revenue from Operations and Cost of raw materials consumed, as applicable.

54.3.7 Liquidity Risk

The Group monitors its risk of shortage of funds using cash flow forecasting models. These models consider the maturity of their financial investments, committed funding and projected cash flows from operations. The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates existing at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

The Group has undrawn committed facilities as at 31 March, 2017 of ₹ 1,655.76 crore (₹ 5,310.80 crores as at March 31, 2016 and ₹ 11,713.87 crores as at April 01, 2015) with maturities ranging from one to two years.

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The Group was late in repaying principal amount of ₹ 60.74 crore (previous year ₹ 281.33 crore) and interest thereon amounting to ₹ 113.78 crore (previous year ₹ 87.47 crore) for its loans with the carrying amount of ₹ 1,421.68 crore (previous year ₹ 1,804.56 crore). These delays were remedied in respective financial years.

(₹ in crore)

As at March 31, 2017	< 1 Year @	1 > 5 Years	> 5 Years	Total
Long term Borrowings*	4,144.51	6,394.97	7,242.89	17,782.37
Short Term Borrowings*	10,151.66	-	-	10,151.66
Trade payables	26,159.39	-	-	26,159.39
Other financial liabilities	412.50	49.25	-	461.75
Derivatives	82.48	134.37	108.85	325.70
Finance lease payables	5.72	34.53	1,141.43	1,181.68
Total	**40,956.26**	**6,613.12**	**8,493.17**	**56,062.55**

(₹ in crore)

As at March 31, 2016	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings*	1,729.47	7,504.86	10,130.44	19,364.77
Short Term Borrowings*	11,254.10	-	-	11,254.10
Trade payables	25,309.87	-	-	25,309.87
Other financial liabilities	947.20	1,684.48	-	2,631.68
Derivatives	143.46	320.30	198.32	662.08
Finance lease payables	5.22	29.42	1,152.26	1,186.90
Total	**39,389.32**	**9,539.06**	**11,481.02**	**60,409.40**

(₹ in crore)

As at April 01, 2015	< 1 Year	1 > 5 Years	> 5 Years	Total
Long term Borrowings*	1,836.12	9,496.08	6,993.18	18,325.38
Short Term Borrowings*	10,069.36	-	-	10,069.36
Trade payables	21,097.01	-	-	21,097.01
Other financial liabilities	485.87	1,631.51	-	2,117.38
Derivatives	271.03	360.22	222.71	853.96
Finance lease payables	20.52	128.91	1,114.69	1,264.12
Total	**33,779.91**	**11,616.72**	**8,330.58**	**53,727.21**

@ includes liabilities classified as held for sale

* Excluding future interest obligation

54.3.8 Level wise disclosure of Financial instruments:

Particulars	As at March 31, 2017 @	As at March 31, 2016	As at April 01, 2015	Level	Valuation techniques and key inputs
Investment in preference shares of Essar Power Limited	-	1,034.48	970.83	II	Discounted cash flow - Future cash flows are based on terms of Preference Shares discounted at a rate that reflects market risks
Fully Convertible Debentures of Prajakta Estates Pvt Ltd	-	-	2.48	III	Unquoted net asset value
Fully Convertible Debentures of Trikaya Township Pvt. Ltd.	-	-	3.70	III	Unquoted net asset value

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Particulars	As at March 31, 2017 @	As at March 31, 2016	As at April 01, 2015	Level	Valuation techniques and key inputs
Fully Convertible Debentures of Sangam Cultivators Pvt Ltd	-	-	6.33	III	Unquoted net asset value
Advances given for purchase of debentures of Essar Properties Limited	-	13.32	16.38	II	Discounted cash flow - Future cash flows are based on terms of advances discounted at a rate that reflects market risks
Investment in Mutual Funds of India Growth Opportunities Fund	-	-	1,309.60	III	Unquoted net asset value
Advances given for purchase of debentures of Vadinar Properties Limited	-	37.52	22.64	II	Discounted cash flow - Future cash flows are based on terms of Debentures discounted at a rate that reflects market risks
Foreign currency forward exchange contracts-Assets	8.97	0.01	0.55	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Foreign currency forward exchange contracts-Liabilities	7.76	1.25	-	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Commodity Derivative Contracts -Assets	28.32	36.07	133.84	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Commodity Derivative Contracts -Liabilities	9.50	26.62	24.29	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Currency swap contracts -Assets	78.35	122.47	232.73	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Currency swap contracts -Liabilities	172.04	382.91	623.47	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Interest rate swap contracts -Assets	-	-	1.56	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Interest rate swap contracts -Liabilities	97.58	138.46	104.09	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Embedded derivative -Assets	176.81	-	-	II	Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
Long term borrowings (including current maturities)	18,314.95	19,680.35	18,293.10	II	Discounted cash flow –observable future cash flows are based on terms discounted at a rate that reflects market risks.

@ includes liabilities classified as held for sale

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Sensitivity of Level III

Particulars	Valuation technique	Significant unobservable inputs	Change	Sensitivity of the input to fair value
Investment in Mutual Funds of India Growth Opportunities Fund	Net asset value	Net assets	0.50%	0.50% increase / (decrease) in the net asset value would increase / (decrease) the fair value by ₹ 6.55 crore.
Fully Convertible Debentures of Prajakta Estates Pvt Ltd	Net asset value	Net assets	0.50%	0.50% increase / (decrease) in the net asset value would increase / (decrease) the fair value by ₹ 0.01 crore.
Fully Convertible Debentures of Trikaya Township Pvt. Ltd.	Net asset value	Net assets	0.50%	0.50% increase / (decrease) in the net asset value would increase / (decrease) the fair value by ₹ 0.02 crore.
Fully Convertible Debentures of Sangam Cultivators Pvt Ltd	Net asset value	Net assets	0.50%	0.50% increase / (decrease) in the net asset value would increase / (decrease) the fair value by ₹ 0.03 crore.

55 Disclosures made under IND AS 101 - First time adoption of IND AS

First-time adoption - mandatory exceptions, optional exemptions

Overall principle

The Group has prepared the opening balance sheet as per Ind AS as of April 01, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Group as detailed below.

Derecognition of financial assets and financial liabilities

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 01, 2015 (the transition date).

Classification of debt instruments

The Group has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

Impairment of financial assets

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Assessment of embedded derivatives

The Group has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Deemed cost for property, plant and equipment, investment property and intangible assets

The Group has elected to measure certain fixed assets i.e. plant & machinery and land at fair value and use that fair value as its deemed cost on the date of transition.

Determining whether an arrangement contains a lease

The Group has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

Share based payments

The Group has availed the exemption of not applying Ind AS 102-Share based payments to equity instruments that vested before the date transition to Ind AS.

Deemed cost for investments in subsidiaries and associates

The Group has elected to continue with the carrying value of all its investments in subsidiaries and associates recognised as of April 01, 2015 (transition date) measured as per previous GAAP as its deemed cost as at the date of transition.

Long term foreign currency monetary item

The Group has continued with the policy adopted for accounting of exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements prepared under previous GAAP for the year ended March 31, 2016.

Past business combinations

The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 01, 2015..

Reconciliation of total equity as at March 31, 2016 and April 01, 2015

(₹ in crore)

Particulars	Notes	As at March 31, 2016	As at April 01, 2015
Equity (shareholders' funds) under previous GAAP		7,175.66	5,411.74
Additional depreciation charged on catalyst (rectification of useful life)		-	(470.67)
Change in accounting policy for Oil and Gas Activity	e	-	(418.64)
Adjusted equity (shareholders' funds) under previous GAAP		**7,175.66**	**4,522.43**
Fair Valuation as deemed cost of Property Plant and Equipment and change in useful lives of assets	a	18,741.51	19,091.29
Arrangement in nature of lease	b	(48.06)	(311.26)
Cost of major inspection capitalised	c	181.21	-
Fair valuation of investments	f	(8.85)	41.43
Financial assets at amortised cost	g	-	(41.40)
Deferred Taxes	h	(5,396.34)	(4,038.59)
Allowance for expected credit loss on financial assets	i	(651.79)	(378.71)
Financial liabilities at amortised cost	j	2.53	25.04
Advances received towards GDS classified as a liability	k	(1,632.45)	(1,540.36)
Measurement of derivative at fair value	l	104.18	82.66
Share in the profit of associates		92.18	91.88
Others	d	4.12	(6.19)
Effects of transition to Ind AS		**11,388.24**	**13,015.79**
Equity (shareholders' funds) under Ind AS		**18,563.90**	**17,538.22**

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

Reconciliation of total comprehensive income for the year ended on March 31, 2016

(₹ in crore)

Particulars	Notes	As at March 31, 2016
Profit for the year under previous GAAP		**2,156.86**
Adjustment : Add / (Less)		
Fair Valuation as deemed cost of Property Plant and Equipment and change in useful lives of assets	a	(349.78)
Additional depreciation charged on catalyst (rectification of useful life)		470.67
Change in accounting policy for Oil and Gas Activity	e	418.64
Arrangement in nature of lease	b	263.20
Cost of major inspection capitalised (net of amortisation)	c	181.21
Fair valuation of investments	f	(50.28)
Financial assets at amortised cost	g	41.40
Deferred Taxes	h	(1,498.37)
Allowance for expected credit loss on financial assets	i	(273.09)
Financial liabilities at amortised cost	j	(22.51)
Advances received towards GDS classified as a liability	k	(92.09)
Measurement of derivative at fair value	l	26.67
Share in the profit of associates		0.30
Others	d, n, o	8.09
Effects of transition to Ind AS		**(875.94)**
Profit for the year under Ind AS		**1,280.92**
Other comprehensive for the year (net of tax)	m	(265.85)
Total comprehensive income under Ind AS		**1,015.07**

Reconciliation of statement of cash flow for the year ended on March 31, 2016

(₹ in crore)

Particulars	Notes	Year ended March 31, 2016		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	a, b, f, i, j, k, l	6,404.61	736.57	7,141.18
Net cash flows from investing activities	c	(6,144.71)	(322.93)	(6,467.64)
Net cash flows from financing activities	b, j, p	(488.89)	(524.53)	(1,013.42)
Net increase / (decrease) in cash and cash equivalents		**(228.99)**	**(110.89)**	**(339.88)**
Cash and cash equivalents at the beginning of the period	p	328.35	(0.84)	327.51
Cash and cash equivalents at the end of the period		**99.36**	**(111.73)**	**(12.37)**

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

Notes to the reconciliations

a Property, plant and equipment

The Group has elected to measure land and plant & machinery (other than plant and machinery taken on finance lease) of its refinery and land of township at fair value at the date of transition to Ind AS. Gain on such fair valuation has been recognised in the opening retained earnings as at April 01, 2015. The Group has depreciated the fair value of plant and machinery over the technically assessed useful lives of the assets which is reflected in the Statement of Profit and Loss.

b Finance lease arrangement

In respect of certain long term arrangements, existing at the date of transition and identified to be in the nature of finance lease where the Group is lessee, the underlying assets and corresponding finance lease obligation determined at the inception of respective arrangements have been recognised on the date of transition with the adjustment of difference, if any, in the opening retained earnings, resulting into increase in finance cost and depreciation charged and reduction in the cost of goods / services procured and valuation of underlying inventories. During FY 2015-16, Group has changed the terms of the arrangement and accordingly the lease obligation and the corresponding asset has been derecognised and new leased asset and liability has been recorded. Such arrangements were recognised as per their legal form under the previous IGAAP.

c Shutdown

Ind AS 16 requires that cost of major inspections should be recognised in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied. During financial year 2015-16, the Group undertook a major shutdown and such expenditure incurred has been capitalised resulting into increase in depreciation and reduction in valuation of inventory.

d Capital work in progress (CWIP)

Foreign exchange fluctuation incurred on foreign currency monetary items (other than borrowings) and capitalized with CWIP has been decapitalized as per the requirements of Ind AS-16.

e Change in accounting policy for Oil and Gas Activity

Group has changed its accounting policy for oil and gas activities, wherein it has charged off the expenditure incurred on dry and abandoned wells, surrendered blocks and geological activities carried out in exploration phase. Impact on account of change in accounting policy has been adjusted to opening retained earnings. Since the impact was already given under previous GAAP, it has resulted in increase in Profits in FY 2015-2016.

f Fair valuation of Investments

Investments in preference shares and equity instruments (other than investment in subsidiaries, which are accounted at cost) have been measured at fair value through profit or loss as against cost less diminution of other than temporary nature, if any, under the previous GAAP. Current investments have been measured at fair value through profit or loss as against at lower of cost or fair value under the previous GAAP. The difference between the fair value and previous GAAP carrying value on transition date has been recognised as an adjustment to opening retained earnings and Statement of Profit and Loss Account for the year ended March 31, 2016.

g Financial assets at amortised cost

Interest free security deposits which were recognised at historical cost under previous GAAP have been recognised at amortised cost under Ind AS with the difference been adjusted to opening retained earnings. The impact for the period subsequent to the date of transition is reflected in the Statement of Profit and Loss.

h Deferred Tax

Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profits and accounting profits for the period. Under Ind AS deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments has also lead to recognition of deferred taxes on new temporary differences.

i Allowance for expected credit loss on financial assets

Under Ind AS, the Group is required to apply expected credit loss model for recognising the allowances for expected credit losses on financial assets. Accordingly, the Group has calculated and recognized such credit loss allowances which has resulted in an increase in loss and decrease in equity. Under IGAAP, such credit losses were provided based on incurred model.

j Financial liabilities and related transaction cost

Borrowings and other liabilities which were recognised at historical cost under previous GAAP have been recognized at amortised cost under Ind AS with the difference been adjusted to opening retained earnings.

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

Under previous GAAP, transaction costs incurred in connection with borrowings were amortised equally over the tenure of the borrowings. Under Ind AS, transaction costs are deducted from the initial recognition amount of financial liability and charged over the tenure of borrowing using the effective interest method.

Difference in the un-amortised cost as per Ind AS and previous GAAP on transition date has been adjusted to the cost of asset under construction or opening retained earnings, as applicable. The impact for the period subsequent to the date of transition is reflected in the Statement of Profit and Loss or cost of construction as applicable.

k Advances received towards GDS classified as a liability under IND AS

Under the previous GAAP, advances received against Global Depository Shares were classified as part of total equity. However, under IND AS, financial instruments are classified as a liability or equity according to the substance of the contractual arrangement and not its legal form. These advances do not contain any equity component and hence have been classified in their entirety as a financial liability under IND AS. On transition, these financial liabilities have been revalued.

l Measurement of derivative at fair value

The fair value of forward foreign exchange contracts has been recognised under Ind AS which were accounted in accordance with AS-11 under previous GAAP.

MTM gain on commodity derivative contracts, not designated into hedging relationship, has been recognised under Ind AS which were not recognised under previous GAAP based on prudence.

While determining the fair values of derivative instruments, the effect of credit risk has been recognised which was not recognised under previous GAAP. Difference between the fair value and the previous GAAP carrying value as on transition date and subsequent to the date of transition has been recognised in opening retained earnings and Statement of Profit and Loss respectively.

m Other comprehensive income

Under Ind AS, all items of income and expenses recognized in the period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss "Other comprehensive income" includes remeasurements of defined benefit plans, foreign currency monetary item translation difference account and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

n Government grant relating to acquisition of property, plant and equipment and stores & spares

Grant received from the Government relating to the purchase of fixed asset and deducted from the carrying amount of corresponding fixed asset under previous GAAP has been recognized as deferred income under Ind AS with the corresponding adjustment to the carrying amount of property, plant and equipment (net of cumulative depreciation).

o Share-based payments

Under previous GAAP, the cost of equity-settled employee share-based payments was recognised using the intrinsic value method. This did not result in recognising any expense in profit or loss in respect of these share-based payments because the fair value of the shares on the grant date equal to the exercise price. Under Ind AS, the cost of equity-settled employee share-based payments is recognised based on the fair value of the options as on the grant date with the difference been adjusted in the opening retained earnings and employee stock option reserve. Group has elected to measure the fair value of unvested employee stock options outstanding as on the date of transition.

p Bank Overdrafts

Under Ind AS, bank overdrafts which are repayable on demand and form an integral part of an entity's cash management system are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Whereas under previous GAAP, there was no similar guidance and hence, bank overdrafts were considered similar to other borrowings and the movements therein were reflected in cash flows from financing activities. The effect of this is that bank overdrafts as at March 31, 2016 and as at April 01, 2015 have been considered as part of cash and cash equivalents under Ind AS for the purpose of presentation of statement of cash flows. Consequently, the cash outflow from financing activities as per the statement of cash flows for the year ended March 31, 2016 prepared as per Ind AS is lower to the extent of this net movement.

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

56. Defined benefit plans / long term compensated absences

(a) Defined benefit plans / long term compensated absences - as per actuarial valuations as at March 31, 2017:

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)		Employer Established Provident Fund {refer note (i) below}	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
A	**Net assets / liability recognised in the balance sheet**						
1	Present value of defined benefit obligation	36.36	32.06	9.27	10.83	202.05	168.24
2	Fair value of plan assets	18.74	15.21	-	-	202.05	168.24
3	Funded status - surplus / (deficit)	(17.62)*	(16.85)	(9.27)*	(10.83)	-	-
4	Net assets / (liability) recognised in the balance sheet	(17.62)*	(16.85)	(9.27)*	(10.83)	-	-
	*includes liabilities classified as held for sale						
B	**Expenses recognised in profit and loss or expenditure during construction, as applicable for the year ended March 31, 2017**						
1	Current services cost	3.42	3.32	-	-	9.86	9.00
2	Interest cost	1.14	0.89	0.80	0.92	-	0.11
	Components of defined benefit costs recognised in Profit and loss	4.56	4.21	0.80	0.92	9.86	9.11
1	Actuarial losses/(gains) - experience	0.36	1.52	(1.02)	(1.35)	-	-
2	Actuarial losses/(gains) - assumptions	(0.71)	0.18	(0.40)	0.04	-	-
3	Return on plan assets greater/(lesser) than discount rate	0.30	0.02	-	-	-	-
	Components of defined benefit costs recognised in Other Comprehensive Income	(0.05)	1.72	(1.42)	(1.31)	-	-
	Total expenses	**4.51**	**5.93**	**(0.62)**	**(0.39)**	**9.86**	**9.11**
C	**Change in obligation and assets**						
C1	**Change in defined benefit obligation**						
1	Defined benefit obligation at beginning of the year	32.06	26.62	10.83	12.34	168.24	136.71
2	Service cost	3.42	3.32	-	-	9.86	9.00
3	Interest cost	2.42	2.02	0.80	0.92	15.69	13.25
4	Plan Amendments	-	-	-	-	-	-
5	Acquisition adjustment / Transfer In / (Transfer Out)@	-	-	-	-	-	11.39
6	Other adjustments	-	-	-	-	1.86	-
7	Actuarial losses/(gains) - experience	0.36	1.52	(1.02)	(1.35)	-	(0.11)

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)		Employer Established Provident Fund {refer note (i) below}	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
8	Actuarial losses / (gains) - demographic assumptions	0.22	-	(0.65)	-	-	-
9	Actuarial losses / (gains) - financial assumptions	(0.92)	0.18	0.25	0.04	-	-
10	Benefit payments	(1.20)	(1.60)	(0.95)	(1.12)	(13.66)	(15.78)
11	Employees contribution	-	-	-	-	20.06	13.78
12	Defined Benefit obligation at the end of the year	36.36	32.06	9.27	10.83	202.05	168.24
C2	**Change in fair value of assets**						
1	Fair value of plan assets at the beginning of the year	15.21	14.90	-	-	168.24	136.71
2	Interest income on plan assets	1.27	1.13	-	-	15.69	13.14
3	Actual Company & employees contributions	3.76	0.80	-	-	29.92	34.17
4	Other adjustments	-	-	-	-	1.86	-
5	Return on plan assets greater/(lesser) than discount rate	(0.30)	(0.02)	-	-	-	-
6	Benefits payments	(1.20)	(1.60)	-	-	(13.66)	(15.78)
7	Fair value of plan assets at the end of the year	18.74	15.21	-	-	202.05	168.24
D	**Actuarial assumptions**						
1	Discount rate (per annum)	7.10%	7.70%	7.10%	7.70%	7.10%	7.70%
2	Rate of salary increase	12.00%	14.00%	NA	NA	NA	NA
4	Mortality	Indian Assured Lives Mortality (2006-08) Ult. Modified					
E	**Percentage of each category of plan assets to total fair value of plan assets**						
	Administered by Life Insurance Corporation of India	100%	100%	NA	NA	NA	NA
	Central Govt Securities / Bond	-	-	-	-	15%	21%
	State Govt Securities / Bond	-	-	-	-	29%	22%
	Public Sector Bonds	-	-	-	-	40%	54%
	Private Sector Bonds	-	-	-	-	7%	-
	Units of Mutual Fund	-	-	-	-	2%	1%
	Others (Including bank balances)	-	-	-	-	6%	2%
F	**Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date**	**4.00**	**4.35**	**NA**	**NA**	**11.04**	**9.89**

@ Employees were transferred from / to related parties / other body corporates with credit for past services.

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(b) Defined contribution plans :

Company's contribution to superannuation fund and pension fund aggregating to ₹0.84 crore and ₹5.09 crore (Previous year ₹0.85 crore and ₹2.32 crore) respectively are recognised in the profit or loss / expenditure during construction / pre-production activities, as applicable. There is no obligation other than the contribution payable to the respective trusts.

(c) Defined Benefit plans :

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

Notes :

i) The employer managed provident fund is considered as a defined benefit plan.

ii) The Company is unable to obtain the details of plan assets from the Insurance Company (LIC of India / SBI Life Insurance) and hence the disclosure thereof is not made.

These plans typically expose the Company to actuarial risks such as: interest rate risk, salary risk and demographic risk

1 Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2 Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

3 Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The defined benefit obligations shall mature after year ended March 31, 2017 as follows:

(₹ in crore)

Particulars	Gratuity	Compensated Absences	Employer Established Provident Fund
As at March 31			
2018	4.00	1.74	0.31
2019	4.18	1.39	0.27
2020	4.67	1.38	0.24
2021	5.26	1.17	0.22
2022	5.12	0.96	0.21
March 31, 2023 to March 31, 2027	27.45	3.63	0.83

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

A **Sensitivity Analysis:**

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
		Increase/(decrease) in DBO			
a)	**Discount Rate** :				
	Defined benefit obligation	36.36	32.06	9.27	10.83
	Discount rate	7.10%	7.70%	7.10%	7.70%
	1. Effect on DBO due to 0.5% increase in Discount Rate	(1.21)	(0.90)	(0.21)	(0.21)
	2. Effect on DBO due to 0.5% decrease in Discount Rate	1.29	0.95	0.22	0.22
b)	**Salary Escalation Rate** :				
	Salary Escalation rate	12.00%	14.00%	-	-
	1. Effect on DBO due to 0.5% increase in Salary Escalation Rate	0.63	0.48	-	-
	2. Effect on DBO due to 0.5% decrease in Salary Escalation Rate	(0.64)	(0.48)	-	-
c)	**Withdrawal Rate** :				
	Attrition rate	11.00%	14.00%	11.00%	14.00%
	1. Effect on DBO due to 5.00% increase in Withdrawal Rate	(0.41)	(0.61)	0.97	0.92
	2. Effect on DBO due to 5.00% decrease in Withdrawal Rate	(0.01)	0.43	(1.48)	(1.35)

Method used for sensitivity analysis:

The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

57. Related party disclosures

I. **Transactions with related parties**

(₹ in crore)

Nature of transactions	Holding Company / Intermediate Holding Company	Fellow Subsidiaries	Associates
Advance received from customers (net)	**-**	**0.76**	**-**
(ELL - ₹0.70 crore) (Previous year - EBTL - ₹0.16 crore, EPGL - ₹0.15 crore)	-	(0.34)	-
Expenses incurred on behalf of Joint Venture	**0.01**	**-**	**-**
(EEHL - ₹0.01 crore) (Previous year - EEHL - ₹0.19 crore)	(0.04)	(0.15)	-
Purchase of tangible assets / intangible assets (including CWIP)	**-**	**35.77**	**-**
(EOSIL - ₹33.34 crore) (Previous year EOSIL - ₹31.08 crore, EPIL - ₹53.33 crore)	-	(85.07)	-
Advances given on capital account (net of repayments)	**-**	**-**	**-**
(Previous year - EPIL - ₹105.00 crore)	-	(110.42)	-
Advances given to vendors for services (net of repayments)	**-**	**-**	**-**
(Previous year - VPCL - ₹302.78 crore)	-	(10.33)	(302.78)
Deposits given by the Group	**-**	**-**	**-**
(Previous year VOTL - ₹665.78 crore, VPTL - ₹125.00 crore)	-	(790.78)	-

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

Nature of transactions	Holding Company / Intermediate Holding Company	Fellow Subsidiaries	Associates
Sale of goods / power net of cash discount (including taxes)	**-**	**15,498.70**	**-**
(EEOL - ₹15,357.93 crore) (Previous year - EEOL - ₹218.78 crore, EEPDCL - ₹34.74 crore, ELL - ₹47.98 crore)	-	(329.97)	-
Interest income	**-**	**677.86**	**162.34**
(EEOL - ₹165.46 crore, VOTL - ₹325.79 crore, VPCL - ₹162.34 crore) (Previous year - ESTL - ₹257.11 crore, VPCL - ₹142.63 crore, VPTL - ₹90.19 crore)	-	(514.49)	(142.63)
Lease income (including lease tax)	**-**	**1.85**	**0.02**
(VOTL - ₹1.45 crore, VPTL - ₹0.40 crore) (Previous year - VOTL - ₹0.25 crore, VPTL - ₹1.58 crore)	-	(1.85)	(0.02)
Rendering of services	**-**	**59.94**	**29.01**
(VOTL - ₹53.93 crore, VPCL - ₹29.01 crore) (Previous year - VOTL - ₹45.36 crore, VPCL - ₹37.71 crore)	-	(55.23)	(37.71)
Receiving of services	**-**	**875.23**	**375.39**
(VOTL - ₹643.97 crore, VPCL - ₹375.39 crore, VPTL - ₹145.19 crore) (Previous year - VOTL - ₹562.01 crore, VPCL - ₹422.36 crore, VPTL - ₹322.37 crore)	-	(1,028.06)	(422.36)
Purchase of goods / supply of materials (including material taken on loan)	**-**	**10.03**	**-**
(EPGL - ₹9.55 crore) (Previous year - EEPDCL ₹1.46 crore)	-	(1.46)	-
Commodity derivatives	**-**	**381.96**	**-**
(EEOL ₹381.96 crore) (Previous year - EEOL ₹700.04 crore)	-	(700.04)	-
Lease rent charged to Group	**-**	**946.53**	**245.00**
(VOTL - ₹946.53 crore, VPCL - ₹ 245.00 crore) (Previous year - VPCL - ₹ 197.29 crore)	-	-	(197.29)
Investments	**-**	**71.93**	**-**
(EBPPL - ₹ 68.14 crore) (Previous year - ₹Nil)	-	-	-
Interest / financial charges paid / funded	**-**	**4.29**	**-**
(EEOL - ₹ 0.64 crore, ESTL - ₹ 3.41 crore) (Previous year - ESTL - ₹ 7.37 crore)	-	(7.52)	-
Inter Corporate Deposits given (including material given on loan)	**-**	**122.35**	**0.43**
(EPGL - ₹109.64 crore) (Previous year - ESTL - ₹2,047.94 crore, VPTL - ₹1,750.00 crore)	-	(4,356.40)	-
Sale of plant, property and equipments	**-**	**0.01**	**-**
(ESTL - ₹0.01 crore) (Previous year - ₹Nil)	-	-	-
Advance paid / assignment against purchase of shares	**-**	**575.99**	**-**
(ESTLR - ₹575.99 crore) (Previous year - VOTL - ₹ 0.02 crore)	-	(0.02)	-
Assignment / transfer of receivables	**-**	**3,604.75**	**-**
(ESTLR - ₹2,662.23 crore, IBROX - ₹921.28 crore) (Previous year - ₹Nil)	-	-	-
Balances written off	**-**	**24.36**	**-**
(ESTL - ₹24.36 crore)(Previous year - ₹Nil)	-	-	-
Expected Credit Loss	**3.20**	**375.55**	**28.95**
Current year reversal ₹407.69 crore (Previous year - ₹182.02 crore)	(3.05)	(167.52)	(11.44)

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

Transactions with other classes of related parties

a) Key management personnel (remuneration)@	
(Shri L K Gupta - ₹12.26 crore, Shri C Manoharan - ₹7.68 crore & Shri Suresh Jain - ₹6.77 crore) (Previous year - Shri L K Gupta - ₹13.87 crore, Shri C Manoharan - ₹5.01 crore)	26.71 (18.88)
@ exclusive of provisions for liability in respect of leave earned and gratuity, since this is based on actuarial valuation done on an overall basis for all employees. Performance bonus / incentive amount considered on payment basis.	
b) Key management personnel (Director Sitting Fees)	
(Shri Prashant Ruia - ₹0.02 crore, Shri Dilip J. Thakkar - ₹0.09 crore, Shri K. N. Venkatasubramanian - ₹0.09 crore, Shri Sudhir Garg - ₹0.00 crore, Shri R Sudarsan - ₹0.01 crore, Shri Rajiv Pal Singh - ₹0.03 crore) (Previous Year - Shri Prashant Ruia - ₹0.01 crore, Shri Dilip J. Thakkar - ₹0.10 crore, Shri K. N. Venkatasubramanian - ₹0.12 crore, Shri R Sudarsan - ₹0.01 crore, Shri V S Jain - ₹0.10 crore, Dr. Sabyasach Sen- ₹0.06 crore, Ms. Rugmani Shankar - ₹0.07 crore, Shri D K Varma - ₹0.02 crore and Capt B. S. Kumar - ₹0.01 crore)	0.24 (0.49)
c) Key management personnel (Commission to Directors)	
(Shri Dilip J. Thakkar - ₹0.48 crore, Shri K. N. Venkatasubramanian - ₹0.43 crore, Shri V S Jain - ₹0.14 crore, Dr. Sabyasach Sen- ₹0.12 crore, Ms. Rugmani Shankar - ₹0.12 crore, Shri D K Varma - ₹0.05 crore, Capt B. S. Kumar - ₹0.03 crore) (Previous Year - Shri Dilip J. Thakkar - ₹0.10 crore, Shri K. N. Venkatasubramanian - ₹0.10 crore, Shri V S Jain - ₹0.10 crore, Shri D K Varma - ₹0.05 crore, Shri S. V. Venkatesan - ₹0.05 crore)	1.37 (0.40)
d) Contribution during the year (includes Employees' share and contribution)	
(Essar Oil Limited Employees Provident Fund ₹29.92 crore) (Previous year - ₹34.17 crore)	29.92 (34.17)

II. Balances with related parties :

(₹ in crore)

Nature of balances	Holding Company / Intermediate Holding Company	Fellow Subsidiaries	Associates
Assets			
Financial Assets			
Investments	**-**	**-**	**191.84**
(VPCL - ₹191.84 crore) (Previous year - EPoL - ₹1,034.48 crore, VPCL - ₹240.63 crore)	-	(1,034.48)	(240.64)
(As at April 01, 2015 - EPoL - ₹970.83 crore, VPCL - ₹238.27 crore)	-	(970.83)	(238.28)
Trade receivables (Net of expected credit loss ₹3.26 crore, Previous year ₹38.12 crore and as at April 01, 2015 - ₹12.87 crore)	**-**	**14,896.84**	**0.02**
(EEOL - ₹14,865.73 crore) (Previous year - EPGL - ₹37.67 crore, EPOL - ₹193.95 crore)	(29.16)	(325.61)	(0.01)
(As at April 01, 2015 - EPOL - ₹203.61 crore, EPGL - ₹35.95 crore, EPMPL - ₹34.36 crore)	-	(361.22)	(0.01)
Financial Assets - Loans			
Inter Corporate Deposits (Net of expected credit loss ₹6.12 crore, Previous year ₹212.14 crore and as at April 01, 2015 - ₹86.16 crore)	**-**	**248.88**	**-**
(EPOL - ₹248.88 crore) (Previous year - ESTL - ₹2,202.53 crore, VPTL - ₹1,708.00 crore)	-	(4,886.84)	-
(As at April 01, 2015 - EPIL - ₹203.72 crore, EPOL - ₹248.88 crore, ESTL - ₹882.60 crore, VOTL - ₹195.20 crore, VPTL - ₹292.80 crore)	-	(1,905.95)	-

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

Nature of balances	Holding Company / Intermediate Holding Company	Fellow Subsidiaries	Associates
Financial Assets - Others			
Advance against purchase of shares	**-**	**1,400.02**	**-**
(EPOL - ₹1,400.00 crore)(Previous year - EPOL - ₹1,400.00 crore)	-	(1,400.02)	-
(As at April 01, 2015 - EPOL - ₹1,400.00 crore)	-	(1,400.00)	-
Security deposits(Net of expected credit loss ₹31.36 crore, Previous year ₹27.39 crore and as at April 01, 2015 - ₹21.70 crore)	**-**	**1,066.79**	**202.09**
(VOTL - ₹1,062.64 crore, VPCL - ₹202.09 crore)(Previous year - VOTL - ₹663.18 crore, VPCL - ₹575.84 crore, VPTL - ₹412.85 crore)	-	(1,088.95)	(575.84)
(As at April 01, 2015 - VPCL - ₹575.84 crore, VPTL - ₹290.85 crore)	-	(301.39)	(575.84)
Other loans and advances (Net of expected credit loss ₹Nil, Previous year ₹15.70 crore and as at April 01, 2015 - ₹7.27 crore)	**-**	**-**	**-**
(Previous year - VPCL - ₹635.83 crore)	(17.80)	-	(635.83)
(As at April 01, 2015 - VPCL - ₹292.85 crore)	-	(17.61)	(292.85)
Other receivables (Net of expected credit loss ₹24.94 crore, Previous year ₹180.04 crore and as at April 01, 2015 ₹163.38 crore)	**-**	**1,270.08**	**-**
(EEOL - ₹146.67 crore, VOTL - ₹132.62 crore, IBROX - ₹917.69 crore) (Previous year - ESTL - ₹2,444.27 crore)	(2.23)	(3,248.41)	(167.57)
(As at April 01, 2015 - EEOL - ₹2,036.13 crore, ESTL - ₹2,218.42 crore)	(1.38)	(4,519.44)	(45.22)
Non-Financial Assets - Others			
Advances recoverable in cash or in kind or for value to be received	**-**	**-**	**-**
(Previous year - VPCL - ₹705.98 crore)	-	(12.08)	(705.98)
(As at April 01, 2015 - VPCL - ₹754.61 crore)	(0.00)	(6.41)	(754.61)
Capital advances	**-**	**-**	**-**
(Previous year - EOSIL - ₹22.09 crore, EPIL - ₹105.00 crore)	-	(127.09)	-
(As at April 01, 2015 - EOSIL - ₹16.71 crore)	-	(16.94)	-
Assets held for sale	**25.59**	**136.40**	**-**
(EEHL - ₹25.59 crore, EPIL - ₹105.69 crore, EOSIL - ₹27.12 crore) (Previous year - ₹Nil)	-	-	-
(As at April 01, 2015 - ₹Nil)	-	-	-
Liabiliities			
Borrowings			
Finance Lease obligation	**-**	**-**	**1,181.65**
(VPCL - ₹1,181.65 crore)(Previous year - VPCL - ₹1,186.55 crore)	-	-	(1,186.55)
(As at April 01, 2015 - VPCL - ₹1,263.31 crore)	-	-	(1,263.31)

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

Nature of balances	Holding Company / Intermediate Holding Company	Fellow Subsidiaries	Associates
Other Financial Liabilities			
Security deposits	**-**	**-**	**8.00**
(VPCL - ₹8.00 crore) (Previous year - EPGL - ₹24.00 crore, EPSL - ₹6.00 crore, VPCL - ₹8.00 crore)	-	(30.02)	(8.00)
(As at April 01, 2015 - EPGL - ₹24.00 crore, EPSL - ₹6.00 crore, VPCL - ₹8.00 crore)	-	(31.15)	(8.00)
Trade payables / Other liabilities	**-**	**139.17**	**-**
(VOTL - ₹136.62 crore) (Previous year - EEOL - ₹191.06 crore, EESML - ₹34.81 crore)	-	(276.85)	-
(As at April 01, 2015 - EPIL - ₹8.97 crore, EESML - ₹18.18 crore)	(0.01)	(57.21)	-
Other Non-Financial Liabilities			
Advance received	**-**	**0.76**	**-**
(ELL - ₹0.70 crore)(Previous year - EPGL - ₹16.00 crore)	-	(16.36)	-
(As at April 01, 2015 - EEOL - ₹260.57 crore)	-	(276.72)	-
Advances received on capital account	**-**	**-**	**3.50**
(VPCL - ₹3.50 crore) (Previous year - EPGL - ₹11.00 crore, EPSL - ₹2.50 crore, VPCL - ₹3.50 crore)	-	(13.50)	(3.50)
(As at April 01, 2015 - EPGL - ₹11.00 crore, EPSL - ₹2.50 crore, VPCL - ₹3.50 crore)	-	(13.50)	(3.50)
Liabilities held for sale	**-**	**3.55**	**-**
(AEGIS - ₹0.44 crore, EPIL - ₹0.99 crore, EPMPL - ₹1.92 crore) (Previous year - ₹Nil)	-	-	-
(As at April 01, 2015 - ₹ Nil)	-	-	-
Other Equity- Share application money pending allotment			
Advance towards global depository shares	**-**	**-**	**-**
(Previous year - EEHL - ₹1,632.45 crore)	(1,632.45)	-	-
(As at April 01, 2015 - EEHL - ₹1,540.36 crore)	-	(1,540.36)	-
Other balances			
Outstanding guarantees given on behalf of the Group	**1,179.00**	**-**	**-**
(EGFL - ₹1,179.00 crore) (Previous year - EGFL - ₹1,179.00 crore)	(1,179.00)	-	-
(As at April 01, 2015 - EGFL - ₹1,872.97 crore)	(1,921.26)	-	-
Capital and Other Commitments	**-**	**2,179.34**	**-**
(EPOL - ₹2,100.00 crore)(Previous year - EPL - ₹9,946.02 crore, EPOL - ₹2,100.00 crore)	-	(12,147.86)	-
(As at April 01, 2015 - EPOL - ₹2,100.00 crore)	-	(2,148.81)	-

"0.00" represents amount less than ₹ 0.01 crore.

During the year, the company has transferred ₹17,228.14 crore due from certain related parties and other entities to Essar Steel Jharkhand Limited and Ibrox Aviation and Trading Private Limited. {refer note 1 under Cash Flow statement and note 45 (a)}

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

Notes :

1) Names of related parties and description of relationship:

Ultimate holding Company	Essar Global Fund Limited, Cayman (EGFL)
Intermediate holding Companies	Essar Energy Limited (Formerly Known as Essar Energy PLC)(EEL)
	Essar Oil & Gas Limited, Mauritius (EOGL) w.e.f. February 16, 2016
Holding Companies	Essar Oil & Gas Limited, Mauritius (EOGL) upto February 15, 2016
	Essar Energy Holdings Limited (EEHL) w.e.f. February 16, 2016
Associates	Vadinar Power Company Limited (VPCL)
	Vadinar Liquid Terminals Limited (VLTL) w.e.f. March 27, 2015
Key management personnel	Shri Prashant Ruia, Chairman
	Shri Lalit Kumar Gupta, Managing Director and CEO
	Shri C Manoharan, Director - Refinery
	Shri Suresh Jain, Director - Finance (w.e.f. April 7, 2016)
	Shri Dilip J. Thakkar, Independent Director
	Shri K. N. Venkatasubramanian, Independent Director
	Shri V S Jain, Independent Director (Upto March 23, 2016)
	Dr. Sabyasachi Sen, Independent Director (Upto March 14, 2016)
	Smt Rugmani Shankar, Independent Director (Upto March 31, 2016)
	Shri D K Varma, Independent Director (Upto October 09, 2015)
	Capt B. S. Kumar, Independent Director (Upto March 09, 2016)
	Shri T S Narayanasami(Upto May 25, 2015)
	Shri Naresh Kumar Nayyar(Upto March 16, 2016)
	Shri Sudhir Garg, Nominee Director - IFCI(Upto February 22, 2017)
	Shri R. Sudarsan, Nominee Director - LIC of India
	Smt Suparna Singh(w.e.f. June 29, 2016)
	Shri Sachikanta Mishra(w.e.f. February 22, 2017)
Fellow Subsidiaries	Aegis Limited(AEGIS), AGC Networks Limited(AGCNET), AGC Networks Pte. Ltd.(AGCNETPTE), Bhander Power Limited(BPL), Equinox Business Parks Private Limited(EBPPL), Essar Bulk Terminal Limited(EBTL), Essar Bulk Terminal Paradip Limited(EBTPL), Essar Bulk Terminal (Salaya) Limited(EBTSL), Essar Energy Overseas Limited(EEOL), Essar Electric Power Development Corporation Limited(EEPDCL), Essar Exploration & Production Limited(EEPL), Essar Exploration & Production Limited, Nigeria(EEPLN), Essar Energy Services (Mauritius) Limited(EESML), Essar Exploration & Production (India) Limited(EEXPIL), Essar Gujarat Petrochemicals Limited(EGPL), Arkay Logistics Limited (FKA Essar Logistics Limited) (ELL), Essar Oil (UK) Limited(EOLUK), Essar Oilfields Services India Limited(EOSIL), Essar Power Gujarat Limited(EPGL), Essar Power Hazira Ltd(EPHL), Essar Project (India) Limited(EPIL), Essar Ports Limited(EPL), Essar Power (Jharkhand) Ltd(EPJL), Essar Power MP Limited(EPMPL), Essar Power Limited(EPOL), Essar Power Orissa Ltd(EPOLL), Essar Power Transmission Company Limited(EPTCL), Equinox Realty & Infrastructure Private Limited(ERIPL), Essar Shipping Limited(ESL), Essar Steel (Jharkhand) Limited (From October 19, 2016 upto March 19, 2017)(ESTLR), Essar Steel Logistics Limited(ESTLL), Essar Steel India Limited(ESTL), Energy Transportation International Limited(ETIL), Ibrox Aviation And Trading Pvt Ltd (From December 01, 2016)(IBROX), Brahmani Thermal Power Private Limited (FKA Navbharat Power Private Limited)(NPPL), Peak Trading Overseas Limited(PTOL), Vadinar Oil Terminal Limited(VOTL), Vadinar Ports & Terminal Limited(VPTL), Essar Refinery Projects Limited, India (FKA Essar Road Projects Limited) upto February 26, 2015(ERPL), Essar Power Hazira Holdings Limited(EPHHL),Bhargava Properties Private Limited (upto December 31, 2015) (BPPL),Essar Power Salaya Limited (EPSL),Ibrox Estates Private Limited (upto March 4, 2016) (IBROXE). Essar Energy Holdings Limited Upto February 15, 2016(EEHL).
Other related party	Essar Oil Limited Employees Provident Fund (Controlled Trust)

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

2) Names of related parties, where the transactions during the year / balances as at March 31, 2017 with a single party are 10% or more, are disclosed under each nature of transaction / class of balances.

3) Previous year figures for April 01, 2015 and March 2016 have been shown in brackets.

58. Additional information as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as Subsidiaries / Associates

(₹ in crore)

Name of Entity	2016-17							
	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent:								
Essar Oil Limited*	98.59%	18,951.76	93.20%	(1,121.04)	100.00%	222.65	91.65%	(898.39)
Subsidiaries:-								
Indian:								
Vadinar Properties Limited	0.43%	81.87	4.05%	(48.70)	-	-	4.97%	(48.70)
Essar Oil and Gas Exploration and Production Limited	4.95%	951.75	151.02%	(1,816.57)	-	-	185.32%	(1,816.57)
Foreign:								
Essar Oil Trading Mauritius Limited	0.00%	(0.23)	0.00%	(0.05)	-	-	0.01%	(0.05)
Intercompany Elimination and Consolidation Adjustments	-4.96%	(953.28)	-152.32%	1,832.28	-	-	-186.92%	1,832.28
Associates (Investment as per the equity method) :-								
Indian :								
1 Vadinar Power Company Limited	1.00%	191.84	4.06%	(48.80)	0.00%	(0.01)	4.98%	(48.81)
2 Vadinar Liquid Terminals Limited	0.00%	-	0.00%	(0.01)	-	-	0.00%	(0.01)
Grand Total	**100.00%**	**19,223.71**	**100.00%**	**(1,202.89)**	**100.00%**	**222.64**	**100.00%**	**(980.25)**

(₹ in crore)

Name of Entity	2015-16							
	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent:								
Essar Oil Limited*	98.09%	18,210.09	100.60%	1,288.59	99.99%	(265.82)	100.76%	1,022.77
Subsidiaries:-								
Indian:								
Vadinar Properties Limited	0.70%	130.57	-0.72%	(9.28)	0.00%	-	-0.91%	(9.28)
Foreign:								
Essar Oil Trading Mauritius Limited	0.00%	(0.19)	0.00%	(0.04)	0.00%	-	0.00%	(0.04)

Notes to Consolidated Financial Statements

For the Year Ended March 31, 2017

(₹ in crore)

Name of Entity	2015-16							
	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Intercompany Elimination and Consolidation Adjustments	**-0.09%**	**(17.20)**	**-0.06%**	**(0.71)**	**0.00%**	**-**	**-0.07%**	**(0.71)**
Associates (Investment as per the equity method) :-								
Indian :								
1 Vadinar Power Company Limited	1.30%	240.63	0.18%	2.36	0.01%	(0.03)	0.23%	2.33
2 Vadinar Liquid Terminals Limited	0.00%	-	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
Grand Total	**100.00%**	**18,563.90**	**100.00%**	**1,280.92**	**100.00%**	**(265.85)**	**100.00%**	**1,015.07**

*excluding investment in associates shown under "Associates (Investment as per the equity method)".

"0.00" represents amount less than ₹ 0.01 crore.

"0.00%" represents % less than 0.01%.

59. Detail of Subsidiaries / Associate and Compostion of Group

Following subsidiaries and associates have been considered in the preparation of consolidated financial statements.

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest (%)		
			As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
1	Essar Oil Trading Mauritius Limited*	Mauritius	100%	100%	100%
2	Vadinar Properties Limited (w.e.f. February 18, 2015)*	India	100%	100%	100%
3	Essar Oil and Gas Exploration and Production India Limited (w.e.f. May 10, 2016)@	India	100%	-	-
4	Vadinar Liquid Terminals Limited (w.e.f. March 27, 2015)*	India	26.00%	26.00%	26.00%
5	Vadinar Power Company Limited (w.e.f. September 09, 2009)*#	India	26.01%	26.01%	26.01%

*Audited financial statements have been considered for consolidation.

@Unaudited financial statements have been considered for consolidation

Effective holding is 13.69 %, considering the participating preference shares held by its holding company.

60. The office of the Director Finance and Chief Financial Officer, a whole-time key managerial personnel, of the Company fell vacant from the close of business hours of June 30, 2017. The resultant vacancy shall be filled by the Company within the timeline specified under section 203 (4) of the Companies Act, 2013.

For and on behalf of the Board of Directors

Suresh Jain
Director

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Mayank Bhargava
Company Secretary
Mumbai, August 1, 2017

P R Ashok
Vice President -
Corporate Accounts

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries / associates companies

Part "A" - Subsidiaries

	(₹ in crore)	(₹ in crore)	Amt in USD	(₹ in crore)
Name of the subsidiary	**Vadinar Properties Limited (VPL)**	**Essar Oil and Gas Exploration and Production India Limited (EOGEPL)**	**Essar Oil Trading Mauritius Limited (EOTML)**	
Reporting period	31-3-2017	31-3-2017	31-3-2017	
The date since when subsidiary was Incorporated / acquired	18-2-2015	10-5-2016	11-3-2014	
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	INR	INR	USD	1 US$ = ₹ 64.84
Share capital	0.05	2,768.37	100	6,484
Reserves & surplus	81.82	(1,816.60)	(36,049)	(2,337,367)
Total assets	450.54	2,515.54	936	60,689
Total liabilities	368.67	1,563.77	36,885	2,391,572
Investments	-	-	-	-
Turnover	9.60	-	-	-
Profit before taxation	(49.61)	(1,816.61)	(7,190)	(466,190)
Provision for taxation	(0.91)	-	-	-
Profit after taxation	(48.70)	(1,816.61)	(7,190)	(466,190)
Proposed dividend	-	-	-	-
% of shareholding	100%			
Names of subsidiaries which are yet to commence operations	EOTML, EOGEPL (for CBM gas)			
Names of subsidiaries which have been liquidated or sold during the year	Nil			

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "B" - Associates

Name of the associate	Vadinar Power Company Limited	Vadinar Liquid Terminals Limited
1. Latest audited balance sheet date	31-3-2017	31-3-2017
2. Date on which the Associate or Joint Venture was associated or acquired	9-9-2009	27-3-2015
3. Shares of associates held by the company at the year end		
Numbers	10,29,99,994	13,000
Amount of investment in associates (₹ in crore)	103.00	0.01
Extent of holding %	26.01%*	26.00%
4. Description of how there is significant influence	Based upon percentage holding	Based upon percentage holding
5. Reason why the associate is not consolidated	NA	NA
6. Networth attributable to shareholding as per latest audited Balance Sheet (₹ in crore)	191.84	-
7. Profit / Loss for the year		
i. Considered in consolidation (₹in crore)	(48.80)	(0.01)
ii. Not considered in consolidation	NA	NA
Names of associates which are yet to commence operations	Vadinar Liquid Terminals Limited	
Names of associates which have been liquidated or sold during the year	Nil	

* Effective holding is 13.69 %, considering the participating preference shares held by its holding company.
"0.00" represents amount less than ₹ 0.01 crore

For and on behalf of the Board of Directors

Suresh Jain
Director

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Mayank Bhargava
Company Secretary
Mumbai, August 1, 2017

P R Ashok
Vice President -
Corporate Accounts

ESSAR OIL LIMITED

Registered Office: Khambhalia Post, Post Box No. 24, Dist.: Devbhumi Dwarka - 361 305, Gujarat, India
Corporate Identity Number: U11100GJ1989PLC032116
Phone: 91 2833 661444, Fax: 91 2833 662929
Email: eolinvestors@essaroil.co.in

Notice

NOTICE is hereby given that Twenty Seventh Annual General Meeting of the members of **ESSAR OIL LIMITED** will be held at the Registered Office of the Company at Refinery Complex, Khambalia Post (39th km. stone on Jamnagar-Okha Highway), District Devbhumi Dwaraka -361 305, Gujarat on Thursday, September 28, 2017 at 11.00 a.m., to transact, the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2017 together with the reports of Board of Directors and Auditors thereon.

2. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2017 together with the report of Auditors thereon.

3. To appoint auditors and fix their remuneration.

   To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s S. R. Batliboi & Co. LLP, Chartered Accountants (Firm registration number 301003E/E300005), be and are hereby appointed as Statutory Auditors of the Company, in place of M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm registration number 117365W) whose tenure expires at the conclusion of the Twenty Seventh Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors of the Company."

   "**RESOLVED FURTHER THAT** M/s S. R. Batliboi & Co. LLP, Chartered Accountants, if appointed, shall hold the office for a period of five years, from the conclusion of the Twenty Seventh Annual General Meeting till the conclusion of the Thirty Second Annual General Meeting of the Company, subject to ratification by the Members at every Annual General Meeting held after the Twenty Seventh Annual General Meeting, and the Board of Directors of the Company (which shall be deemed to include the Audit Committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

SPECIAL BUSINESS

4. **Appointment of Mr. Chin Hwee Tan as Director of the Company**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) ("Act"), Mr. Chin Hwee Tan (DIN: 07703660), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 19, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. **Appointment of Mr. Jonathan Kollek as Director of the Company**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) ("Act"), Mr. Jonathan Kollek (DIN 07710920), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 19, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. **Appointment of Mr. Charles Anthony Fountain as Director of the Company**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) ("Act"), Mr. Charles Anthony Fountain (DIN 07719852), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 19, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. **Appointment of Ms. Elena Sapozhnikova as Director of the Company**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) ("Act"), Ms. Elena Sapozhnikova (DIN 07703689), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 19, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. **Appointment of Mr. Alexander Romanov as Director of the Company**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) ("Act"), Mr. Alexander Romanov (DIN 07731508), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 19, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. **Appointment of Mr. Marcus George Cooper as Director of the Company**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) ("Act"), Mr. Marcus George Cooper (DIN 07686158), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 19, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

10. **Appointment of Mr. Krzysztof Zielicki Antoni as Director of the Company**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) ("Act"), Mr. Krzysztof Zielicki Antoni (DIN 07692730), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 19, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

11. **Appointment of Mr. Andrew James Balgarnie as Director of the Company**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force) ("Act"), Mr. Andrew James Balgarnie (DIN 07692748), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 19, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

12. **To approve remuneration paid to Mr. L K Gupta as Managing Director & CEO, in the financial year 2016-17 and variation in terms of remuneration**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED THAT** in furtherance to the resolution passed by the members at the Annual General Meeting of the Company held on December 26, 2016, and pursuant to the provisions of sections 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for time being in force) (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force) and subject to such approvals, consents, permissions as may be required from any person or authority, and subject to any conditions and/or modifications as may be imposed and/or suggested by such authority while granting such approvals, consent of the members of the Company be and is hereby accorded by way of a special resolution for the remuneration paid to Mr. L K Gupta as Managing Director & CEO of the Company in the financial year ended on March 31, 2017 as set out in the Explanatory Statement annexed to this Notice, which along with remuneration paid to other whole-time directors during the financial year ended on March 31, 2017, was in excess of the limits for total managerial remuneration specified in Schedule V of the Act, which is hereby specifically approved."

"**RESOLVED FURTHER THAT** in partial modification to the resolution passed by the members at the Annual General Meeting of the Company held on December 26, 2016 re-appointing Mr. L K Gupta as Managing Director & CEO and pursuant to the provisions of sections 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, consent of the members of the Company be and is hereby accorded for revision in the terms of remuneration of Mr. L K Gupta as per the terms and conditions as set out in the Explanatory Statement annexed to this Notice which is hereby specifically approved with the Board of Directors (herein after referred to as "the Board" which term shall include the Nomination and Remuneration Committee constituted by the Board) being authorized to alter and vary the said terms and conditions subject to the provisions of the Act and rules made thereunder without being required to seek any further consent or approval of the members of the Company."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution."

13. To approve remuneration paid to Mr. C. Manoharan as Director (Refinery) in the financial year 2016-17

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED THAT** in furtherance to the resolution passed by the members at the Annual General Meeting of the Company held on December 26, 2016 and pursuant to the provisions of sections 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for time being in force) (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force) and subject to such approvals, consents, permissions as may be required from any person or authority, and subject to any conditions and/or modifications as may be imposed and/or suggested by such authority while granting such approvals, consent of the members of the Company be and is hereby accorded by way of a special resolution for the remuneration paid to Mr. C. Manoharan, Director (Refinery) of the Company in the financial year ended on March 31, 2017 as set out in the Explanatory Statement annexed to this Notice, which along with remuneration paid to other whole-time directors during the financial year ended on March 31, 2017 was in excess of the limits for total managerial remuneration specified in Schedule V of the Act, which is hereby specifically approved."

"**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution."

14. To approve remuneration paid to Mr. Suresh Jain during his term as Director Finance in the financial year 2016-17

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED THAT** in furtherance to the resolution passed by the members at the Annual General Meeting of the Company held on December 26, 2016 and pursuant to the provisions of sections 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for time being in force) (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force) and subject to such approvals, consents, permissions as may be required from any person or authority, and subject to any conditions and/or modifications as may be imposed and/or suggested by such authority while granting such approvals, consent of the members of the Company be and is hereby accorded by way of a special resolution for the remuneration paid to Mr. Suresh Jain during his tenure in office as Director Finance of the Company from April 7, 2016 to March 31, 2017 (both days inclusive) in the financial year ended on March 31, 2017 as set out in the Explanatory Statement annexed to this Notice, which along with remuneration paid to other whole-time directors during the financial year ended on March 31, 2017 was in excess of the limits for total managerial remuneration specified in Schedule V of the Act, which is hereby specifically approved."

"**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution."

15. To approve acquisition of balance share capital of Vadinar Liquid Terminals Limited

To consider and if thought fit, to pass the following Resolution as a Special Resolution:-

"**RESOLVED THAT** pursuant to Section 186 and other applicable provisions of the Companies Act, 2013 (the "Act") and rules made thereunder (including any statutory modification thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, consents, sanctions and permissions, as may be necessary, approval of the members of the Company be and is hereby given to the Board of Directors (hereinafter referred to as the 'Board', which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) for investment in Vadinar Liquid Terminals Limited ("VLTL"), by way of acquisition from Essar Ports Limited or otherwise of upto 24,500 equity shares of ₹ 10/- each of VLTL for an amount not exceeding ₹ 2,45,000/-("Investment"), and for making further investments by way of subscribing to securities of VLTL (this, collectively with Investment, is hereinafter referred to as "Proposed Transactions"), notwithstanding that the amount to be invested by the Company together with the aggregate of the investments made by the Company may exceed the higher of sixty per cent of paid-up share capital, free reserves and securities premium account of the Company or one hundred per cent of its free reserves and securities premium account, as prescribed under Section 186 of the Act."

"**RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorised to take from time to time all decisions and such steps as may be necessary expedient or desirable in order to effect the Proposed Transactions, including, inter alia,

(i) authorizing the execution of a share purchase agreement in this regard by the Company and such other documents, deeds, letters and other writings for completing the above-mentioned Proposed Transactions in one or more tranches, (ii) obtaining the necessary approvals whether statutory, contractual or otherwise in this regard, and for this purpose, decide the timing for completion of the Investment, the amount payable for such Investment within the limit mentioned above and other terms and conditions of such Proposed Transactions and also to take all other decisions including variation in any of the above, and the execution of such documents and instruments relating to, incidental and ancillary to the Proposed Transaction, as they may, in their sole and absolute discretion, deem appropriate, (iii) making the necessary filings and applications, if any, with all necessary authorities, without being required to seek further clarification, consent or approval of the members and that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"**RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorised to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or any Director(s) or officer(s) of the Company to give effect to the aforesaid resolution."

16. Appointment of Mr. C. Manoharan as Director of the Company

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and the Rules framed thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force), Mr. C. Manoharan (DIN 00184471), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 19, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company."

17. Appointment of Mr. C. Manoharan as Director & Head of Refinery of the Company

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("the Act") read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time and Articles of Association of the Company and subject to such approvals, permissions and sanctions, as may be required, the consent of the members be and is hereby accorded to the appointment of Mr. C. Manoharan (DIN 00184471) as Director & Head of Refinery of the Company for a period of three years with effect from August 19, 2017 to August 18, 2020 (both days inclusive), on terms and conditions including remuneration as set out in the Explanatory Statement annexed to this Notice which is hereby specifically approved with the Board of Directors (hereinafter referred to the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) being authorized to alter and vary the terms and conditions of appointment and/or remuneration including period in office as it may deem fit within the parameters set out in the Explanatory Statement, without being required to seek any further consent or approval of the members, and subject to the remuneration not exceeding the limits specified under Section 197 read with Schedule V of the Act."

"**RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

18. Approval of remuneration payable to the Cost Auditors.

To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:-

"**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Chandra Wadhwa & Co., Cost Accountants (Firm Registration Number: 00239), appointed as the Cost Auditors of the Company by the Board of Directors, for the conduct of the audit of the cost records of the Company for the financial year ending on March 31, 2018, be paid remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board of Directors

Mayank Bhargava
Company Secretary

Place: Mumbai
Date: August 28, 2017

Registered Office:
Khambhalia Post, P. O. Box 24,
Dist. Devbhumi Dwarka – 361305, Gujarat.
Phone: 91 02833 661444, Fax: 91 02833 662929
e-mail: eolinvestors@essaroil.co.in
Website: http://essaroil.co.in

Notes:

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts is annexed hereto.

2. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting, i.e. before 11.00 a.m. on Tuesday, September 26, 2017.**

3. The Board of Directors of the Company has been reconstituted on August 19, 2017. Approval of the Shareholders is being sought for appointment of newly appointed Non-Independent Directors pursuant to provisions of sections 149 and 152 of the Companies Act, 2013; accordingly, there are no directors who are retiring by rotation at this Annual General Meeting.

4. As per Section 105 of the Companies Act, 2013 and relevant rules made there under, a person can act as a proxy on behalf of not more than 50 (fifty) members and holding in aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.

5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company between 10:00 a.m. to 1:00 p.m., provided that not less than three days of notice in writing of the intention so to inspect the proxies is given to the Company.

6. The notice of Annual General Meeting, attendance slip and proxy form is being sent by electronic mode to all the members who have registered their email IDs with the depository participants (DP) / Share transfer agent (STA) unless where any member has requested for the physical copy. Physical copies of said documents are being sent by permitted mode to members who have not registered their email IDs. Members may further note that the said documents will also be available on the Company's website http://essaroil.co.in and at website of the service provider providing e-voting platform i.e. https://www.evoting.nsdl.com for download. Physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours i.e. from 10:00 a.m. to 1:00 p.m. on any working day, excluding Saturday and Sunday. For any communication, the members may also send requests to the Company's investor email ID viz. eolinvestors@essaroil.co.in.

7. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and Bank holidays, between 10:00 a.m. and 1:00 p.m. up to the date of the Annual General Meeting. Copies of the documents referred to in the accompanying Notice will also be kept open for inspection at the Corporate Office of the Company located at Equinox Business Park, Tower-2, Off Bandra Kurla Complex, L.B.S. Marg, Kurla (W), Mumbai - 400070.

8. Pursuant to Section 101 of the Act and rules made there under, companies are allowed to send communication to members electronically. We thus request you to kindly register/update your email IDs with your respective DP (in case of electronically held shares) and Company's Share Transfer Agents (in case of shares in physical form) and make this initiative a success.

9. Members / proxies should bring the attendance slip duly filled in for attending the meeting.

10. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Annual General Meeting.

11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed Form SH-13 duly filled in to M/s. Datamatics Financial Services Ltd. The prescribed form in this regard may also be obtained from M/s. Datamatics Financial Services Ltd. It can also be downloaded from the Company's website.

12. Pursuant to Section 124 of the Companies Act, 2013, all unclaimed principal amount of debentures remaining unpaid or unclaimed for a period of seven years from the date they became due for payment during the financial year 2009-10 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

13. The particulars of the venue of the Meeting including route map and prominent land mark has been enclosed for easy location.

14. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company for admission to the meeting hall.

Voting through electronic means

1. Pursuant to Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, the Company will provide remote e-voting facility as an option to the members to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting. All business to be transacted at the Annual General Meeting can be transacted through the electronic voting system. The facility of casting the votes by the members using the electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

   It may be noted that this remote e-voting facility is optional. The remote e-voting facility will be available at the link https://www.evoting.nsdl.com during the following voting period:

Commencement of remote e-voting	:	From 8.00 a.m. of September 23, 2017
End of remote e-voting	:	Up to 5.00 p.m. of September 27, 2017

Remote e-voting shall not be allowed beyond 5.00 p.m. of September 27, 2017. During the remote e-voting period, members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date may cast their vote electronically. The cut-off date for the purpose of remote e-voting is September 21, 2017.

You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).

2. The notice of AGM will be sent to the members, whose names appear in the register of members / depositories as at closing hours of business, on August 25, 2017 and any recipient of the notice whose name does not appear as a member in relation to the shares as on the aforesaid date should treat the same as an intimation only.

3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

4. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

5. The members shall have one vote per equity share held by them. The facility of remote e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.

6. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date of September 21, 2017.

7. Any person, who acquires shares of the Company and become member after dispatch of the notice and holding shares as of the cut-off date i.e. September 21, 2017 may obtain the login ID and password by sending a request to NSDL at evoting@nsdl.co.in. Members may also contact Mr. Pradeep Mokale of the Share Transfer Agent i.e. Datamatics Financial Services Limited at 022-66712191 or send email at pradeep_mokale@dfssl.com.

8. The Board of Directors of the Company has appointed Mr. Prakash Pandya (Membership No. FCS – 3901 COP No. 2311) of M/s P. K. Pandya & Co., Practicing Company Secretaries as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.

9. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Board of Directors, who shall countersign the same and declare the result of the voting forthwith.

10. The results of the voting on the resolution at the AGM shall be declared by the Chairman or his authorized representative or anyone of the Directors of the Company on/or after the date of the AGM within the prescribed time limits.

11. The result of the remote e-voting along with the report of scrutiniser will also be placed on the website of the Company viz. http://essaroil.co.in and on the website of NSDL.

12. The scrutinizer's decision on the validity of remote e-voting will be final.

INSTRUCTIONS FOR REMOTE E-VOTING

The physical copy of this Notice is being sent to members not having valid e-mail ID. The members whose e-mail IDs are registered with the Company / Depository Participant(s), an e-mail containing user ID and Password for casting votes by remote e-voting shall be sent by NSDL at the registered e-mail address of the member(s).

The member(s) whose email ID is not registered with the Company/ Depository Participants(s) and they are not having their user ID and Password may obtain a login ID and password for casting his / her vote by remote e-voting by sending a request by email at evoting@nsdl.co.in or by contacting NSDL at the toll free no.: 1800-222-990 mentioning their demat account no / folio no. If members have their user ID and password they can use the same for e-voting. If the same is forgotten, then the password can be reset by using 'Forgot User Details/Password' option available on www.evoiting.nsdl.com or by contacting NSDL at toll free no.: 1800-222-990.

The member(s) who receives an email from NSDL is advised to take the following steps for casting his / her vote by remote e-voting:

a) Open email and open PDF file viz; "e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

b) Launch internet browser and type the URL: https://www.evoting.nsdl.com/.

c) Click on "Shareholder - Login".

d) Enter user ID and password as initial password/PIN noted in step (i) above. Click Login.

e) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

f) Home page of remote e-voting opens. Click on "remote e-voting: Active Voting Cycles".

g) Select "E-voting event number" (EVEN- 107389) of "Essar Oil Limited" for casting your vote.

h) Now you are ready for remote e-voting as "Cast Vote" page opens.

i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

j) Upon confirmation, the message "Vote cast successfully" will be displayed.

k) Once you have voted on the resolution, you will not be allowed to modify your vote.

l) Institutional shareholders (i.e. Other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution / Authority Letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail to info@pkpandya.com with a copy marked to evoting@nsdl.co.in.

m) If a member is already registered with NSDL for remote e-voting, then he/she can use his/her existing user ID and password for casting the vote. If a member forgets the password, the password can be reset by using 'Forgot User Details / Password' option available on www.evoting.nsdl.com or by contacting NSDL at the toll free no.: 1800-222-990.

n) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

Annexure to Notice

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3 to 18 of the accompanying Notice:

Item No. 3

Under the provisions of section 139(2) of the Companies Act, 2013 (the "Act"), statutory auditors cannot be re-appointed on completion of two consecutive terms of five years each. To comply with these provisions, the Act provided for a transition period of three years to companies, whose accounts were audited by audit firms for more than ten years as of April 1, 2014. The current statutory auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (DHS Ahmedabad) and prior to them, DHS Mumbai (a sister concerns of DHS Ahmedabad) have been auditors of the Company for a period of over ten years as of April 1, 2014 and hence the Company has availed the benefit of the transition period which came to an end on March 31, 2017. Consequently, the Company is required to appoint a new audit firm to audit its books of account for financial year ending March 31, 2018 onwards.

On the recommendations of the Audit Committee, the Board of Directors recommends the appointment of M/s S. R. Batliboi & Co. LLP, Chartered Accountants (Firm registration number 301003E/ E300005), as statutory auditors, for a period of five years from the conclusion of the ensuing 27th Annual General Meeting to the conclusion of 32nd Annual General Meeting. M/s S. R. Batliboi & Co. LLP have confirmed that they are eligible to be appointed as Auditors and are not disqualified to act as Auditors as per the applicable provisions of the Act and have also given their consent to act as Auditors of the Company.

Item Nos. 4 to 11

In accordance with the Share Purchase Agreements dated October 15, 2016 (collectively the "**SPAs**") entered into inter-alia amongst Essar Energy Holdings Limited and Oil Bidco Mauritius Limited (the controlling shareholders of the Company) and Petrol Complex Pte. Limited ("**Petrol Complex**") and Kesani Enterprises Company Limited ("**Kesani**") respectively, each of Petrol Complex and Kesani had nominated 4 individuals each to be appointed as Directors of the Company. Subsequently, the Board of Directors of the Company in their 189th meeting held on August 19, 2017 has accorded its approval to the appointment of Mr. Chin Hwee Tan, Mr. Jonathan Kollek, Mr. Charles Anthony Fountain and Ms. Elena Sapozhnikova as Nominees of Petrol Complex and Mr. Alexander Romanov, Mr. Marcus George Cooper, Mr. Krzysztof Zielicki Antoni, and Mr. Andrew James Balgarnie Nominees of Kesani (collectively, "**Nominee Directors**"). In terms of section 161(1) of the Companies Act, 2013 (Act) and Article 82 of Articles of Association of the Company, the Nominee Directors have been appointed as Additional Directors of the Company with effect from August 19, 2017 and hold office up to the date of the forthcoming Annual General Meeting. Under Section 152 of the Act, the appointment to the office of additional director requires approval of the members by Ordinary Resolutions.

The Company has received from each of the Nominee Directors; consent to act as Director of the Company and also declaration confirming that he/she is not disqualified from being appointed as Directors in terms of Section 164 of the Act. The Company has also received notice in writing, under Section 160 of the Companies Act, 2013, from the members proposing the appointment of Nominee Directors as Directors of the Company.

As required under Secretarial Standard 2 specified by Institute of Company Secretaries of India and approved by the Central Government, the details of the Directors proposed to be appointed are appended at the end of the Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except the respective Nominee Directors, to whom the resolution for appointment of respective directors relates, are concerned or interested, financially or otherwise, in the resolution mentioned at Item Nos. 4 to 11 of the Notice.

All the Directors proposed to be appointed are highly qualified and experts in their respective fields. The Board is of the opinion that the association of these individuals would be beneficial to the Company. Accordingly the Board recommends the resolution set forth in Item Nos. 4 to 11 for the approval of the members of the Company as Ordinary Resolutions.

Item Nos. 12 to 14

In the preceding financial year 2016-17, the Company had the following three Wholetime Directors ("**Wholetime Directors**"):

(i) Mr. L K Gupta, the Managing Director & CEO of the Company since December 2, 2011, who on completion of his term in office was reappointed effective from December 2, 2016 for another term of five years.

(ii) Mr. Suresh Jain, the Chief Financial Officer was elevated to Director Finance effective from April 7, 2016.

(iii) Mr. C. Manoharan was reappointed as Director (Refinery) for a period of three years with effect from March 29, 2015.

The members of the Company at their 26th Annual General Meeting held on December 26, 2016 approved the reappointment / appointment of Mr. L K Gupta and Mr. Suresh Jain in their respective positions. Approval of the members of the Company was obtained for re-appointment of Mr. C. Manoharan at the Annual General Meeting held on September 30, 2015.

At the time of appointment of the Wholetime Directors, the remuneration payable was within the limits of total managerial remuneration payable to directors in accordance with and subject to the provisions of sections 197 read with section 198 and Schedule V of the Companies Act, 2013 as per the net profits of the Company as per the latest audited financial results.

However, as per the audited balance sheet of the Company for the financial year ended March 31, 2017, the profits of the Company are inadequate under the provisions of sections 197 read with sections 198 and Schedule V of the Act.

Due to the said inadequacy of profits, approval of the members at General Meeting is required in terms of section 197(3) read with Schedule V of the Act for payment of managerial remuneration to Wholetime Directors for the financial year 2016-17.

The relevant information required to be provided to members as per Schedule V of the Act is set out below:

I General Information

(1) Nature of Industry:

The Company belongs to the oil and gas industry. It is an existing company engaged in refining of crude oil and marketing of petroleum products.

(2) Commencement of commercial production:

The Company is an operating entity. The Company operates an oil refinery which commenced commercial production in the year 2008. The refinery expansion project commenced commercial production in March 2012 enhancing the refinery capacity to 18 MMTPA. Thereafter, the Optimization project was commissioned in June 2012 further enhancing the refining capacity to 20 MMTPA.

(3) Financial performance:

(₹ in crore)

Financial parameters	Financial year ended March 31		
	2015 @	**2016 @**	**2017***
Revenue from Operations	93,206.31	66,079.69	72,084.57
Earnings before finance cost, depreciation and amortization, exceptional items & discontinued operation and tax (EBIDTA)	5,763.77	7,772.64	11,187.67
Net profit/(loss) after tax as per Statement of Profit & Loss	1,521.47	2,162.29	(1,121.04)
Net profit / (loss) computed u/s 198 of the Act	1,528.81	2,181.17	106.98

*** figures as per Ind As**
@ figures as per previous IGAAP

(4) Foreign investments and collaborations, if any:

Essar Energy Holdings Ltd. which was a Foreign Promoter company as on March 31, 2017 and up to August 18, 2017, made Foreign Direct Investment of ₹ 6943 crore in the Company and post inter-se acquisition of shares from other Promoter Group companies and held 39,66,07,443 (26.61%) equity shares and 62,18,718 Global Depository Shares represented by 95,14,63,854 (63.83%) underlying equity shares of the Company as on August 18, 2017.

In accordance with the Share Purchase Agreements dated October 15, 2016 (collectively the "**SPAs**") entered into inter-alia amongst Essar Energy Holdings Limited and Oil Bidco Mauritius Limited (the controlling shareholders of the Company) and Petrol Complex Pte. Limited ("**Petrol Complex**") and Kesani Enterprises Company Limited ("**Kesani**") respectively, the controlling shareholders had, on August 18, 2017, transferred their entire stake in the Company in equal proportion, to Petrol Complex and Kesani.

II Information about Wholetime Directors

a. Mr. L K Gupta

Mr. L K Gupta was the Managing Director & CEO and was responsible for all the day to day operations of the Company subject to superintendence and control of the Board of Directors. Mr. L. K. Gupta played a stellar role in the turnaround of the Company. Under his leadership, the Company has very successfully operated the 20 MMTPA refinery in a highly optimized manner. On the marketing side, Mr. L K Gupta led the Company to seize the deregulation opportunity in October 2014 and the Company has grown its Retail Network of almost 1,700 outlets in 2014 to 6,130 retail outlets with 3,499 already in operation as of March 31, 2017. This is the fastest expansion by any Oil Retail company thereby making Essar Oil Limited the largest Private retailer in Oil and Gas sector in India. The Company has established its brand name in the fuel retail segment and is geared up to become the preferred retailer in petroleum space.

Mr. Gupta had over 37 years of leadership experience in core sectors of Energy (Oil & Gas), Utilities (Power) and Steel. Prior to joining the Company in December 2011 as Managing Director & CEO, he was CEO and Joint Managing Director of JSW Energy Ltd from June 2010 till November 2011. Prior to this from May 2006, he was Director (Finance) of Mangalore Refinery & Petrochemicals Ltd., an ONGC subsidiary. He was recognised by CNBC TV18 as the Best Performing CFO in the Indian Oil & Gas sector in 2008-09. He was recognized by Institute of Chartered Accountants of India as CA Business Leader in Oil & Gas Industry in January 2017. He was also the finalist for the Business Leader of the year in Downstream Industry during Platts Global Award in December 2016. He was also conferred the CA Business Leader Award in the Oil & Gas Sector by the Institute of Chartered Accountants of India in January, 2017 and Skoch-BSE CEO of the year award in June 2017. Mr. Gupta is Vice Chairman of the Federation of Indian Petroleum Industry (FIPI), the apex body for Oil & Gas Sector in India.

Mr. Gupta is 56 year's old and is a rank holder Chartered Accountant, a Company Secretary and holds a Bachelor's Degree in Commerce (Gold Medalist) from Jiwaji University, Gwalior. He was first appointed as Director on the Board on December 2, 2011. He does not hold any shares in the Company. He attended 6 out of 7 Board Meetings during the year ended March 31, 2017. He is a

Director on the Board of Vadinar Power Company Limited and Vadinar Oil Terminal Limited.

Mr. L K Gupta has been paid remuneration of ₹ 12,25,88,878/- in the financial year 2016-17. Since the Company is not listed, it does not include section on 'Corporate Governance' in its Annual Report. As required under clause (IV)(iv) Section II Part II of Schedule V details of the remuneration paid to Mr. L K Gupta during the previous financial year 2016-17 as stated above comprises of basic salary of ₹ 2,59,20,000/-; perquisites and allowances of ₹ 92,06,400/-; Retirement benefits of ₹ 31,10,400; Performance linked incentive of ₹ 3,90,00,000/- and compensation in lieu of stock options of ₹ 4,53,52,078/-. He was reappointed as Managing Director & CEO on December 2, 2016 with a service contract of 5 years and notice period of 3 months. There was no separate provision for payment of severance fee to Mr. L K Gupta. He was not given any stock options during the financial year 2016-17. The shareholders had however at the last AGM held on December 26, 2016 approved payment of compensation in lieu of stock options of ₹ 4.53 crore payable in November each for a period of three years starting from November 2016. Remuneration aggregating to ₹ 13,86,72,276 was paid to Mr. L. K. Gupta during the financial year ended March 31, 2016.

On account of inadequacy of profits in the financial year 2016-17 as computed under section 198 of the Act, in terms of section 197 read with Schedule V of the Act, approval of the shareholders is sought for the remuneration of ₹ 12,25,88,878/- paid to Mr. L K Gupta in financial year 2016-17.

The Company had not granted stock options to Mr. L K Gupta in the financial year 2011 under the then existing Essar Oil Employee Stock Option Plan 2011. In order to compensate him, at the last AGM held on December 26, 2016 the Company approved payment of ₹ 7.03 crore to Mr. L K Gupta (which was paid in the financial year 2015-16), in addition to his remuneration. Post delisting of equity shares of the Company, other employees were given an opportunity to surrender their unvested / unexercised stock options in lieu of compensation with a provision of increase in the amount in case the price of shares to be sold by the promoter companies to the acquirers under SPAs entered into on October 15, 2016 for acquisition of the Company is higher than the delisting price of equity shares discovered under the reverse book building process offered by Promoter group companies to public shareholders pursuant to the SEBI (Delisting of equity shares) Regulations, 2009, by such difference in price per share. It is now proposed to extend this benefit (i.e. the additional amount that may be payable based on difference in price per share on the aforesaid basis) to Mr. L K Gupta in respect of the aforesaid compensation of ₹ 7.03 crore based on the final determination of the price payable to the outgoing promoters of the Company by the acquirers for the acquisition of majority shareholding in the Company in accordance with the provisions of the SPAs.

The remuneration paid/proposed to be paid to the Managing Director & CEO is comparable with the remuneration being paid for similar assignments in the industry.

Mr. L K Gupta during his tenure in office did not have direct or indirect pecuniary relationship with the Company or relationship with the managerial personnel other than getting remuneration as the Managing Director & CEO of the Company. Mr. L K Gupta is not related to any Director or any other key managerial personnel of the Company. None of the Directors/Key managerial personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 12 of the Notice.

b. Mr. C. Manoharan

Mr. C. Manoharan is responsible for managing the Company's Refinery at Vadinar. He has to his credit expansion of the refining capacity to 20 MMTPA and improvement of the complexity to 11.8 in addition to managing the refinery operations with an excellent safety track record. In the financial year 2015-16, under his leadership the Company undertook a major turnaround shutdown at the refinery, which was completed safely and ahead of schedule.

He joined the Company in 2008 as Head Refinery. He was elevated to Director (Refinery) in March 2012. He had started his career in 1977 at Indian Oil Corporation Limited (IOCL) and handled a variety of key assignments in various positions in Refining Operations, Maintenance, and Technical Services at Gujarat Refinery, Panipat Refinery as well as Head Office (Refinery Division). His last assignment with IOCL was at Panipat Refinery as Executive Director prior to joining Essar Oil Limited. As required under Secretarial Standard 2 specified by Institute of Company Secretaries of India and approved by the Central Government, other details of Mr. C. Manoharan are appended at the end of the Notice.

Mr. C. Manoharan has been paid remuneration of ₹ 7,67,52,645/- in the financial year 2016-17. Since the Company is not listed it does not include section on 'Corporate Governance' in its Annual Report. As required under clause (IV)(iv) Section II Part II of Schedule V details of the remuneration paid to Mr. C. Manoharan during the previous financial year 2016-17 as stated above comprises of basic salary of ₹ 1,40,00,004/-; perquisites and allowances of ₹ 52,76,796/-; Retirement benefits of ₹ 16,80,000/-; Performance linked incentive of ₹ 2,10,00,000/- and compensation on surrender of stock options of ₹ 3,47,95,845/-. He had been reappointed as Director (Refinery) on March 29, 2015 with a service contract of 3 years and notice period of 3 months. There was no separate provision for payment of severance fee to Mr. C. Manoharan. He was not given any stock options during the financial year 2016-17. The shareholders had however at the last AGM held on December 26, 2016 approved payment of compensation on surrender of unvested/unexercised stock options. Mr. Manoharan had exercised the option and surrendered all the outstanding stock options. Remuneration aggregating to ₹ 5,00,83,010 was paid to Mr. C. Manoharan during the financial year ended March 31, 2016.

On account of inadequacy of profits in the financial year 2016-17 computed under section 198 of the Act, in terms of section 197 read with Schedule V of the Act, approval of the shareholders is sought for the remuneration of ₹ 7,67,52,645/- paid to Mr. C. Manoharan in financial year 2016-17.

The remuneration paid to the Director (Refinery) was comparable with the remuneration being paid for similar assignments in the industry.

Mr. C. Manoharan, during his tenure in office, did not have direct or indirect pecuniary relationship with the Company or relationship with the managerial personnel other than getting remuneration as the Director (Refinery) of the Company. Mr. C. Manoharan is not related to any Director or any other key managerial personnel of the Company. Other than Mr. C. Manoharan, none of the Directors/Key managerial personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 13 of the Notice.

c. Mr. Suresh Jain

As Director Finance, Mr. Suresh Jain was responsible for overall finance operations involving Project Financing; Forex and Commodity Risk Management; Cash flow management, Treasury Management, borrowings from domestic and international market, Credit Rating, working capital facilities, investors relations, finalization of accounts, commercial and taxation. His major contributions at Essar Oil include: Dollarization of more than USD 1 billion of rupee loans; Tie-up of Project financing of more than USD 1.5 billion for refinery expansion to 20 MMTPA; Tie-up of working capital facility of more than USD 3 billion with optimization of bank charges; achievement of CDR exit for USD 2 billion facility.

Mr. Suresh Jain is 52 years old. He is a Chartered Accountant and has around 30 years of rich work experience in the field of Finance, Treasury Operations, Mergers and Acquisition, International Oil Trading and Finalization of Annual Accounts. Prior to joining Essar Oil, he worked with Indian Oil Corporation Limited (IOCL) for around 20 years. At IOCL he was actively involved in International crude and product offtake, Mergers and acquisitions and investor relations holders. In the last six years he served as Treasury Head handling one of the biggest treasuries in the country managing annual cash flow of over USD 50 billion, currency dealing operations and accessed International Debt market for raising foreign currency resources of about USD 6 billion annually.

Mr. Suresh Jain has been paid remuneration of ₹ 6,77,02,249/- in the financial year 2016-17. Since the Company is not listed it does not include section on 'Corporate Governance' in its Annual Report. As required under clause (IV)(iv) Section II Part II of Schedule V details of the remuneration paid to Mr. Suresh Jain during the previous financial year 2016-17 as stated above comprises of basic salary of ₹ 1,40,00,004/-; perquisites and allowances of ₹ 45,56,796/-; Retirement benefits of ₹ 16,80,000/-; Performance linked incentive of ₹ 2,10,00,000/- and compensation on surrender of stock options of ₹ 2,64,65,449/-. He was appointed as Director Finance on April 7, 2016 with a service contract of 5 years and notice period of 3 months. There was no separate provision for payment of severance fee to Mr. Suresh Jain. He was not given any stock options during the financial year 2016-17. The shareholders had however at the last AGM held on December 26, 2016 approved payment of compensation on surrender of unvested / unexercised stock options. Mr. Suresh Jain had exercised the option and surrendered all the outstanding stock options. Remuneration aggregating to ₹ 4,07,82,074 was paid to Mr. Suresh Jain when he held the position of Chief Financial Officer during the financial year ended March 31, 2016.

On account of inadequacy of profits in the financial year 2016-17 as computed under section 198 of the Act, in terms of section 197 read with Schedule V of the Act approval of the shareholders is sought for the remuneration of ₹ 6,77,02,249/- paid to Mr. Suresh Jain in financial year 2016-17.

The remuneration paid to the Director (Finance) was comparable with the remuneration being paid for similar assignments in the industry.

Mr. Suresh Jain during his tenure in office did not have direct or indirect pecuniary relationship with the Company or relationship with the managerial personnel other than getting remuneration as the Director Finance of the Company. Mr. Suresh Jain is not related to any Director or any other key managerial personnel of the Company. Mr. Suresh Jain does not hold any shares in the Company. He attended 6 out of 7 meetings of the Company held during the year ended March 31, 2017. He is a Director in Vadinar Power Company Limited and Essar Exploration & Production India Limited. None of the Directors/Key managerial personnel of the Company/ their relatives are in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 14 of the Notice.

III Other information

(1) Reasons for inadequacy of profit, if any:

The Company has been generating profits in the preceding three financial years. In the financial year ended March 31, 2017 the Company generated Earnings before Interest Tax .Depreciation and Amortization (EBITDA) of ₹ 11,188 crores and Profit from continuing operations (after tax & exceptional items) ₹ 1,087 crore. In spite of a good EBITDA and Profit from continuing operations, the Company has incurred a loss of ₹ 1,121 crore mainly due loss arising out of sale of the E&P business in addition to certain one- time exceptional items. Further, the Company prepared its financial statements for the first time under Indian Accounting Standards (IND AS) under which the assets (i.e. Plant & Machinery and Land) of the Company were fair valued. Higher value of assets due to fair valuation also resulted in increase in depreciation on Plant & Machinery by ₹576 crore which further impacted the profitability of the Company. The net profits computed in accordance with the provisions of section 198 of the Companies Act were ₹ 107 crore.

(2) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

As stated above, the Company generated EBITDA of ₹ 11,188 crore in the current year i.e. 2016-17. The operations of the Company were more than satisfactory with the plant working beyond 100% capacity. The losses incurred in FY 2016-17 are exceptional in nature and are not expected to repeat. The Company has generated an impressive momentum in expanding its retail outlets network for sale of petroleum products as well as leveraging the potential of its existing network. The retail network reached to 6,130 as of March 31, 2017 out of which 3,499 retail outlets were operating and balance sites were under various stages of implementation.

The operations of the E&P business of the Company were still in development stage and with negligible revenue was hardly contributing to the bottom line of the Company. As a condition precedent to Share Purchase Agreements (SPAs) entered on October 15, 2016 by the controlling shareholders of the Company, the E&P Business has been hived-off to a wholly owned subsidiary as of March 31, 2017 and entire investment in the subsidiary was subsequently sold. This would enable the Company to focus on the Refining and Marketing business

During the financial year 2017-18, the Company has completed the acquisition of the entire balance stake in the share capital of Vadinar Power Company Limited, which provides the entire power and steam to the Company making it a wholly owned subsidiary of the Company. The Company has also acquired, from the controlling shareholders (other than the public shareholders) of Vadinar Oil Terminal Limited (the "**Promoter Shareholders**"), the entire stake in share capital held by such Promoter Shareholders in Vadinar Oil Terminal Limited, a company that provides services like unloading of crude at Single Point Mooring (SPM), receipt and storage of crude in Tankages through offshore and onshore pipelines, storage of intermediate and finished goods, receipt of products, dispatch of final products via jetty, road and rail gantry, etc. With these strategic acquisitions, your Company has become a self-reliant fully integrated refining company with its own port, storage & power generation facilities. The Company is initiating steps to merge these entities in near future. This will lead to synergy and the Company's performance is expected to improve much better.

The Company has also taken concrete steps to liquidate all the major receivables and on realization aims to settle its major creditors.

A combination of the above, would help in reducing operating costs, improving the rating of the Company with associated benefits like reduction in interest cost and improve the profitability of the Company substantially.

The Company has not committed any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon in the preceding financial year before the date of appointment of managerial persons. However there was delay in making payment of dues to certain lenders in the financial year 2015-16 being the year prior to the appointment of Mr. Suresh Jain as Director Finance and reappointment of Mr. L K Gupta as Managing Director & CEO. Accordingly, as an abundant caution, the Company has obtained approval from the lenders, to whom payments by the Company were delayed for a period exceeding 30 days in the financial year 2015-16, for the remuneration paid to Wholetime Directors in the financial year 2016-17.

Accordingly, the Directors recommend the resolution at Item Nos. 12 to 14 of the Notice for your approval.

Item No. 15

The Company as a consortium with Vadinar Oil Terminals Limited (VOTL) is developing Marine Liquid Terminal Facilities consisting of SPM and 2 Product Jetties in Kandla Port Trust (KPT) waters. These facilities are being developed through a special purpose vehicle, Vadinar Liquid Terminals Limited (VLTL). The Company holds 26% in the share capital of VLTL. VOTL holds 25% stake in VLTL. Post acquisition of controlling, i.e. entire Non-Public shareholding in VOTL, the Company directly and indirectly through VOTL holds 51% in the share capital of VLTL.

Essar Ports Limited (EPL), as part of the restructuring of ports and terminal businesses had offered the Company to acquire its investment in VLTL. The marine facilities, to be developed, would be captive to the Company's refinery and essential for the Refinery's operations and therefore acquisition of balance 49% stake would be in the interest of the Company.

The shareholding pattern of VLTL is as under:

	Category	Number of equity shares	Percentage
1.	Essar Oil Limited	13,000	26.00
2.	Vadinar Oil Terminals Limited	12,500	25.00
3.	Essar Ports Limited and its nominees	24,500	49.00
	Total share capital	50,000	100.00

As per Section 186 of the Act read with the Rules framed thereunder, the Company is required to obtain the prior approval of the Members by way of a Special Resolution for acquisition by way of subscription, purchase or otherwise, the securities of any other body corporate exceeding 60% of its paid-up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more.

The proposed investment of up to ₹ 2,45,000 in VLTL will exceed the limits mentioned above. Post-acquisition of stake in VLTL, the Company will make further investments in VLTL by subscription in securities of VLTL for part financing the cost of the Marine Liquid Terminal Facilities being developed by VLTL. The approval of the Members is being sought by way of a Special Resolution under Section 186 of the Act read with the Rules made thereunder, to enable the Company to acquire by way of purchase or otherwise, the securities of any other body corporate, exceeding 60% of its paid-up share capital, free reserves and securities premium account or 100%

of its free reserves and securities premium account, whichever is more. Accordingly, consent of the members is sought to authorise the Board of Directors to acquire equity share capital in VLTL by passing special resolution at serial no.15 of the accompanying notice.

Mr. C. Manoharan Director of the Company is also director on the Board of VLTL. Further, there are no common directors in the Company and Essar Ports Limited. These directors / key managerial personnel or their relatives do not have any financial or other interest in the proposed transaction other than what is mentioned above. None of the other directors or other key managerial personnel of the Company either directly or through their relatives are in any way concerned or interested whether financially or otherwise in the resolution.

Item No. 16 and 17

In accordance with the Share Purchase Agreements dated October 15, 2016 ("SPAs") and upon closing of the sale of approximately 98% of the equity shares of the Company by Essar Energy Holdings Limited and Oil Bidco (Mauritius) Limited, the erstwhile promoters and controlling shareholders of the Company to Petrol Complex Pte. Ltd (a subsidiary of PJSC Rosneft Oil Company) and Kesani Enterprises Company Limited (owned by a consortium led by Trafigura and UCP) (the "Transaction"), the Board of Directors of the Company was required to be reconstituted. Mr. C. Manoharan tendered resignation from directorship of the Company, which was accepted by the Board of Directors at is 189th meeting held on August 19, 2017. He continued in his executive role as Chief Refinery Officer of the Company.

The reconstituted Board of Directors at its 190th meeting held on August 19, 2017 re-appointed Mr. C. Manoharan as Additional Director and thereafter as Director & Head of Refinery for a period of three years with effect from August 19, 2017 to August 18, 2020 (both days inclusive).

Pursuant to the provisions of Section 161 of the Companies Act, 2013 and Article 82 of the Articles of Association of the Company, Mr. C. Manoharan holds office of Director till the date of the ensuing Annual General Meeting. Approval of shareholders is required under section 152 of the Act for appointment of Mr. C. Manoharan as Director liable to retire by rotation. Hence, the resolution at Item no. 16 is being proposed for approval of shareholders.

Further under the provisions of Section 196 and 197 read with Schedule V of the Companies Act, 2013 appointment of Mr. C. Manoharan as Director & Head of Refinery for a period of three years with effect from August 19, 2017 to August 18, 2020 (both days inclusive) will require approval of shareholders. Hence, the resolution at Item No. 17 is being proposed for approval of shareholders.

The Company has received consent from Mr. C. Manoharan to act as Director and also declaration confirming that he is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received a notice in writing from a member proposing appointment of Mr. C. Manoharan as Director of the Company.

Mr. C. Manoharan joined the Company as Head Refinery in May 2008. He was appointed as Director (Refinery) for a term of three years on March 29, 2012. On the expiry of his term in office he as reappointed as Director (Refinery) for a term of three years effective from March 29, 2015. His resignation as Director was accepted by the Board at its 189th meeting held on August 19, 2017 and he was appointed as Director & Head of Refinery of the Company by the reconstituted Board at its 190th meeting held on August 19, 2017. Mr. C. Manoharan has been responsible for managing the Company's Refinery at Vadinar. He has to his credit expanding the refining capacity to 20 MMTPA and improving the complexity to 11.8 in addition to managing the refinery operations with an excellent safety track record. In the financial year 2015-16, under his leadership the Company undertook a major turnaround shutdown at the refinery, which was completed safely and ahead of schedule. Past experience and other details of Mr. C. Manoharan as required to be disclosed under Secretarial Standard 2 specified by the Institute of Company Secretaries of India and approved by the Central Government are appended at the end of the Notice.

The particulars of remuneration payable to Mr. C. Manoharan on his appointment as Director & Head of Refinery are ₹ 2.10 crore p.a. comprising of basic salary, allowances and perquisites including house rent allowance, special allowance, reimbursement of expenses for operating vehicle, entertainment, telephone, professional pursuit, medical expenses, leave travel allowance and contribution provident fund, all as per Company rules. In addition, he will be paid annual performance linked incentive of ₹ 1.40 crore which depending on performance of the Company and his performance assessed as per Company policy can range from 100% to 200% of annual performance linked incentive as may be decided by the Board / Nomination and Remuneration Committee. He will also be covered under Company's provident fund/ Gratuity / Hospitalisation / Health Insurance / Group Personal Accident Scheme/ Employees Stock Option Scheme and mobile reimbursement policy. The Nomination and Remuneration Committee of the Board be and is hereby authorized to increase remuneration payable to Mr. C. Manoharan annually, based on the performance of the Company and his individual performance, provided that remuneration in any financial year shall not exceed the limits, for that financial year, specified under Section 197 of Companies Act, 2013. The perquisite value of the facilities / benefits / allowances and performance linked incentive shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 and the Rules framed thereunder. Employee Stock Options, if any, to be granted to Mr. C. Manoharan from time to time would not to be included for the purpose of computation of overall ceiling of remuneration under this resolution.

In the event of loss or inadequacy of profits in any financial year during the period of appointment, the remuneration payable by way of salary, perquisites, allowances and performance linked incentive as aforesaid and as revised by Nomination and Remuneration Committee from time to time will be paid to Mr. C. Manoharan as minimum remuneration subject to the remuneration not exceeding the limits specified under Section 197 and Schedule V of the Companies Act, 2013.

The Board of Directors is of the opinion that the appointment of Mr. C. Manoharan as Director & Head of Refinery of the Company for a period of three years with effect from August 19, 2017 to August 18, 2020 and payment of proposed remuneration to Mr. Manoharan would be in the interest of your Company.

Except for Mr. C. Manoharan, none of the other Directors and Key managerial personnel of the Company or their respective relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 16 and 17 of the Notice.

The Board recommends the resolutions at Item No 16 and 17 of the Notice for your approval.

Item No. 18

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of M/s. Chandra Wadhwa & Co., Cost Accountants, as Cost Auditors of the Company for the financial year ending on March 31, 2018 and the Cost Audit fees has been fixed at ₹ 11.00 lacs excluding service tax and cess thereon and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item No.18 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on March 31, 2018.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested financially or otherwise in the said Resolution.

The Board accordingly, recommends the resolution at Item No 18 of the Notice for your approval.

By order of the Board of Directors

Mayank Bhargava
Company Secretary

Place: Mumbai
Date: August 28, 2017

Registered Office:
Khambhalia Post, P. O. Box 24,
Dist. Devbhumi Dwarka – 361305, Gujarat.
Phone: 91 02833 661444, Fax: 91 02833 662929
e-mail: eolinvestors@essaroil.co.in
Website: http://essaroil.co.in

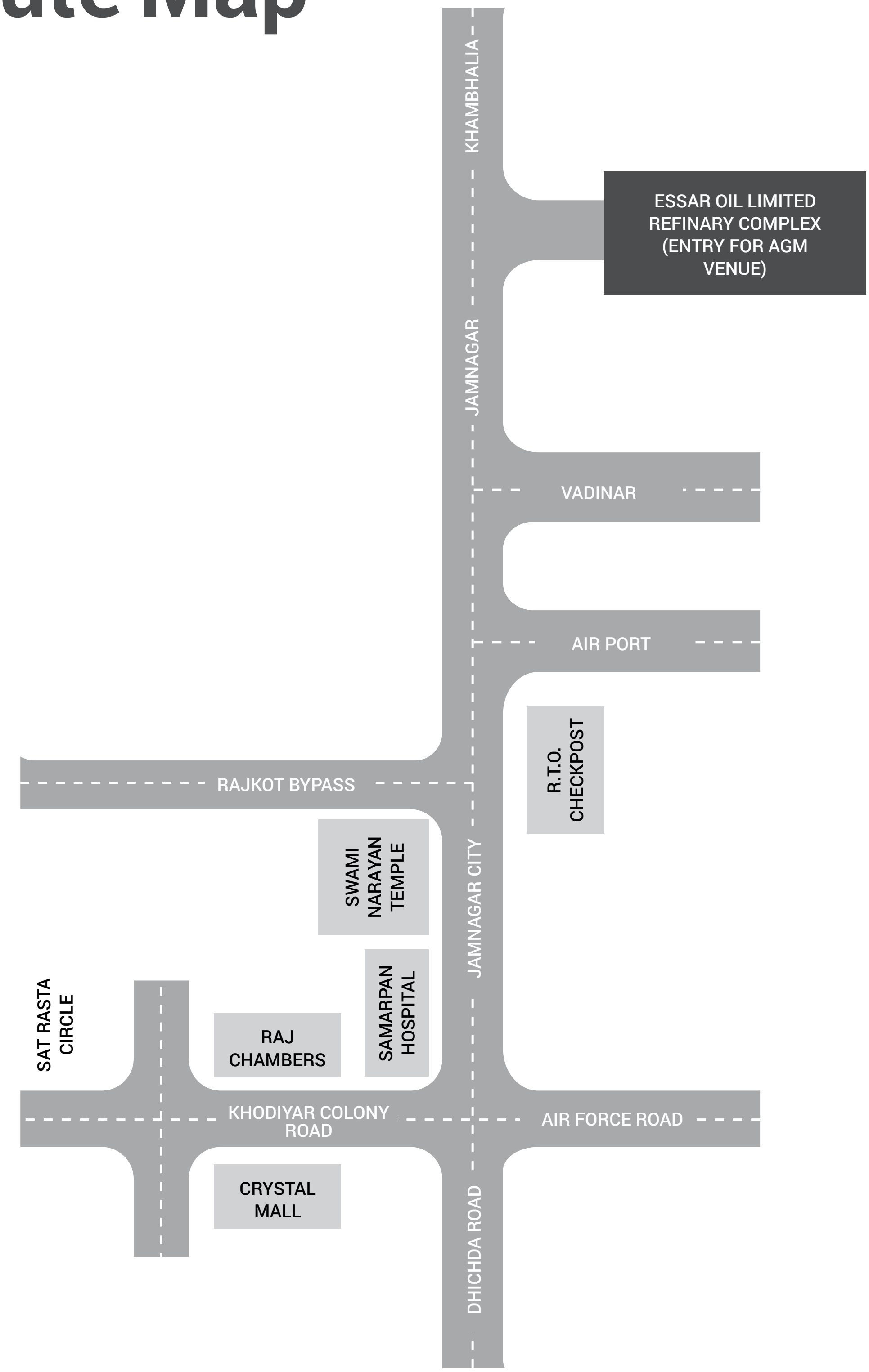
Details of Directors, pursuant to Secretarial Standard 2 seeking appointment/ re-appointment at this General Meeting

Particulars	Mr. Chin Hwee Tan	Mr. Jonathan Kollek	Mr. Charles Anthony Fountain	Ms. Elena Sapozhnikova
Age	45	57	56	38
Qualification	CFA, CA (Australia and Singapore), Masters' degree from Yale University, Post Graduate from Harvard University	B.Sc in Economics and International Relations	BSc, Economics & International Studies from Warwick University and MPhil, Economics from Oxford University	LLM from New York University School of Law, Russian Law Degree (with Honors) from Moscow State University
Terms and conditions of appointment/ re-appointment	Subject to retirement by rotation	Subject to retirement by rotation	Subject to retirement by rotation	Subject to retirement by rotation
Remuneration sought to be paid	Sitting fees and Commission on profits as may be approved by the Board from time to time	Sitting fees and Commission on profits as may be approved by the Board from time to time	Sitting fees and Commission on profits as may be approved by the Board from time to time	Sitting fees and Commission on profits as may be approved by the Board from time to time
Remuneration last drawn	Not applicable	Not applicable	Not applicable	Not applicable
Date of first appointment by the Board	August 19, 2017	August 19, 2017	August 19, 2017	August 19, 2017
Shareholding in the Company	Nil	Nil	Nil	Nil
Relationship with other directors, KMPs	Not related	Not related	Not related	Not related
Number of meetings of the Board attended during the year	Not applicable	Not applicable	Not applicable	Not applicable
Other directorships	Nil	Nil	Nil	Nil
Chairmanship of committee of other Boards	Nil	Nil	Nil	Nil
Membership of committee of other Boards	Nil	Nil	Nil	Nil

Particulars	Mr. Alexander Romanov	Mr. Marcus George Cooper	Mr. Krzysztof Zielicki Antoni	Mr. Andrew James Balgarnie
Age	45	47	58	53
Qualification	Chemical Engineering Organic, Economics	Masters' degree in Energy Policy and Environmental Technology. BSc Economic Geography	BSc Maths, MSc Maths	BA Hons University of North Caroline, Chapel Hill, USA
Experience	Mr. Romanov has more than 20 years of rich experience of working in oil and gas companies in refining and petrochemical. He is currently working as Vice President for Refining & Petrochemicals in Rosneft Oil Company. He was earlier associated with Saratov Oil Refinery and Alliance Oil Company.	Mr. Cooper has over 20 years of experience trading around the Russian oil and gas markets and has held senior leadership positions in Russia and in Singapore. He is presently working as General Director Rosneft Trading SA. He joined Rosneft in 2013 and responsible for Rosneft's international oil & gas trading. During his work experience he has worked in reputed company like BP in USA, Holland, UK, Russia and Singapore.	Mr. Antoni has more than 35 years of experience in oil and gas industry. He is currently working as Senior Vice President in One LNG. Prior to that he had worked as Head of Strategy in Rosneft and as an Advisor to the Board in GOLAR.	Mr. Balgarnie has over 30 years of rich work experience. He is currently working as an Advisor to the CEO of Rosneft Oil Company. Prior to this he was associated with Morgan Stanley as an investment banker for 18 years. He had also worked as member of Executive Committee in ENRC Plc.
Terms and conditions of appointment / re-appointment	Subject to retirement by rotation	Subject to retirement by rotation	Subject to retirement by rotation	Subject to retirement by rotation
Remuneration sought to be paid	Sitting fees and Commission on profits as may be approved by the Board from time to time	Sitting fees and Commission on profits as may be approved by the Board from time to time	Sitting fees and Commission on profits as may be approved by the Board from time to time	Sitting fees and Commission on profits as may be approved by the Board from time to time
Remuneration last drawn	Not applicable	Not applicable	Not applicable	Not applicable
Date of first appointment by the Board	August 19, 2017	August 19, 2017	August 19, 2017	August 19, 2017
Shareholding in the Company	Nil	Nil	Nil	Nil
Relationship with other directors, KMPs	Not related	Not related	Not related	Not related
Number of meetings of the Board attended during the year	Not applicable	Not applicable	Not applicable	Not applicable
Other directorships	Nil	Nil	Nil	Nil
Chairmanship of committee of other Boards	Nil	Nil	Nil	Nil
Membership of committee of other Boards	Nil	Nil	Nil	Nil

Particulars	Mr. C. Manoharan
Age	63
Qualification	Chemical Engineer from Calicut University
Experience	Mr. Manoharan started his career in 1977 at Indian Oil Corporation Limited (IOCL) and handled a variety of key assignments in various positions in Refining Operations, Maintenance, and Technical Services at Gujarat Refinery, Panipat Refinery as well as Head Office (Refinery Division). His last assignment with IOCL was at Panipat Refinery as Executive Director prior to joining Essar Oil Limited. Mr. Manoharan has also worked for 2 years on deputation to Nigeria providing technical assistance to the operating personnel at Port Harcourt Refinery of NNPC. He was a Board member and also served as Chairman of Indian Oil Technologies Limited. He also has the distinction of being the first Indian to be on the panel of NPRA's Q&A 2003 session held at New Orleans in U.S.A.
Terms and conditions of appointment/ re-appointment	To hold office for a period of three years with effect from August 19, 2017 to August 18, 2020
Remuneration sought to be paid	As mentioned in explanatory statement to resolution at item no. 17
Remuneration last drawn	₹. 7,67,52,645 during FY 2016-17
Date of first appointment by the Board	Appointed as Director on August 19, 2017. He had earlier held position of Director (Refinery) since March 29, 2012. He had resigned as Director which was accepted by the Board on August 19, 2017. He was subsequently again inducted as Director by the reconstituted Board of Directors and thereafter as Director & Head of Refinery.
Shareholding in the Company	Nil
Relationship with other directors, KMPs	Not related
Number of meetings of the Board attended during the year	7
Other directorships	· Vadinar Power Company Limited, (VPCL)
	· Vadinar Properties Limited (VPL)
	· Vadinar Oil Terminal Limited (VOTL)
	· Vadinar Liquid Terminals Limited (VLTL)
Chairmanship of committee of other Boards	Nil
Membership of committee of other Boards	· Nomination and Remuneration Committee of VPL and VPCL,
	· CSR, Sustainability and Safety Committee of VPCL

Route Map


KHAMBHALIA
ESSAR OIL LIMITED REFINARY COMPLEX (ENTRY FOR AGM VENUE)
JAMNAGAR
VADINAR
AIR PORT
R.T.O. CHECKPOST
RAJKOT BYPASS
SWAMI NARAYAN TEMPLE
JAMNAGAR CITY
SAMARPAN HOSPITAL
SAT RASTA CIRCLE
RAJ CHAMBERS
KHODIYAR COLONY ROAD
AIR FORCE ROAD
CRYSTAL MALL
DHICHDA ROAD

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Essar Oil Limited

Registered Office: Khambhalia Post,P.O. Box No. 24, Dist. Devbhumi Dwarka – 361305, Gujarat, India.
Corporate Identity Number: U11100GJ1989PLCO32116
Phone: 91 2833 661444; Fax: 91 2833 662929
Email: eolinvestors@essaroil.co.in

ATTENDANCE SLIP

27TH ANNUAL GENERAL MEETING - SEPTEMBER 28, 2017 AT 11.00 A.M.

Folio No.	
DP ID/ Client ID	
No. of Shares held	

NAME & ADDRESS OF THE REGISTERED SHAREHOLDER

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company being held at the Registered Office at Khambhalia Post (39th KM. stone on Jamnagar-Okha Highway), Dist. Devbhumi Dwarka – 361305, Gujarat, India on September 28, 2017 at 11.00 a.m.

____

Member's/Proxy's Signature

Note:

1. Please complete this and hand it over at the entrance of the hall.

ESSAR OIL

Essar Oil Limited

Registered Office: Khambhalia Post,P.O. Box No. 24, Dist. Devbhumi Dwarka – 361305, Gujarat, India.
Corporate Identity Number: U11100GJ1989PLCO32116
Phone: 91 2833 661444; Fax: 91 2833 662929
Email: eolinvestors@essaroil.co.in

Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration)Rules, 2014]

CIN	U11100GJ1989PLCO32116		
Name of the Company	ESSAR OIL LIMITED		
Registered Office	Khambhalia Post,P.O. Box No. 24, Dist. Devbhumi Dwarka – 361305, Gujarat, India		
Name of the member (s)			
Registered address			
E-mail Id			
Folio No/ Client Id		DP ID	

I We, being the member (s) of ………................... shares of the above named company, hereby appoint

1.	Name			
	Address			
	E-mail Id		Signature	
	Or Failing him			
2.	Name			
	Address			
	E-mail Id		Signature	
	Or Failing him			
3.	Name			
	Address			
	E-mail Id		Signature	

as my/our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Twenty Seventh Annual General Meeting of the Company to be held on September 28, 2017 at 11.00 a.m. at the Registered Office at Refinery Complex, Khambhalia Post (39^{th} Km. stone on Jamnagar-Okha Highway), Dist. Devbhumi Dwarka-361305, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	For	Against
1	To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2017 together with the reports of Board of Directors and Auditors thereon.		
2	To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2017 together with the report of Auditors thereon.		

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Sr. No.	Resolutions	For	Against
3	To appoint auditors and fix their remuneration		
4	Appointment of Mr. Chin Hwee Tan as Director of the Company		
5	Appointment of Mr. Jonathan Kollek as Director of the Company		
6	Appointment of Mr. Charles Anthony Fountain as Director of the Company		
7	Appointment of Ms. Elena Sapozhnikova as Director of the Company		
8	Appointment of Mr. Alexander Romanov as Director of the Company		
9	Appointment of Mr. Marcus George Cooper as Director of the Company		
10	Appointment of Mr. Krzysztof Zielicki Antoni as Director of the Company		
11	Appointment of Mr. Andrew James Balgarnie as Director of the Company		
12	To approve remuneration paid to Mr. L K Gupta as Managing Director & CEO, in the financial year 2016-17 and variation in terms of remuneration		
13	To approve remuneration paid to Mr. C. Manoharan as Director (Refinery) in the financial year 2016-17		
14	To approve remuneration paid to Mr. Suresh Jain during his term as Director Finance in the financial year 2016-17		
15	To approve acquisition of balance share capital of Vadinar Liquid Terminals Limited		
16	Appointment of Mr. C. Manoharan as Director of the Company		
17	Appointment of Mr. C. Manoharan as Director & Head of Refinery of the Company		
18	Approval of remuneration payable to the Cost Auditors.		

Signed this ……………day of …………………2017.

Signature of shareholder : ____________________

Signature of Proxy holder(s): __________________

Affix Revenue Stamp

Note:

1. This from of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to put "✓" in the appropriate column against the Resolution in the Box. If you leave the "For" or "Against" column blank against Resolutions, your proxy will be entitled to vote to in the manner as he / she thinks appropriate.

Awards & Accolades

- Essar Oil won "Industry Leadership Award - Downstream" presented in mega Platts Global Energy Award in 2016
- Essar Oil won Petrofed Oil & Gas Award for "Refinery of the year"
- Essar Oil's MD & CEO won Skoch BSE's CEO of the Year award in the Energy sector at Skoch Summit 2017
- Essar Oil's MD & CEO also won the CA Business Leader – Oil and Gas award for 2016 by ICAI. These awards show Mr. Lalit Kumar Gupta's visionary leadership and unparalleled commitment that has led Essar Oil to become the largest private sector retail fuel network in India
- Essar Oil was recognised as the top Climate Performance Leader in the Energy/Oil & Gas sector for India for the 6th consecutive year by Carbon Disclosure Project (CDP), UK, in its annual report for India – "India Inc. readies for # Paris Agreement & Beyond"
- Essar Oil won Gold Award - Process Sector, Mega Large Business from Frost & Sullivan's India Manufacturing Excellence Awards 2016
- Essar Oil was awarded commendation certificate for significant achievement in CSR in the CII-ITC Sustainability Awards 2016
- Essar oil won Excellence in Critical Infrastructure Protection by Security Watch India
- Essar Oil, Vadinar, received the GOLD TROPHY by winning 5-S competition Award 2016. NHT/CCR unit was chosen as the model unit for competition
- Indian Chemical Council (ICC) conferred the Award for Excellence in Management of Health / Safety / Environment under Category-1 (Companies Having Annual Sales Revenue above ₹ 500 crore) on Essar Oil Limited, Jamnagar, Gujarat
- Essar Oil, Vadinar received the 17th National Award for "Excellence in Energy Management" Award 2016 and certified as "Energy Efficient Unit"

Water Reservoir and Cooling Towers

ESSAR
OIL

If undelivered, please return to:
M/s. **Datamatics Financial Services Ltd.**
Unit : Essar Oil Limited
Plot No. B-5, Part B Cross Lane,
MIDC, Marol, Andheri (East),
Mumbai - 400093. INDIA