IOCL Singapore Pte. Ltd. and its subsidiary
Registration Number: 201613003E

Non-statutory consolidated financial statements
For the year ended 31 March 2020

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Independent auditors' report

Members of the Company
IOCL Singapore Pte. Ltd.

Report on the audit of the non-statutory consolidated financial statements

Opinion

We have audited the non-statutory consolidated financial statements of IOCL Singapore Pte. Ltd. ('the Company') and its subsidiary ('the Group'), which comprise the statement of financial position of the Group and Company as at 31 March 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS62.

In our opinion, the accompanying financial statements are properly drawn up in accordance with Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 March 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Directors' statement prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Restriction on distribution and use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on those matters as stated in Note 2 to the non-statutory financial statements and for no other purpose. Our report is made available to the group auditor for their information only. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
16 June 2020

Statements of financial position – Group and Company
As at 31 March 2020

	Note	Group 2020 US$	Group 2019 US$	Company 2020 US$	Company 2019 US$
Non-current assets					
Property, plant and equipment and construction in progress	4	179,082,587	189,341,654	18,281	25,654
Intangible assets	5	131,382,581	209,066,125	–	–
Right-of-use assets	28	270,484	–	270,484	–
Investment in subsidiary	6	–	–	230,862,390	329,000,000
Investment in joint ventures	7	1,267,661,596	1,048,148,973	1,267,661,596	1,048,148,973
Other investments	8	20,075,360	20,002,017	20,075,360	20,002,017
Other assets	9	23,915	–	23,915	–
		1,598,496,523	1,466,558,769	1,518,912,026	1,397,176,644
Current assets					
Inventories	10	46,399,437	42,287,000	–	–
Trade receivable	11	12,984,372	85,749,971	12,984,372	85,749,971
Cash and cash equivalents	12	85,365,929	80,492,969	41,560,013	23,516,969
Other assets	9	72,771,377	84,164,671	53,844,845	28,299,058
		217,521,115	292,694,611	108,389,230	137,565,998
Total assets		1,816,017,638	1,759,253,380	1,627,301,256	1,534,742,642
Equity and liabilities					
Equity	13				
Share capital		1,079,991,988	1,079,991,988	1,079,991,988	1,079,991,988
Retained earnings		146,763,047	158,403,965	146,760,163	145,580,534
Reserves		37,515,952	(75,133,577)	37,515,952	(75,133,577)
		1,264,270,987	1,163,262,376	1,264,268,103	1,150,438,945
Non-current liabilities					
Borrowings	14	278,285,398	297,234,791	278,285,398	297,234,791
Provisions	15	56,076,721	128,582,695	–	–
Deferred tax liabilities	26	101,462,383	64,157,000	4,399	–
		435,824,502	489,974,486	278,289,797	297,234,791
Current liabilities					
Trade and other payables	16	45,247,329	105,794,690	14,068,536	86,847,078
Borrowings	14	135,698	–	135,698	–
Income tax payable		539,122	221,828	539,122	221,828
Dividends payable	13	70,000,000	–	70,000,000	–
		115,922,149	106,016,518	84,743,356	87,068,906
Total liabilities		551,746,651	595,991,004	363,033,153	384,303,697
Total equity and liabilities		1,816,017,638	1,759,253,380	1,627,301,256	1,534,742,642

The accompanying notes form an integral part of these non-statutory financial statements.

Consolidated statement of profit and loss and other comprehensive income
For the year ended 31 March 2020

	Note	2020 US$	2019 US$
Revenue from contract with customers	17	310,792,259	1,244,798,990
Cost of sales	18	(220,839,587)	(1,151,764,986)
Gross profit		89,952,672	93,034,004
Other operating income	19	122,666	154,292
Administrative expenses	20	(1,418,034)	(3,292,047)
Other operating expenses	21	(122,666)	(154,292)
Operating profit		88,534,638	89,741,957
Finance costs	22	(12,014,419)	(12,548,718)
Finance income	23	4,485,086	2,420,366
Other income	24	6,772	6,321
Share of profit in joint ventures	25	105,812,698	99,325,955
Impairment of intangible assets	5	(51,521,536)	–
Profit before tax		135,303,239	178,945,881
Tax expense	26	(76,944,157)	(76,908,828)
Profit for the year		58,359,082	102,037,053
Other comprehensive income			
Item that are or may be reclassified subsequently to profit or loss in subsequent periods (net of tax):			
Share of other comprehensive income/(loss) of joint ventures		112,576,186	(185,835,306)
Net other comprehensive income/(loss) that may be classified to profit or loss in subsequent periods		112,576,186	(185,835,306)
Item that will not be reclassified subsequently to profit or loss in subsequent periods (net of tax):			
Net gain on equity instruments designated at fair value through other comprehensive income		73,343	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		73,343	–
Other comprehensive income/(loss) for the year, net of tax		112,649,529	(185,835,306)
Total comprehensive income for the year, net of tax		171,008,611	(83,798,253)

The accompanying notes form an integral part of these non-statutory financial statements.

Consolidated statement of changes in equity
For the year ended 31 March 2020

Particulars	Share capital	Retained earnings	Reserves		Total equity
			Foreign Currency translation reserve of equity-accounted investees	Fair value reserve of financial assets at FVOCI	
	US$	US$	US$	US$	US$
At 1 April 2018	730,990,970	56,366,912	110,701,729	–	898,059,611
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners:					
Issue of shares	349,001,018	–	–	–	349,001,018
Profit for the year	–	102,037,053	–	–	102,037,053
Other comprehensive income (Note 13)	–	–	(185,835,306)	–	(185,835,306)
At 31 March 2019	1,079,991,988	158,403,965	(75,133,577)	–	1,163,262,376
At 1 April 2019	1,079,991,988	158,403,965	(75,133,577)	–	1,163,262,376
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners:					
Interim dividend (Note 13)	–	(70,000,000)	–	–	(70,000,000)
Profit for the year	–	58,359,082	–	–	58,359,082
Other comprehensive income (Note 13)	–	–	112,576,186	73,343	112,649,529
At 31 March 2020	1,079,991,988	146,763,047	37,442,609	73,343	1,264,270,987

The accompanying notes form an integral part of these non-statutory financial statements.

Consolidated statement of cash flows
For the year ended 31 March 2020

	2020 US$	2019 US$
Cash flows from operating activities		
Profit for the year	58,359,082	102,037,053
Adjustments for:		
Share of profit in joint ventures	(105,812,698)	(99,325,955)
Depreciation expense	22,065,498	15,175,454
Depletion expense	26,162,008	23,037,972
Finance cost	12,014,419	12,548,718
Finance income	(4,485,086)	(1,455,788)
Income tax expense	76,944,157	76,908,828
Tax PSA paid to Oman Government	(39,334,855)	(28,126,000)
Provision for impairment of intangible assets	51,521,536	–
Unrealised foreign exchange gain	(5,964)	–
	97,428,097	100,800,282
Changes in working capital:		
Decrease in other assets	37,280,287	19,537,500
(Increase)/Decrease in inventory	(4,112,437)	2,113,000
Decrease/(increase) in trade receivables	72,765,599	(52,763,272)
(Decrease)/increase in trade and other payables	(60,441,420)	13,963,373
Net cash from operations	142,920,126	83,650,883
Income tax paid	(587,785)	(204,000)
Net cash flow from operating activities	142,332,341	83,446,883
Cash flows from investing activities		
Investment in joint ventures	(9,400,000)	(5,600,100)
Investment in subsidiary	–	(294,900,000)
Purchase of other investment	–	(20,002,017)
Repayment from joint ventures	29,387,205	22,780,000
Addition to property plant and equipment	(86,153,023)	(62,512,141)
Disposal of property plant and equipment	–	646,000
Dividends received from joint venture	8,375,000	–
Interest received	3,308,400	475,311
Loan to related party	(8,000,000)	–
Repayment of loan from related party	8,000,000	–
Investment in short term deposits	(53,660,000)	–
Net cash flow used in investing activities	(108,142,418)	(359,112,947)
Cash flows from financing activities		
Proceeds from shares issuance	–	349,001,018
Repayment of bank borrowings	(20,000,000)	–
Interest paid	(8,489,933)	(8,810,235)
Bank charges, guarantee and commitment fees paid	(814,330)	(129,138)
Payment of principal portion of lease liability	(12,700)	–
Net cash flow (used in)/from financing activities	(29,316,963)	340,061,645
Net increase in cash and cash equivalents	4,872,960	64,395,581
Cash and cash equivalents at 1 April	80,492,969	16,097,388
Cash and cash equivalents at 31 March	85,365,929	80,492,969

The accompanying notes form an integral part of these non-statutory financial statements.

Consolidated statement of cash flows (cont'd)
For the year ended 31 March 2020

	2020 US$	2019 US$
Components of cash and cash equivalents		
Cash at bank	41,365,929	43,492,969
Short-term deposits	44,000,000	37,000,000
	85,365,929	80,492,969

Changes in liabilities arising from financing activities:

Year ended 31 March 2020

Particulars	As on 1 April 2019 US$	Cash flows US$	Interest expense US$	Non-cash change on account of processing fees/lease liability US$	Dividend US$	As on 31 March 2020 US$
Long term borrowings (including current maturities)	297,234,791	(20,012,700)	–	1,199,005	–	278,421,096
Finance cost	105,850	(8,489,933)	9,333,117	(923,820)	–	25,214
Dividends payable	–	–	–	–	70,000,000	70,000,000
	297,340,641	(28,502,633)	9,333,117	275,185	70,000,000	348,446,310

Year ended 31 March 2019

Particulars	As on 1 April 2018 US$	Cash flows US$	Interest expense US$	Non-cash change on account of processing fees/lease liability US$	Dividend US$	As on 31 March 2019 US$
Long term borrowings (including current maturities)	296,313,895	–	–	920,896	–	297,234,791
Finance cost	63,924	(8,810,235)	9,773,057	(920,896)	–	105,850
	296,377,819	(8,810,235)	9,773,057	–	–	297,340,641

The accompanying notes form an integral part of these non-statutory financial statements.

Notes to the non-statutory consolidated financial statements

These notes form an integral part of the non-statutory consolidated financial statements.

The non-statutory consolidated financial statements were authorised for issue by the Board of Directors on 16 June 2020.

1 Incorporation and principal activities

IOCL Singapore Pte. Ltd. (the "Company") is a private company limited by share capital incorporated in the Republic of Singapore and has its registered office at 8 Cross Street, #24-03/04, Manulife Tower, Singapore 048424. The non-statutory consolidated financial statements as at and for the financial year ended 31 March 2020 comprise the Company, its subsidiary and interest in equity-accounted investees (together referred to as the "Group" and individually as "Group entities").

The Group's principal activities are holding investments in joint ventures, trading of crude oil and to hold a 17% interest in the Mukhaizna Production Sharing Agreement ("PSA"), which is a field, in the Sultanate of Oman operated by Occidental Mukhaizna LLC ("the operator"). The Group's immediate holding Company is Indian Oil Corporation Limited, which is incorporated in India.

2 Basis of preparation

2.1 Statement of compliance

These non-statutory consolidated financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

This is the first set of non-statutory consolidated financial statements in which FRS 116 *Leases* have been applied. Changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The non-statutory consolidated financial statements have been prepared on a historical cost basis except for certain items measured at fair value. The accounting policies adopted are set out below and have been consistently applied.

2.3 Functional and presentation currency

The non-statutory consolidated financial statements are presented in United States ("US") dollars (USD) (unless stated otherwise), which is the Group's functional currency. The consolidated financial statements provide comparative information in respect of the previous period.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the non-statutory consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic life of property plant and equipment and estimation of proved oil and gas reserves

Depreciation on office equipment and furniture and general property are calculated using management assessment of the useful economic lives of the assets. Upon purchase of an asset, useful economic life is assessed by reference to a number of underlying assumptions, including the economic life of other similar assets. As the economic benefit of the assets is consumed over the course of its life, revisions to the useful life of the asset may be made upon assessment of changes in the operating environment or the condition of the asset itself.

Unit-of-production depreciation, depletion and amortisation charges are principally measured based on management's estimates of proved developed oil and gas reserves. Also, exploration drilling costs are capitalised pending the results of further exploration or appraisal activity, which may take several years to complete and before any related proved reserves can be booked.

Proved reserves are estimated by reference to available geological and engineering data and only include volumes for which access to market is assured with reasonable certainty. Estimates of proved reserves are inherently imprecise, require the application of judgement and are subject to regular revision, either upward or downward, based on new information such as from the drilling of additional wells, observation of long- term reservoir performance under producing conditions and changes in economic factors, including product prices, contract terms or development plans.

Changes to estimates of proved developed reserves affect prospectively the amounts of depreciation, depletion and amortisation charged and, consequently, the carrying amounts of exploration and production assets. It is expected, however, that in the normal course of business the diversity of the asset portfolio will limit the effect of such revisions. The outcome of, or assessment of plans for, exploration or appraisal activity may result in the related capitalised exploration drilling costs being recognised in income in that period.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. For the purposes of determining fair value, the key assumptions management uses in estimating discounted risk-adjusted future cash flows are future oil and gas prices, expected production volumes, refining margins and weighted average cost of capital appropriate to the local circumstances and environment. These assumptions and the judgements of management that are based on them are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates.

Future price assumptions tend to be stable because management does not consider short-term increases or decreases in prices as being indicative of long-term levels, but they are nonetheless subject to change. Expected production volumes which comprise proved reserves and unproven volumes, are used for impairment testing because management believes this to be the most appropriate indicator of expected future cash flows. As discussed in "Estimation of proved oil and gas reserves", reserves estimates are inherently imprecise. Furthermore, projections about unproved volumes are based on information that is necessarily less robust than that available for mature reservoirs. Due to the nature and geographical spread of the business activity in which those assets are used, it is typically not practicable to estimate the likelihood or extent of impairments under different sets of assumptions. The discount rate applied is reviewed annually.

Changes in assumptions could affect the carrying amounts of assets, and impairment charges and reversals will affect income.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the option pricing model (OPM) under income approach. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Decommissioning and restoration provisions

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes. The discount rate applied is reviewed annually.

Estimation uncertainty relating to COVID-19 outbreak

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of trade receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Group. The Group has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates and indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

2.5 Changes in accounting policies

Impact of new reporting standards, amendments and interpretations

The Group has applied the following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2019:

- FRS 116 *Leases*
- FRS INT 123 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28)
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109)
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and 111)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to FRS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to FRS 19)

Other than FRS 116, the application of these amendments to standards and interpretations does not have a material effect on the non-statutory consolidated financial statements.

FRS 116 *Leases*

FRS 116 was notified with effect from 1 April, 2019 which replaces FRS 17. FRS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under FRS 116 is substantially unchanged from FRS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in FRS 17. Therefore, FRS 116 did not have an impact since the Group does not have any lease income.

As on the date of initial application i.e. 1 April 2019, the Group applied FRS 116 using the modified retrospective approach, under which the Right of use assets are measured at an amount equal to lease liability as adjusted by prepaid or accrued lease payments. There is no impact on retained earnings as at the date of initial application. Accordingly, the comparative information presented for 31 March 2019 is not restated – i.e. it is presented, as previously reported, under FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under INT FRS 104 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

On transition to FRS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under FRS 17 and INT FRS 104 were not reassessed for whether there is a lease under FRS 116. Therefore, the definition of a lease under FRS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

As a lessee, the Group has taken office building and employee accommodation on lease. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group (refer note 3.15 for the accounting policy prior to 1 April 2019). Under FRS 116, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on- balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Leases classified as operating leases under FRS 17

Previously, the Group classified office leases as operating leases under FRS 17. On transition, the Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases.

The Group also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application and the total lease term is less than 12 months;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Impact on* non-statutory *consolidated financial statements

Impact on transition

On transition to FRS 116, the Group has applied the short term leases exemption to leases with lease term that ends within 12 months of the date of transition. Hence there is no impact as on transition date.

3 Summary of significant accounting policies

3.1 Basis of consolidation

(i) Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss and other comprehensive income.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in statement of profit and loss and other comprehensive income.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRS.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

The financial statements of the subsidiary used in the preparation of these non-statutory consolidated financial statements have the different reporting date. For the purpose of preparation of these non-statutory consolidated financial statements, most recent financial statements of the subsidiary are adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of these non-statutory consolidated financial statements. The difference between the date of the subsidiary's financial statements and that of the non-statutory consolidated financial statements is not more than three months, and the length of the reporting periods and any difference between the dates of the financial statements is same from period to period.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in statement of profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Joint ventures

Joint ventures are entities over which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the joint venture is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the joint venture's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the joint venture's profit or loss in the period in which the investment is acquired.

Investments in joint ventures are accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the non-statutory consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Statement of profit or loss and other comprehensive income.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the Statement of profit or loss and other comprehensive income.

(v) Joint operations

The Group's exploration, development and production activities are generally conducted in joint arrangement with other companies.

The contract between the parties of joint arrangement require all the parties to take all of the output at a price covering the costs of the arrangement and provides rights to the underlying assets and obligations for the liabilities of the arrangement. This determined classification as a joint operation.

The Group recognises its assets, liabilities and expenses relating to its interests in joint operations, including its share of assets held jointly and liabilities and expenses incurred jointly with other parties according to the applicable standards and accounting policies as per these non-statutory consolidated financial statements. Since, all of the output is taken by the parties and there is a joint operation, the Group only recognises revenue as and when it sells its share of output to third parties.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the non-statutory consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of final position at cost less accumulated impairment losses.

3.2 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3 Revenue from contracts with customers

The Group is in the business of holding investments and selling crude oil generated from Oil fields in Mukhaizna in the Sultanate of Oman.

Revenue from sale of crude oil and refine products is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods i.e. the transaction price which the Group expects to be entitled to, after deducting value added tax.

The Group acts as a principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

Revenue is recognised when control of the products has been transferred to the customer. For sale of crude oil and refine products, this generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism, depending on the contractually agreed terms. Therefore, revenue is recognised at a point in time following the timing of satisfaction of the performance obligation.

The profit oil sold and paid to the Government of Oman as a part of profit sharing has been excluded from revenue and the income tax on lifted share has been assumed and paid to the Government of Oman as part of profit oil. Same is considered as a tax expense with the corresponding receipt being included in revenue (note 17).

Contract balances

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments.

3.4 Under-liftment and over-liftment of crude oil

The PSA binds the participating parties for the entitlement in the produced oil (usually in proportion to each party's equity interest). Under this, parties take their shares of output in a given period which are different from their entitlement. This results in under liftment / over liftment.

The under / over liftment quantity is valued at Official Selling Price (OSP) published by Ministry of Oil & Gas (MOG), Oman less Quality adjustment price. The adjustment towards these under/ over liftment is recognised against cost of sales in the Statement of Profit and Loss and Comprehensive Income.

Under-liftings are recorded in other current assets valued at market value, and over-liftings are recorded in trade and other payables and accrued at the market value.

3.5 Exploration, appraisal and development costs

Exploration and appraisal costs are accounted for under the successful efforts method.

Exploration costs are recognised in cost of sale under cost of sales in statement of profit and loss and comprehensive income when incurred, except that exploratory drilling costs are included in property plant and equipment pending determination of proved reserves. Exploration costs capitalised in respect of exploration wells that are more than 12 months old are expensed unless (a) (i) they are in an area requiring major capital expenditure before production can begin and (ii) they have found commercially producible quantities of reserves and (iii) they are subject to further exploratory or appraisal activity in that either drilling of additional exploratory wells is under way or firmly planned for the near future, or (b) proved reserves are booked within 12 months following the completion of exploratory drilling.

The compensation payable to the non-Mukhaizna partners in respect of the blending of the Mukhaizna oil in the Main Oil Line in Oman is charged to exploration cost.

3.6 Property, plant and equipment

Recognition

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Construction in progress is stated at cost, net of accumulated impairment losses, if any. Such cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use, capitalisation of decommissioning and restoration costs associated with provisions for asset retirement (see below policy "Decommissioning and restoration costs"). The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of asset are recognised in profit or loss as incurred

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

The Depreciation and impairment are not normally charged on construction in progress. In the case of these assets, an impairment review would only be undertaken if, and only if, there was a change in circumstances indicating that the carrying amount of the asset may not be recoverable.

The Group's share of the development costs of Wells and development cost of Facilities are depleted under the unit of production method over proved developed reserves of the field.

Office equipment and furniture is depreciated on a straight-line basis over a period ranging from 3-10 years depending upon the nature of the asset and their respective useful life.

The Group's share of General Property is depreciated on a straight-line basis over a period of five (5) years.

Estimates of the useful lives and residual values of property, plant and equipment are reviewed annually and adjusted if appropriate. Changes in estimates are accounted for prospectively over the remaining reserves of the field or remaining life of the asset.

Decommissioning and restoration costs

At the end of the producing life of a field, costs are incurred in removing and decommissioning facilities, plugging and abandoning wells. The total estimated cost of decommissioning and restoration, discounted to its net present value, is provided for and also recognised as a cost of each oil well and facility and capitalised within cost of property plant and equipment.

The capitalised cost is amortised on a unit-of-production basis based on proved reserve for offshore facilities and oil wells. The unwinding of the discount on the provision is included in finance costs.

Any revision in the estimated cost of decommissioning which alters the provision is adjusted in the cost of the associated asset. If a decrease in the provision exceeds the asset's carrying amount, the excess is recognised in the Statement of profit and loss and comprehensive income. Changes in estimates of assets are depreciated prospectively over the remaining reserves of the field.

3.7 Intangible assets

Mineral right is initially recognised at cost and is subsequently carried at cost less accumulated depletion and accumulated impairment losses. The intangible asset is amortised based on unit of production method over proved developed reserves of the field.

3.8 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than unproved properties (see "Exploration costs") are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in Statement of profit and loss and other comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.9 Income tax

Income tax expense comprises current tax, deferred tax and tax- PSA (Profit Share Agreement). It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Tax- PSA

Income taxes at the rate of 55% are to be paid by the Government of Sultanate of Oman on behalf of the Group from the Government’s share of production in accordance with the requirements of the Article XII of the Production Sharing Agreement, as amended. The income tax assumed and paid to the Government of Oman is considered as a tax expense with the corresponding receipt being treated as income and included in revenue for the respective year.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.10 Foreign currencies

(i) Functional and presentation currency

Items included in the non-statutory consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (‘the functional currency’).

(ii) Transaction and balances

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. At the year-end date, all foreign currency monetary assets and monetary liabilities are restated at the closing exchange rate. Exchange difference arising from transactions during the year and from the year end retranslation are reflected in the Statement of Profit and Loss and Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. No subsequent translations are made once this has occurred.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non- monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to United States Dollars (USD) at exchange rates at the reporting date. The income and expenses of foreign operations are translated to United States Dollars (USD) at average exchange rates for the reporting period.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.11 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial 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.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

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

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

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment- by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investment at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade and other payables and borrowings.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of balances, as defined above.

Other short-term deposits with original maturity of more than three months and remaining maturity of less than twelve months are classified under other current financial assets.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.12 Impairment

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs. Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and other financial assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise,
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are set off from the respective receivable balances.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.13 Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group has an established control framework with respect to the measurement of fair values. This includes an independent third party valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of the Group.

The independent third party valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the independent third party valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of FRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- ***Level 1***: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ***Level 2***: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ***Level 3***: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.14 Inventories

Inventories includes spare parts and store items which are valued at the lower of cost and net realisable value. Cost of inventories comprise of costs incurred in bringing each product to its present location and condition. Cost is determined using weighted average cost. Provision is made for obsolete, slow moving and defective stocks to write stocks down to their net realisable value, wherever necessary.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.15 Leases

The Group has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104. The details of accounting policies under FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 April 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for lease of office building the Group has elected not to separate non-lease components of the lease and account for the lease and associated non-lease component as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right- of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. There are renewal terms that can extend the lease term, and are included in the lease term when it is reasonably certain that the Group will exercise the option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses Group's incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in a separate head and lease liabilities in 'Interest bearing and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 April 2019

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.16 Provisions

The provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.17 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.18 Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to profit or loss.

3.19 Dividends

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Singapore, a distribution for interim dividend is authorised when it is approved by the Board and for final dividend, when approved by the shareholders. A corresponding amount is recognised directly in equity.

3.20 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these non-statutory consolidated financial statements.

The following new FRS, interpretations and amendments to FRSs are not expected to have a significant impact on the non-statutory consolidated financial statements.

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)
- FRS 117 *Insurance Contracts*

4 Property, plant and equipment and construction in progress

	Office equipment and furniture US$	General property US$	Development cost wells US$	Development cost facilities US$	Construction in progress* US$	Total US$
Group						
Costs						
At 1 April 2018	36,927	–	–	–	–	36,927
Effects of acquisition of subsidiary on 5 April 2018	–	913,000	104,876,000	15,718,000	21,112,000	142,619,000
Additions	–	387,000	47,647,000	102,000	14,375,000	62,511,000
Decapitalisation of Seismic cost	–	–	–	(646,000)	–	(646,000)
Transfers	–	–	–	18,940,000	(18,940,000)	–
At 31 March 2019	36,927	1,300,000	152,523,000	34,114,000	16,547,000	204,520,927
Additions	–	592,129	64,375,144	–	24,241,993	89,209,266
Transfers	–	–	–	24,970,258	(24,970,258)	–
Change in estimate of decommissioning liability	–	–	(74,241,198)	(3,173,125)	–	(77,414,323)
At 31 March 2020	36,927	1,892,129	142,656,946	55,911,133	15,818,735	216,315,870
Depreciation, depletion and impairment						
At 1 April 2018	3,819	–	–	–	–	3,819
Charge for the year	7,454	455,000	12,930,000	1,783,000	–	15,175,454
At 31 March 2019	11,273	455,000	12,930,000	1,783,000	–	15,179,273
Charge for the year	7,373	357,229	17,344,877	4,344,531	–	22,054,010
At 31 March 2020	18,646	812,229	30,274,877	6,127,531	–	37,233,283
Net book value						
At 31 March 2020	18,281	1,079,900	112,382,069	49,783,602	15,818,735	179,082,587
At 31 March 2019	25,654	845,000	139,593,000	32,331,000	16,547,000	189,341,654

* Construction in progress includes capital expenditure incurred in relation to development costs wells and facilities

	Office equipment and furniture US$	Total US$
Company		
Cost		
At 1 April 2018	36,927	36,927
Additions	–	–
At 31 March 2019	36,927	36,927
Additions	–	–
At 31 March 2020	36,927	36,927
Depreciation and impairment		
At 1 April 2018	3,819	3,819
Charge for the year	7,454	7,454
At 31 March 2019	11,273	11,273
Charge for the year	7,373	7,373
At 31 March 2020	18,646	18,646
Net book value		
At 31 March 2020	18,281	18,281
At 31 March 2019	25,654	25,654

5 Intangible assets

	Mineral rights US$	Total US$
Cost		
At 1 April 2018	–	–
Effects of acquisition of subsidiary on 5 April 2018	232,104,097	232,104,097
At 31 March 2019	232,104,097	232,104,097
Additions	–	–
At 31 March 2020	232,104,097	232,104,097
Depletion and impairment		
At 1 April 2018	–	–
Charge for the year	23,037,972	23,037,972
At 31 March 2019	23,037,972	23,037,972
Charge for the year	26,162,008	26,162,008
Impairment	51,521,536	51,521,536
At 31 March 2020	100,721,516	100,721,516
Net book value		
At 31 March 2020	131,382,581	131,382,581
At 31 March 2019	209,066,125	209,066,125

Impairment of mineral rights:

During the year, the Group assessed for impairment in the carrying amount of its mineral rights, on account of anticipated reduction in future cash flows impacting the net worth of the Group. The COVID-19 Coronavirus outbreak in early 2020 has brought about additional uncertainties in the Group's operating environment. The amount of such impairment has been measured by comparing the carrying amount of mineral rights with the recoverable amount as determined by an independent valuer. The recoverable amount was determined based on the fair value less costs of disposal approach. This is based on the cash flows expected to be generated by the projected crude oil production profiles up to the expected dates of cessation of profit sharing agreement (PSA)/cessation of production from producing field based on the current estimates of reserves and risked resources.

Reserves assumptions for fair value less costs of disposal tests consider all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis used to calculate fair value less costs of disposal uses key assumptions such as estimated reserves, discount rate of 13% and short-term oil price of US$48 per barrel for the year ended 31 March 2021 and scales up to long-term nominal price of US$60 per barrel by year ended 31 December 2035. The recoverable amount of the mineral rights is determined at US$131,382,581 taking into account the discounted cash flows till the year 2035. Based on the above factors, provision of US$51,521,536 towards impairment of the carrying amount of mineral rights has been recognised in Statement of profit or loss and other comprehensive income.

The sensitivity of the key assumptions considered for fair valuation of mineral rights is as under.

The change in each of the factors individually with all other factors remaining constant affects the profit or loss as below:

31 March 2020

Change in fair value less cost of disposal	**% change**	**Impact on profit / (loss)**
		US$
Estimated reserves	5%	17,292,576
	(5%)	(23,535,615)
Oil Prices	5%	17,399,355
	(5%)	(24,529,853)
Discount rate	0.50%	(4,295,945)
	(0.50%)	4,471,651

6 Investment in subsidiary

	Company	
	2020	**2019**
	US$	**US$**
Equity investment at cost		
At the beginning of the year	329,000,000	–
Additions during the year	–	329,000,000
Less: Provision for impairment	(98,137,610)	–
As at the end of the year	230,862,390	329,000,000

Name of subsidiary	**Principal activity**	**Country of incorporation**	**Percentage of equity interest**	
			2020	**2019**
			%	**%**
Directly held				
IOCL Exploration and Production Oman Limited	Exploration and Production of Oil and Gas	United Kingdom	100	100

On 5 April 2018, the Company entered into an agreement with Shell Overseas Holding Ltd (Seller) to acquire 17% participating interest in the Mukhaizna Oil Field, Oman by acquiring 100% of the share capital in Shell Exploration and Production Oman Limited (SEPOL) and subsequently, the name of SEPOL changed to IOCL Exploration and Production Oman Limited (IEPOL) The acquisition was financed through issuance of shares to the immediate holding company.

During the year, the Company provided for impairment in the carrying amount of the investment in its wholly owned subsidiary, on account of anticipated reduction in future cash flows impacting the net worth of the subsidiary. The COVID-19 Coronavirus outbreak in early 2020 has brought about additional uncertainties in the Company's wholly owned subsidiary’s (IOCL Exploration and Production Oman Limited) operating environment. The amount of such impairment has been measured by comparing the carrying amount of Investment in subsidiary with the recoverable amount as determined by an independent valuer. The recoverable amount was determined based on the fair value less costs of disposal approach. This is based on the cash flows expected to be generated by the projected crude oil production profiles up to the expected dates of cessation of profit sharing agreement (PSA)/cessation of production from producing field based on the current estimates of reserves and risked resources.

Reserves assumptions for fair value less costs of disposal tests consider all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis used to calculate fair value less costs of disposal uses key assumptions such as estimated reserves, discount rate of 13% and short-term oil price of US$48 per barrel for the year ended 31 March 2021 and scales up to long-term nominal price of US$60 per barrel by year ended 31 December 2035. The recoverable amount of the investment is determined at US$230,862,390 taking into account the discounted cash flows till the year 2035. Based on the above factors, provision of US$98,137,610 towards impairment of the carrying amount of investment has been recognised in Statement of profit or loss and other comprehensive income.

The sensitivity of the key assumptions considered for fair valuation of equity investment in subsidiary is as under.

The change in each of the factors individually with all other factors remaining constant affects the profit or loss as below:

31 March 2020

Change in fair value less cost of disposal	**% change**	**Impact on profit / (loss)**
		US$
Estimated reserves	5%	17,292,576
	(5%)	(23,535,615)
Oil Prices	5%	17,399,355
	(5%)	(24,529,853)
Discount rate	0.50%	(4,295,945)
	(0.50%)	4,471,651

7 Investment in joint ventures

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
At beginning of the year	1,048,148,973	1,129,058,224	1,048,148,973	1,129,058,224
Share in profit	105,812,698	99,325,955	105,812,698	99,325,955
Share in other comprehensive income/(loss)	112,576,186	(185,835,306)	112,576,186	(185,835,306)
Additions to joint venture	9,400,000	5,600,100	9,400,000	5,600,100
Adjustment for partial prepayment of interest-free loan	(111,139)	–	(111,139)	–
Dividends received	(8,375,000)	–	(8,375,000)	–
Reclassification to trade and other payable (Note 16)	209,878	–	209,878	–
As at end of the year	1,267,661,596	1,048,148,973	1,267,661,596	1,048,148,973

On 20 May 2016 and 23 May 2016, the Company entered into joint venture agreements with OIL India International Pte. Ltd. and BPRL International Singapore Pte. Ltd. to invest in two joint ventures.

On 12 February 2019, the Company in consortium with BPRL International Singapore Pte. Ltd. incorporated a new joint venture named Urja Bharat Pte. Limited. The Company holds 50% of the share capital of said joint venture. Further, on 24 March 2019, Urja Bharat Pte. Limited has been awarded an exploration concession for Abu Dhabi Onshore Block l with a concession term of 35 years.

Details of the joint ventures are as follows:

Name of joint venture	**Principal activity**	**Country of incorporation**	**Percentage of equity interest**	
			2020	**2019**
			%	**%**
Directly held				
TAAS India Pte. Ltd.*	Investment Holding	Singapore	33.5	33.5
Vankor India Pte. Ltd.*	Investment Holding	Singapore	33.5	33.5
Urja Bharat Pte. Limited*	Extraction of oil and gas	Singapore	50.0	50.0

* KPMG LLP is the auditor of the joint ventures held by the Company.

The Company has a residual interest in Taas India Pte. Ltd.'s, Vankor India Pte. Ltd's, and Urja Bharat Pte. Limited's net assets. Accordingly, the Company has classified its interest in the investments as joint venture, which are equity-accounted.

Name of investee company	**Principal activity**	**Country of incorporation/**	**Percentage of effective equity interest**	
			2020	**2019**
			%	**%**
Indirectly held				
Held by Taas India as a joint venture:				
TYNGD LLC *	Oil production and exploration	Russian Federation	10	10
Held by Vankor India as an associate:				
JSC Vankorneft *	Oil production and exploration	Russian Federation	8	8

* LLC Ernst and Young is the auditor of the investee companies held by the joint ventures.

The following summarises the financial information of the Company's joint ventures based on the audited financial statements as at and for year ended 31 December 2019 and 2018 prepared in accordance with Singapore FRS and modified for differences for alignment to the Company's accounting policies. No audited financial information with respect of joint ventures was available for the period from 1 January to 31 March 2020. Management has assessed the movements for this period in the amounts of balances and transactions based on management accounts, changes in the business environment and any potential impairment indicators. As a result, management has concluded that no significant adjustment of share in net result of joint ventures is required. The following table illustrates the summarised financial information of the Company's investment in Joint ventures:

Summarised financial information of joint ventures

Summarised statement of financial position

	TAAS India Pte. Ltd		Vankor India Pte. Ltd.		Uria Bharat Pte. Limited*	Total	
	31 December 2019 US$	31 December 2018 US$	31 December 2019 US$	31 December 2018 US$	31 December 2019 US$	31 December 2019 US$	31 December 2018 US$
Current assets	278,581,909	56,336,046	657,281,921	326,613,054	829,782	936,693,612	382,949,100
- Cash and cash equivalents	277,479,484	56,132,577	653,226,975	326,474,274	811,727	931,518,186	382,606,851
- Other assets	1,102,425	203,469	4,054,946	138,780	18,055	5,175,426	342,249
Non-current assets	1,270,574,872	1,182,401,263	1,626,843,769	1,632,702,128	11,651,287	2,909,069,928	2,815,103,391
Current liabilities	(43,700,600)	(257,090)	(5,119,261)	(20,439,956)	(30,700,824)	(79,520,685)	(20,697,046)
Non-current liabilities	–	(65,269,260)	(66,389)	–	–	(66,389)	(65,269,260)

Summarised statement of profit and loss and other comprehensive income

	TAAS India Pte. Ltd 31 December 2019 US$	TAAS India Pte. Ltd 31 December 2018 US$	Vankor India Pte. Ltd. 31 December 2019 US$	Vankor India Pte. Ltd. 31 December 2018 US$	Uria Bharat Pte. Limited* 31 December 2019 US$	Total 31 December 2019 US$	Total 31 December 2018 US$
Share of profit in joint venture / associate	213,949,438	81,495,726	186,105,916	233,964,802	–	400,055,354	315,460,528
Interest income from banks and related parties	4,535,062	310,123	12,291,573	6,567,126	–	16,826,635	6,877,249
Other gain / (loss)	(2,396,888)	1,100,667	(7,366,376)	(3,940,893)	–	(9,763,264)	(2,840,226)
Expenses	(6,655,016)	(4,071,555)	(3,736,261)	(771,442)	(30,419,955)	(40,811,232)	(4,842,997)
Profit before tax	209,432,596	78,834,961	187,294,852	235,819,593	(30,419,955)	366,307,493	314,654,554
Income tax expense	(13,859,667)	(3,949,101)	(21,606,062)	(14,210,066)	–	(35,465,729)	(18,159,167)
Profit for the year	195,572,929	74,885,860	165,688,790	221,609,527	(30,419,955)	330,841,764	296,495,387
Other comprehensive income / (loss)	136,672,293	(229,391,673)	199,376,024	(325,340,586)	–	336,048,317	(554,732,259)
Total comprehensive income for the year	332,245,222	(154,505,813)	365,064,814	(103,731,059)	(30,419,955)	666,890,081	(258,236,872)

	TAAS India Pte. Ltd		Vankor India Pte. Ltd.		Uria Bharat Pte. Limited*	Total	
	31 December 2019 US$	**31 December 2018 US$**	**31 December 2019 US$**	**31 December 2018 US$**	**31 December 2019 US$**	**31 December 2019 US$**	**31 December 2018 US$**
Reconciliation of summarised financial information							
Net assets attributable to equity holders							
As at 1 January	1,173,210,959	1,327,716,772	1,938,875,226	2,042,606,285	–	3,112,086,185	3,370,323,057
Profit for the year	195,572,929	74,885,860	165,688,790	221,609,527	(30,419,955)	330,841,764	296,495,387
Other comprehensive income/(loss) for the year	136,672,293	(229,391,673)	199,376,024	(325,340,586)	–	336,048,317	(554,732,259)
Contribution from shareholders	–	–	–	–	12,200,200	12,200,200	–
Dividends paid	–	–	(25,000,000)	–	–	(25,000,000)	–
As at 31 December	1,505,456,181	1,173,210,959	2,278,940,040	1,938,875,226	(18,219,755)	3,766,176,466	3,112,086,185
At end of the year - Carrying Value							
Interest in joint venture (33.5%; 33.5%; 50%)							
Carrying Value	504,327,821	393,025,672	763,444,914	649,523,201	(9,109,878)	1,258,662,857	1,042,548,873
Additions to joint venture*	–	–	–	–	8,900,000	8,900,000	5,600,100
Adjustment for partial prepayment of interest-free loan	(111,139)	–	–	–	–	(111,139)	–
Reclassification to trade and other payables (Note 16)	–	–	–	–	209,878	209,878	–
Net carrying value	504,216,682	393,025,672	763,444,914	649,523,201	–	1,267,661,596	1,048,148,973

* The Company has invested US$5,600,100 in Urja Bharat Pte. Limited in March 2019. The summarised financial information of the investee was not available as at 31 March 2019 as investee's first financial year end is 31 December 2019. During the current year, the Company invested US$500,000 from April 2019 to December 2019 and an additional US$8,900,000 from 1 January 2020 to 31 March 2020 in Urja Bharat Pte. Limited.

The joint venture had no other contingent liabilities or commitments as at 31 December 2019 and 2018.

8 Other investments

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
Equity Investments at fair value through OCI				
At the beginning of the year	20,002,017	–	20,002,017	–
Additions during the year	–	20,002,017	–	20,002,017
Remeasurement recognised in OCI	73,343	–	73,343	–
At the end of the year	20,075,360	20,002,017	20,075,360	20,002,017

During the previous year, the Group acquired minority stake in Lanzatech New Zealand Limited for a total consideration of US$20,002,017.

9 Other assets

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
Financial assets				
Non-current				
Security deposits	21,534	–	21,534	–
	21,534	–	21,534	–
Current				
Loan to joint ventures	–	28,151,142	–	28,151,142
Interest accrued on bank deposits	133,247	81,520	103,322	38,913
Security deposits	12,503	52,038	12,503	52,038
Short term deposits having original maturity of more than 3 months but less than 12 months	53,660,000	–	53,660,000	–
Other financial assets				
- Related parties*	12,275,360	32,586,612	–	–
- Others	399,583	5,897	21,320	–
	66,480,693	60,877,209	53,797,145	28,242,093
Total financial assets	66,502,227	60,877,209	53,818,679	28,242,093

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
Non-financial assets				
Non-current				
Prepayments	2,381	–	2,381	–
	2,381	–	2,381	–
Current				
Prepayments	47,700	56,965	47,700	56,965
Underliftment	–	19,205,101	–	–
Advance to operator	4,339,213	3,283,511	–	–
Other advances	1,903,771	741,885	–	–
	6,290,684	23,287,462	47,700	56,965
Total non-financial assets	6,293,065	23,287,462	50,081	56,965
Total other assets	72,795,292	84,164,671	53,868,760	28,299,058

* Other financial assets due from related party pertains to remaining balances due to the difference between the financial year ends of the Company and its subsidiary.

10 Inventories

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
Store and spares	46,399,437	42,287,000	–	–

Store and spares include material in transit as on 31 March 2020 for US$410,150 (2019: US$939,721).

11 Trade receivables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
Trade receivables:				
- Related parties	–	64,277,097	–	64,277,097
- Third parties	12,984,372	21,472,874	12,984,372	21,472,874
	12,984,372	85,749,971	12,984,372	85,749,971

Trade receivables from third parties are due within 30 days from the date of sale.

12 Cash and cash equivalents

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
Cash at bank	41,365,929	43,492,969	16,560,013	23,516,969
Short-term deposits	44,000,000	37,000,000	25,000,000	–
Total	85,365,929	80,492,969	41,560,013	23,516,969

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The above also form part of components of cash and cash equivalents in statement of cash flows.

13 Equity

	Group	
	2020	**2019**
	US$	**US$**
Share Capital		
Ordinary shares issued and fully paid		
As at beginning of the year	1,079,991,988	730,990,970
1,079,991,988 (2019: 730,990,970) Ordinary shares of US$1 each		
Issued during the year	–	349,001,018
Nil (2019: 349,001,018) Ordinary shares of US$1 each		
As at end of the year		
1,079,991,988 (2019: 1,079,991,988) Ordinary shares of US$1 each	1,079,991,988	1,079,991,988

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
Retained earnings				
As at beginning of the year	158,403,965	56,366,912	145,580,534	56,366,912
Profit for the year	58,359,082	102,037,053	71,179,629	89,213,622
Interim dividend	(70,000,000)	–	(70,000,000)	–
As at end of the year	146,763,047	158,403,965	146,760,163	145,580,534

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
Reserves				
Foreign currency translation reserve of equity-accounted investees				
As at beginning of the year	(75,133,577)	110,701,729	(75,133,577)	110,701,729
Share of OCI of equity-accounted investees	112,576,186	(185,835,306)	112,576,186	(185,835,306)
As at end of the year	37,442,609	(75,133,577)	37,442,609	(75,133,577)
Fair value reserve of financial assets at FVOCI				
As at beginning of the year	–	–	–	–
Fair value gain on equity instruments designated at FVOCI	73,343	–	73,343	–
As at end of the year	73,343	–	73,343	–
Distributions made and proposed				
Interim dividends on ordinary shares declared but not paid				
Interim dividend for 2020: 0.06482 cents per share (2019: Nil)	70,000,000	–	70,000,000	–
	70,000,000	–	70,000,000	–

The Board of Directors in its meeting on 30 March 2020, proposed and declared an interim dividend of US$70 million for the year 2019-20.

14 Financial liabilities: Borrowings

	Interest rate	Maturity	Group		Company	
	%		**2020**	**2019**	**2020**	**2019**
			US$	**US$**	**US$**	**US$**
Non-current borrowings						
Bank borrowings	LIBOR+ 0.68%p.a.	2022	278,158,209	297,234,791	278,158,209	297,234,791
Lease liabilities (Note 28)	LIBOR+ 0.70% p.a.	Feb 2022	127,189	–	127,189	–
			278,285,398	297,234,791	278,285,398	297,234,791
Current borrowings						
Lease liabilities (Note 28)	LIBOR+ 0.70% p.a.	Feb 2022	135,698	–	135,698	–
Total current borrowings			135,698	–	135,698	–
Total			278,421,096	297,234,791	278,421,096	297,234,791

All bank borrowings are unsecured.

15 Provisions

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
Provision for decommissioning cost:				
As at the beginning of the year	128,582,695	–	–	–
Effects of acquisition of subsidiary on 5 April 2018	–	121,299,000	–	–
Additions during the year	3,056,243	5,508,895	–	–
Decrease due to change in estimate	(77,414,323)	–	–	–
Unwinding of discounts	1,852,106	1,774,800	–	–
As at the end of year	56,076,721	128,582,695	–	–

The provision in respect of the decommissioning and restoration obligation for wells for 2019 is estimated at US$98,215 per well as at 31 December 2019. The Group considered 17% of its share out of the abandonment cost confirmed by Mukhaizna for facilities. The year of abandonment is 2035. Management expects that the present value of the provision is sufficient to meet the Group's obligations at the end of the useful life of the project for the assets put to use as at 31 December 2019. The provision as at 31 December 2019 is determined by discounting the expected obligation at a discount rate of 6.25% (2018: 4%) and is expected to be utilised from 2025 (2018: 2021). The discount rate used for discounting the expected obligation is subject to review on an annual basis.

16 Trade and other payables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
Trade payables				
- Related party	787,803	1,044,271	13,655,205	22,322,659
- Others	1,481,900	65,024,597	–	64,181,597
Other payables				
- Accrued expenses	25,753,491	25,226,972	159,170	236,972
- Overliftment	5,412,695	–	–	–
- Others	11,576,348	14,393,000	19,069	–
Liability on account of share of loss of joint venture	209,878	–	209,878	–
Interest accrued on borrowings	25,214	105,850	25,214	105,850
	45,247,329	105,794,690	14,068,536	86,847,078

Terms and conditions of the above financial liabilities:

Trade payable to others in current year relates to Quality adjustment payment and are generally due and paid within 15 days.

Other payables are non-interest bearing and have an average term of 30 to 60 days.

For explanations on the Group's liquidity risk management processes, refer to Note 31.

17 Revenue from contract with customers

	Group	
	2020	**2019**
	US$	**US$**
Type of goods		
Sale of crude oil	310,792,259	1,244,798,990
Total	310,792,259	1,244,798,990

Timing of revenue recognition

Entire revenue is recognised point in time at the time of delivery and issue of bill of lading.

	Group	
	2020	**2019**
	US$	**US$**
Geographical markets		
Oman	39,334,855	28,126,000
United Arab Emirates (UAE)	271,590,594	272,492,240
India*	(133,190)	944,180,750
Total	310,792,259	1,244,798,990

Crude oil sold to India pertains to related party and sold to Oman and UAE pertains to third party. Further, sale to UAE region in current year also includes remaining revenue amount due to the difference between the financial year ends of the Company and its subsidiary.

* During the current year, US$133,190 represents sale return from India region reflecting claim received from related party against good sold in FY19.

Contract balances

The Group's contract balances represent trade receivables. Refer note 11.

18 Cost of sales

	Group	
	2020	**2019**
	US$	**US$**
Purchases	–	1,008,011,454
Exploration and production expenses	173,121,361	106,314,980
Depreciation expense	21,689,408	14,713,000
Depletion of intangible asset	26,162,008	23,037,972
Claims*	(133,190)	(312,420)
	220,839,587	1,151,764,986

* During the current year, US$133,190 represents sale return reflecting claim received from related party against good sold in FY19.

19 Other operating income

	Group	
	2020	**2019**
	US$	**US$**
Demurrage income	122,666	154,292

20 Administrative expenses

	Group	
	2020	**2019**
	US$	**US$**
Legal and professional charges*	179,871	199,606
Audit fees	121,806	171,691
Staff costs (refer note below)	565,803	581,514
Rental on short term operating leases	135,702	141,865
Stamp Duty Fees	–	1,641,006
Depreciation	376,090	462,454
Others	38,762	93,911
	1,418,034	3,292,047

* Includes directors' remuneration of US$33,591 (2019:US$25,546)

	Group	
	2020	**2019**
	US$	**US$**
Staff cost		
Wages, salaries and allowances	558,553	569,504
Other expenses	7,250	12,010
	565,803	581,514

Included in staff costs is costs recharged by Holding Company amounting to US$106,374 (2019: US$124,282).

21 Other operating expenses

	Group	
	2020	**2019**
	US$	**US$**
Demurrage expense – Related party	122,666	154,292

22 Finance costs

	Group	
	2020	**2019**
	US$	**US$**
Interest expense on bank borrowings	8,409,297	8,852,161
Interest on lease liabilities (Note 28)	402	–
Total interest expense	8,409,699	8,852,161
Guarantee fees to related party	754,028	760,417
Amortisation of bank borrowing transaction costs	944,673	920,896
Amortisation of other fee and other finance cost	–	111,306
Commitment fee	49,583	123,750
Bank charges	4,330	5,388
Unwinding of discount on decommissioning provision	1,852,106	1,774,800
	12,014,419	12,548,718

23 Finance income

	Group	
	2020	**2019**
	US$	**US$**
Interest income		
- From banks	3,332,452	1,478,802
- From related parties	1,152,600	941,564
- Discounting of security deposits	34	–
	4,485,086	2,420,366

24 Other income

	Group	
	2020	**2019**
	US$	**US$**
Foreign exchange gains - net	6,772	6,321

25 Share of profit/(loss) in joint venture

	Group	
	2020	**2019**
	US$	**US$**
Share of profit in TAAS India Pte. Ltd.	65,516,931	25,086,763
Share of profit in Vankor India Pte. Ltd.	55,505,745	74,239,192
Share of loss in Urja Bharat Pte. Limited	(15,209,978)	–
Total share of profit in joint venture	105,812,698	99,325,955

26 Tax expense

	Group	
	2020	**2019**
	US$	**US$**
Current tax expense:		
Current income tax charge	543,274	450,828
Adjustments in respect of income tax related to previous year	(239,355)	–
Foreign tax - Production sharing agreement (PSA)	39,334,855	28,126,000
Deferred tax:		
Relating to origination and reversal of temporary differences	37,305,383	48,332,000
Income tax expense reported in the statement of profit and loss and other comprehensive income	76,944,157	76,908,828
Reconciliation of effective tax rate:		
Profit before tax	135,303,239	178,945,881
Income tax using Singapore tax rate at 17% (2019: 17%)	23,001,551	30,420,800
Tax effect of:		
Effect of tax rate on foreign jurisdiction and other tax movement	17,839,609	29,261,000
Result of equity-accounted investee presented net of tax	(17,988,159)	(16,885,412)
Income not subjected to tax	(191,263)	(160,066)
Non-deductible expenses	14,966,476	6,003,590
Double taxation relief	–	(4,504,000)
Tax imposed on foreign jurisdiction	39,334,855	28,126,000
Tax exemptions	(12,679)	(12,830)
Adjustments in respect of income tax refund related to previous year	(10,562)	–
Capital allowances	–	(11,025)
Others	4,329	4,670,771
Income tax expense reported in the statement of profit and loss and other comprehensive income	76,944,157	76,908,828

	Group	
	2020	**2019**
	US$	**US$**
Deferred tax		
Statement of financial position:		
Deferred tax assets:		
Provision for decommissioning and restoration not yet allowed for	30,842,222	70,719,906
Lease liability	44,691	–
Other items	2,976,982	3,374,827
	33,863,895	74,094,733
Deferred tax liabilities:		
Property, plant and equipment and construction in progress	(124,008,165)	(127,811,591)
Right of use asset	(45,982)	–
Other items	(11,272,131)	(10,440,142)
	(135,326,278)	(138,251,733)
Net deferred tax liabilities	(101,462,383)	(64,157,000)
Statement of profit and loss and other comprehensive income:		
Property, plant and equipment and construction in progress	(3,803,426)	44,452,000
Lease liability	(44,691)	–
Provision for decommissioning and restoration	39,877,684	(4,236,000)
Right of use asset	45,982	–
Other items	1,229,834	8,116,000
Deferred tax expense	37,305,383	48,332,000

Reconciliation of deferred tax liabilities, net

	2020 US$	2019 US$
At the beginning of the year	(64,157,000)	–
Effects of acquisition of subsidiary	–	(15,825,000)
Tax expense during the period recognised in profit or loss	(37,305,383)	(48,332,000)
As at the end of the year	(101,462,383)	(64,157,000)

27 Related party disclosures

The following significant balances and transactions between the Group and its related parties took place during the year at terms agreed between the parties:

(a) Related parties where control exists

Holding company	Indian Oil Corporation Limited

(b) Related parties with whom transactions have taken place during the year

Holding company	Indian Oil Corporation Limited
Fellow subsidiary	IndOil Montney Ltd. (Subsidiary of IndOil Global B.V., Netherlands)
Joint Ventures	TAAS India Pte. Ltd., Vankor India Pte. Ltd. and Urja Bharat Pte. Limited

	Indian Oil Corporation Limited		**TAAS India Pte. Ltd.**		**Vankor India Pte. Ltd.**		**Uria Bharat Pte. Limited**		**IndOil Montney Ltd.**		**Key Management Personnel**		**Group total**	
	2020 US$	**2019 US$**	**2020 US$**	**2019 US$**	**2020 US$**	**2019 US$**	**2020 US$**	**2019 US$**	**2020 US$**	**2019 US$**	**2020 US$**	**2019 US$**	**2020 US$**	**2019 US$**
Transactions during the year														
(Refund)/Sale of crude oil	(133,190)	944,180,750	–	–	–	–	–	–	–	–	–	–	(133,190)	944,180,750
Demurrage Fees	122,666	154,292	–	–	–	–	–	–	–	–	–	–	122,666	154,292
Guarantee commission	754,028	760,417	–	–	–	–	–	–	–	–	–	–	754,028	760,417
Staff cost	106,374	124,282	–	–	–	–	–	–	–	–	–	–	106,374	124,282
Directors fees	–	–	–	–	–	–	–	–	–	–	33,591	25,546	33,591	25,546
Dividend income	–	–	–	–	8,375,000	–	–	–	–	–	–	–	8,375,000	–
Interim dividend declared but not paid	70,000,000	–	–	–	–	–	–	–	–	–	–	–	70,000,000	–
Interest income	–	–	1,124,924	941,564	–	–	–	–	27,676	–	–	–	1,152,600	941,564
Loans repaid by	–	–	23,101,265		6,285,940	22,780,000	–	–	8,000,000	–	–	–	37,387,205	22,780,000
Loans given to	–	–	–	–	–	–	–	–	8,000,000	–	–	–	8,000,000	
Investment in joint venture	–	–	–	–	–	–	9,400,000	5,600,100	–	–	–	–	9,400,000	5,600,100
Outstanding balances														
Loans receivable from joint ventures	–	–	–	21,865,202	–	6,285,940	–	–	–	–	–	–	–	28,151,142
Trade receivable	–	64,277,097	–	–	–	–	–	–	–	–	–	–	–	64,277,097
Trade payable	787,803	1,044,271	–	–	–	–	–	–	–	–	–	–	787,803	1,044,271
Dividends payable	70,000,000	–	–	–	–	–	–	–	–	–	–	–	70,000,000	–

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in.

Loan to joint ventures

The loans to joint ventures were unsecured and interest free. The loan due from Taas India Pte. Ltd. was repaid in current year on 31 March 2020 and loan due from Vankor India Pte. Ltd. was repaid on 31 August 2019.

In the previous year, the gross amount of the loan due from Taas India Pte. Ltd., is denominated in $ (USD) and discounted to determine its fair value.

In the previous year, the loan due from Vankor India Pte. Ltd., is a financial asset denominated in $ (USD), whose carrying amounts approximate fair value, because of its short-term nature and low credit risks of counterparty.

Dividend

The Board of Directors in its meeting on 30 March 2020, proposed and declared an interim dividend of US$ 70 million for the year 2019-20.

28 Leases

The Group leases office and employee accommodation facilities. The leases typically run for a period of 2 years, with an option to renew the lease after that date for a further period of 2 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. The lease contracts that include extension options are further discussed below.

Right-of-use assets

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

	Office building US$	**Total US$**
At 1 April 2019	–	–
Additions	281,972	281,972
Depreciation expense	(11,488)	(11,488)
At 31 March 2020	270,484	270,484

	US$
Lease liability	
At 1 April 2019	–
Additions	281,149
Accretion of interest	402
Payments	(12,700)
Foreign exchange difference	(5,964)
At 31 March 2020	262,887
Current	135,698
Non-current	127,189

The maturity analysis of the lease liability is included in the Financial risk management objectives and policies under maturities of financial liabilities. Refer Note No. 31.

The effective interest rate for lease liabilities is 1.85% with maturity between 2021-2022.

The following are the amounts recognised in profit or loss:

	For the year ended 31 March 2010 US$
Depreciation expense of right-of-use assets (Refer Note No. 20)	11,488
Interest expense on lease liabilities (Refer Note No. 22)	402
Expense relating to short-term leases	264,709
Variable lease payments	10,004
	286,603

The future cash outflows relating to leases that have not yet commenced are nil (2019: Nil).

The Group leases office and employee accommodation facilities that include extension options. These options are negotiated by management and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

The following are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	Within five years US$	Total US$
Extension options expected not to be exercised	415,555	415,555

29 Financial instruments

Financial assets and financial liabilities

	Group	
	2020	**2019**
	US$	**US$**
Financial assets		
Equity instruments designated at fair value through OCI		
Other investments (Note 8)	20,075,360	20,002,017
Debt instruments at amortised cost		
Trade receivables (Note 11)	12,984,370	85,749,971
Other assets (Note 9)	66,502,227	60,877,209
Total financial assets*	99,561,957	166,629,197
Total current	79,465,063	146,627,180
Total non-current	20,096,894	20,002,017

*Financial assets other than cash and cash equivalents that are classified as amortised cost

	Group	
Financial liabilities	**2020**	**2020**
	US$	**US$**
At amortised cost		
Borrowings (Note 14)	278,421,096	297,234,791
Trade and other payables (Note 16)	45,247,329	105,794,690
Dividends payable (Note 13)	70,000,000	–
Total financial liabilities	393,668,425	403,029,481
Total current	115,383,027	105,794,690
Total non-current	278,285,398	297,234,791

30 Fair value measurement

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

		Carrying value as at 31 March		Fair value as at 31 March	
	Note	**2020**	**2019**	**2020**	**2019**
		US$	**US$**	**US$**	**US$**
Financial assets					
Financial assets measured at fair value through OCI:					
Equity investments	8	20,075,360	20,002,017	20,075,360	20,002,017

	Note	Carrying value as at 31 March		Fair value as at 31 March	
		2020	2019	2020	2019
		US$	US$	US$	US$
Financial assets measured at amortised cost:					
Security deposits	9	21,534	–	21,534	–
Financial liabilities					
Financial liabilities measured at amortised cost:					
Borrowings	14	278,285,398	297,234,791	278,285,398	297,234,791

The management assessed that the fair value of short-term financial assets and liabilities approximate their carrying amounts.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Borrowings : The carrying amount of the bank borrowings approximates fair value as the interest rates are based on the prevailing market interest rate available to the Group.

Equity investments

The fair value of the non-listed equity investment in Lanzatech have been estimated using income approach of valuation based on Option pricing model (OPM). The valuation requires management to make certain assumptions about the date of liquidity and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for investment in Lanzatech.

The fair value of this investment was categorised as Level 3 at 31 March 2020 (2019: level 2). This was because the lowest level input (volatility) that is significant to the fair value measurement is unobservable.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 March 2020 are shown below:

	Valuation Technique	Significant unobservable inputs	Value	Change	Sensitivity of the inputs to fair value
Non listed equity investments - Lanzatech	OPM Black Scholes	Equity Volatility	26.40%	1% increase 1% decrease	Decrease in fair value by $124,230 Increase in fair value by $126,376
		Expected time to liquidity event	3 years	+1 year -1 year	Decrease in fair value by $982,210 Increase in fair value by $1,389,313

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are :
(a) recognised and measured at fair value, and
(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

Fair value hierarchy for assets and liabilities as at 31 March 2020:

		Fair value measurement using			
As at 31 March 2020	**Note**	**Quoted prices in active markets (Level 1) US$**	**Significant observable inputs (Level 2) US$**	**Significant unobservable inputs (Level 3) US$**	**Total US$**
Financial assets measured at fair value:					
Equity investments	8	–	–	20,075,360	20,075,360
Financial assets for which fair values are disclosed:					
Financial assets measured at amortised cost:					
Security deposits	9	–	–	21,534	21,534
Financial liabilities measured at amortised cost:					
Borrowings	14	–	278,285,398	–	278,285,398

Fair value hierarchy for assets and liabilities as at 31 March 2019:

		Fair value measurement using			
As at 31 March 2019	**Note**	**Quoted prices in active markets (Level 1) US$**	**Significant observable inputs (Level 2) US$**	**Significant unobservable inputs (Level 3) US$**	**Total US$**
Financial assets measured at fair value:					
Equity investments	8	–	20,002,017	–	20,002,017
Financial liabilities measured at amortised cost:					
Borrowings	14	–	297,234,791	–	297,234,7914

Financial assets measured at FVOCI are included in level 3 fair value hierarchy as the significant inputs are based on an unobservable market data (2019: level 2). During the current year, the asset's fair value was determined using an Option pricing model (OPM). Refer heading Equity investments for details.

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Equity investment – at FVOCI	
	2020	**2019**
	US$	**US$**
At 1 April	–	–
Transfer from level 2	20,075,360	–
At 31 March	20,075,360	–

The Group recognises transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

31 Financial risk management

The Group has exposure to the following risks from financial instruments:

- Market risk;
- Credit risk; and
- Liquidity risk.

Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Review of proposed investments and compliance with target asset allocations is monitored by the Board of Directors on a regular basis.

Market risk

Market risk is the risk that changes in market prices – such as interest rates, foreign exchange rates, other price changes – will affect the Group's income or the fair value of its holdings of financial instruments.

The Group's strategy for the management of market risk is driven by the Group's investment objective of making investments in income generating assets in target markets. Market risks are monitored regularly by the Board of Directors in accordance with the policies and procedures in place.

Interest rate risk

The Group's interest rate risk arises mainly from borrowings. Bank borrowings with variable interest rates expose the Group to interest rate risk. For details of the Group's borrowings, including interest rate profiles, refer to Note 14 of these financial statements.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of interest bearing borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

A reasonably possible change of 50 basis points (31 March 2019: 50 basis points) in interest rates at the reporting date would have (increased) / decreased profit or loss by amounts shown below:

	Profit or (loss)	
	Increase	**Decrease**
	US$	**US$**
At 31 March 2020		
Variable-rate instruments	(1,400,107)	1,400,107
At 31 March 2019		
Variable-rate instruments	(1,500,000)	1,500,000

The Group periodically reviews its liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels.

Currency risk

Currency risk is the risk that the fair value of the future cash flows of a financial instrument that will fluctuate because of changes in foreign exchange rates. The Group is not significantly exposed to the effects of changes in foreign exchange rates.

Equity price risk

The Group's investment in equity instruments are susceptible to market price risk arising from uncertainties about future values and business operations of the equity instruments. Valuation is regularly monitored by the management.

At the reporting date, the exposure to non-listed equity investments at fair value was US$20,075,360. Sensitivity analysis of these investments have been provided in Note 30.

Commodity price risk

The Group is exposed to various commodity price related risk such as Refinery margins i.e. differential between the prices of petroleum products & crude oil and Crude oil price fluctuation on accounts of inventory valuation fluctuation. As per approved risk management policy, the Holding Company undertakes commodity hedging to mitigate the risk within the approved limits.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in a financial loss to the Group. It arises principally from cash and cash equivalents, loans to joint ventures and trade receivable from holding company.

For financial assets, the Group adopts the policy of dealing only with high quality counterparties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

At the reporting date, there was no significant concentration of credit risk other than the loans receivable from joint ventures. Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Group's major classes of financial assets are cash and cash equivalents, trade receivables and other financial assets.

The Group's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with parties that meet the credit standards laid down in the Group's risk management policies. Further, the credit risk is monitored regularly by the Board of Directors in accordance with the policies and procedures in place.

Risk Management

The Group adopts the following policy to mitigate the credit risk .

For banks and financial institutions, the Group adopts the policy of dealing with financial institutions with high credit ratings rated by independent rating agencies.

There are no significant concentration of credit risk, other than concentration risk in investment in joint ventures and loans receivables from joint ventures.

Credit rating

The Group uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses under the 3-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories. There are cash and bank balances, trade receivables and loan receivable from joint ventures.

Category of internal credit rating	**Definition of category**	**Basis for recognition of expected credit losses**
Performing	Borrower or issuer have a low risk of default and a strong capacity to meet contractual cash flows	12-month expected credit losses
Underperforming	Borrower or issuer for which there is a significant increase in credit risk; as significant in credit risk is presumed if interest and/or principal repayment are 30 days past due	Lifetime expected credit losses
Non-performing	Interest and/or principal payment are 90 days past due	Lifetime expected credit losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

Impairment of financial assets

The Group has applied the simplified approach which requires expected lifetime credit losses to be recognised from initial recognition of the trade receivable. In calculating the expected credit loss rates, the Company considers historical loss rates and adjusts for forward-looking macroeconomic data.

As at 1 April 2019 and 31 March 2020, the Group has insignificant credit risk exposure in relation to loan receivable from joint ventures under FRS 109, as the loans are with related parties with good payment history. Correspondingly, the credit risk exposure in relation to loan receivables from joint ventures under FRS 109 as at 31 March 2019 was also insignificant. The most significant credit risk exposure of the Company is within the Group and the Group has strong credit ratings from external agencies.

In 2019, the impairment of the financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

Trade receivables

Based on historical default rates, the Group assessed that no impairment allowance was necessary in respect of trade receivables. The majority of trade receivables were due from financial institutions, related and third parties that have good payment records with the Company.

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The amount of the allowance on cash and cash equivalents was negligible.

Other than the above, there are no credit loss allowance for other financial asset at amortised cost as at 31 March 2020 (31 March 2019: nil).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its commitments associated with financial liabilities. Liquidity risk may emanate from inability to sell a financial asset quickly at an amount close to its fair value.

The Group monitors the liquidity risk and maintains adequate financing and obtains support from its holding company for the Group's operations and to mitigate the effects of fluctuations in cash flows.

Contractual maturity for financial liabilities

The table below analyses the maturity profile of the financial liabilities of the Group based on contractual undiscounted cash flows:

		Contractual cash flows			
	Carrying value US$	Total US$	Between 1 and 3 months US$	Between 3 and 12 months US$	Between 1 and 5 years US$
At 31 March 2020					
Borrowings (Note 14)	278,421,096	293,231,870	1,650,920	4,970,519	286,610,431
Trade and other payables (Note 16)	45,247,329	45,247,329	45,247,329	–	–
	323,668,425	338,479,199	46,898,249	4,970,519	286,610,431
At 31 March 2019					
Borrowings (Note 14)	297,234,791	328,980,067	2,406,192	7,271,458	319,302,417
Trade and other payables (Note 16)	105,794,690	105,794,690	105,794,690	–	–
	403,029,481	434,774,757	108,200,882	7,271,458	319,302,417

32 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the Group.

	2020 US$	2019 US$
Borrowings (Note 14)	278,285,398	297,234,791
Net debt	278,285,398	297,234,791
Equity	1,264,270,987	1,163,262,376
Total Capital	1,264,270,987	1,163,262,376
Capital and net debt	1,542,556,385	1,460,497,167
Capital gearing ratio	18%	20%

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any interest-bearing borrowing in the current period.

The Group is not subject to externally imposed capital requirements. There were no changes in the Group's approach to capital management during the current and previous year.

33 Group information

Subsidiary

The non-statutory consolidated financial statements of the group include:

Name of subsidiary	**Principal activity**	**Country of incorporation**	**Percentage of shareholding**	
			2020	**2019**
			%	**%**
Directly held				
IOCL Exploration and Production Oman Limited	Exploration and Production of Oil and Gas	United Kingdom	100	100

The Holding Company

The Ultimate Holding Company of IOCL Singapore Pte. Ltd. is Indian Oil Corporation Limited.

Joint arrangement in which the Group is a joint venturer

Name of joint venture	**Principal activity**	**Country of incorporation**	**Percentage of equity interest**	
			2020	**2019**
			%	**%**
Directly held				
TAAS India Pte. Ltd.	Investment holding	Singapore	33.5	33.5
Vankor India Pte. Ltd.	Investment holding	Singapore	33.5	33.5
Urja Bharat Pte.Limited	Extraction of oil and gas	Singapore	50.0	50.0

For more details about joint ventures, refer Note 7.

34 Business combinations

On 5 April 2018, the Group entered into an agreement with Shell Overseas Holding Ltd (Seller) to acquire 17% participating interest in the Mukhaizna Oil Field, Oman by acquiring 100% of the share capital in IOCL Exploration and Production Oman Limited. The acquisition was financed through issuance of shares to the immediate holding company. Details of the consideration paid ,the assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	US$ million
(a) Purchase consideration	
Cash paid	329
Contingent consideration (Note (e) below	–
Total purchase consideration	329
Less: Indemnification assets (Note (h) below	–
Consideration transferred for the business	329
(b) Effect on cash flows of the Group	
Cash paid (as above)	329
Less: Cash and cash equivalents in subsidiary acquired	(34)
Cash outflow on acquisition	295

(c) Identifiable assets acquired and liabilities assumed	**At fair value US$ million**
Cash and cash equivalents	34
Fixed assets	143
Trade and other receivables	43
Stock	44
Tax receivable	*
Total assets	264
Trade and other payables	30
Deferred tax liabilities	16
Provisions	121
Total liabilities	167
Total identifiable net assets	97
Add: Intangible assets	232
Consideration transferred for the business	329

* denotes less than US$10,000

(d) Acquisition-related costs

No acquisition-related costs was incurred.

(e) Contingent consideration

The Group is not required to pay contingent consideration.

(f) Acquired receivables

No fair values of trade and other receivables.

(g) Contingent liability

No contingent liability has been recognised.

(h) Indemnification asset

No indemnification asset has been recognised.

(i) Non-controlling interests

The Group has no non-controlling interests as the Group is considered to be wholly owned by parent.

(j) Goodwill

There is no goodwill arising from the acquisition of subsidiary.

(k) Fair value measurement

Intangible assets comprising of mineral rights of US$232.1 million was recognised upon the acquisition and the fair value was derived using the income approach.

Identifiable assets acquired and liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.