INDUS GAS LIMITED



INDUS GAS LIMITED

ANNUAL REPORT 2020-21

www.indusgas.com

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OVERVIEW

Indus Gas Limited ("Indus" or "Company") is engaged in oil and gas exploration and development in Block RJ-ON/6, Rajasthan, India. Indus owns a 90% participating interest in the Block (excluding the SGL gas field, in respect of which its participating interest is 63%). Other partners in the block are (i) Focus Energy Ltd., which operates the Block, and (ii) Oil and Natural Gas Corporation (ONGC), India, which is the licensee of the Block. The 'Participative Interest' of Indus as mentioned above is held through its wholly owned subsidiaries iServices Investment Limited, Mauritius and Newbury Oil Company Limited, Cyprus. The Block currently measures an area of 2,176 sq. km and lies onshore in the highly prospective mid Indus Basin. The first discovery in the Block was made in 2006 and the first commercial production commenced in 2010. The Company has received approval from the Directorate General of Hydrocarbons (DGH) and government for the integrated Field Development Plan ("FDP") of SSG (Pariwar) & SSF (B&B) discoveries and for enhancement of production from the SGL field to 90 Million Standard Cubic Feet Per Day (MMSCFD). The Petroleum & Natural Gas Regulatory Board (PNGRB) have re-invited bids for the laying of a gas pipeline from the gas processing facility for the evacuation of gas from RJ-ON/6 Block.

HIGHLIGHTS

- The Petroleum & Natural Gas Regulatory Board (PNGRB) has re-invited bids for the laying of a short distance gas pipeline for the evacuation of gas from RJ-ON/6 Block.
- Approvals from the DGH and Government had already been received for the development and enhanced production covering a total field area of 2176 sq. km
- New development wells tested rich Gas with low CO2.

OPERATIONAL

- Preparations continued on site during the year for the planned ramp up in production including the drilling of additional wells.
- Drilling and completion of production wells for the SGL field development continued as planned to meet the planned gas sale requirements.
- Continued testing of previously drilled wells.

FINANCIAL

- Total Revenues were US$ 48.53 million (2019–20: US$ 57.97 million).
- Operating profit decreased to US$ 44.48 million (2019–20: increased to US$ 53.38 million).
- Profit before tax decreased to US$ 44.08 million (2019–20: US$ 53.12 million).
- Net Investments made in property, plant and equipment amounting to US$ 100.26 million (2019–20: US$ 129.42 million).
- All repayments under the existing debt terms were made on a timely basis.

CHAIRMAN'S STATEMENT

This has been a challenging year for the company with the pandemic causing severe disruption to our operations. However, the dedication and skill of our operational team enabled the company to achieve progress despite the extremely difficult and restrictive environment resulting from Covid-19.

The Company's resilient operational and financial performance is highlighted by another year of good profit generation and the Board continues to anticipate a substantial increase in revenues once the additional gas supplies commence through the new pipeline.

The Board would like to thank their employees, shareholders, bankers and all other stakeholders for their loyalty and continued support. The safety and well-being of our employees and all the workers on-site at the RJ-ON/6 Block is our number one priority and despite the current challenges posed by the coronavirus pandemic, the management team will continue to focus on the execution of the Company's long-term strategy of achieving both growth in reserves and commercial production. The Indian government continues to prioritize the increase of domestic gas production to reduce India's dependence on expensive imported energy. The current gas crisis, which has seen prices soar, highlights the pressing need for India to increase its energy security by harnessing domestic gas reserves.

Peter Cockburn
Chairman

BOARD OF DIRECTOR'S REVIEW

We are pleased to announce another strong year of consolidated total revenues totaling US$ 48.53 million (2019–20: US$ 57.97 million) and the Company's stated long term business plan remains firmly on track. The management has received approvals on the integrated Field Development Plan for the SGL (revised), SSG & SSF fields of the Block. Building on these earlier successes, the PNGRB has re-invited the bids for the construction of a pipeline to evacuate gas from the RJ-ON/6 Block.

Operations

Operational activities over the last year have followed the Group's objectives and are summarised below:

- Drilling of additional wells to support the integrated field development plan;
- Continuation of drilling and completion of production wells for the SGL, SSG and SSF field development;
- Testing of wells previously drilled where gas shows were encountered to enable the Group to increase its reserve base;
- Testing of the B&B gas recovery potential in addition to gas discovered in the Pariwar formation.

The current drilling campaign is progressing on schedule and producing positive results. Following the approval of the FDP for SSG & SSF Development area, we continue to test concepts and obtain log and core data for analysis outside of the SGL area. In the SGL area, work continues to increase our knowledge of the producing intervals. Additional testing is an important element of the operational programme to enhance production and maximize recovery of gas through efficient asset management. These activities continue to increase as we obtain and act on new data and production history. An important development in respect of the SGL Field was the discovery of new intervals within Pariwar. These were located below the existing producing P10 sands. These reservoirs were successfully exploited for production and going forward will add to the reserves and production from both existing and new wells.

Financials

During the financial year, the Company generated total revenue of US$ 48.53 million (2019–20: US$ 57.97 million), resulting in reported operating profit of US$ 44.48 million (2019–20 US$ 53.38 million). The reported profit after tax was US$ 27.93 million (2019–20 US$ 49.06 million).

While the Company is not expected to pay any significant taxes on its income for many years in view of the 100% deduction allowed on the capital expenses incurred in the Block, the Company has accrued a deferred tax liability of US$ 16.15 million (2019–20: US$ 4.06 million) as per IFRS requirements.

Post this deferred tax liability provision, the net profit for the year was US$ 27.93 million.

The net expenditure on the purchase of property, plant & equipment was US$ 100.26 million (2019–20: US$ 129.42 million). The property plant and equipment, including development assets and production assets, increased to US$ 1,080.95 million (2019–20: US$ 980.69 million).

The current assets (excluding cash) as of 31 March 2021 stood at US$ 165.88 million (2019–20: US$ 93.55 million), which majorly includes US$ 8.54 million (2019–20: US$ 7.64 million) of inventories, US$ 124.39 million (2019–20: US$ 59.56 million) of receivables from related party and US$ 32.95 million (2019–20: US$ 26.36 million) of trade receivables and other receivable. Receivables of US$ 30.53 million of this total of US$ 32.95 million have been realized subsequent to 31 March 2021. The current liabilities of the Company, excluding the related party liability of US$ 0.35 million (2019–20: US$ 0.35 million) and current portion of long term debt of US$ 24.49 million (2019–20: US$ 29.32 million), stood at US$ 8.96 million (2019–20: US$ 8.12 million). This comprised mainly of deferred revenue of US$ 5.08 million (2019–20:

US$ 5.08 million) (GAIL-Take or Pay Obligation) and other liabilities of US$ 3.89 million (2019–20: US$ 3.04 million).

As of 31 March 2021, the outstanding debt of the Company to banks was US$ 78.90 million (2019–20: US$ 100.15 million), of which US$ 20.92 million (2019–20: US$ 25.75 million) was categorised as repayable within a year and the remaining US$ 57.98 million (2019–20: US$ 74.40 million) has been categorised as a long-term liability. During the year, the Company repaid an amount of US$ 21.17 million of the outstanding term loan facilities, as per the scheduled repayment plan. As of 31 March 2021, the outstanding unsecured debt from bonds was US$ 153.55 million (2019–20: US$ 153.47 million), of which US$ 3.57 million (2019–20: US$ 3.58 million) was categorized as repayable within a year and the remaining US$ 149.98 million (2019–20: US$ 149.89 million) has been categorized as a long-term liability.

Outlook

During the next twelve months, we expect that the Company will be able to achieve higher revenue and continued drilling success in both Pariwar and B&B combined with delivering further progress on the commercialization of our gas reserves.

Jonathan Keeling
Director

BOARD OF DIRECTORS

PETER COCKBURN (50) – CHAIRMAN

Mr Cockburn is a Partner in Clear Peak Capital LLP based in Edinburgh. He was Investment Director at Scottish Widows Investment Partnership from 2003 to 2009 and then Head of UK Equities until May 2012. Prior to that, he was Investment Manager (UK Equities) at Edinburgh Fund Managers PLC from 1998 to 2003. Peter worked in Audit at KPMG from 1993–98.

Peter holds a BA in Accountancy, and an MSc in Investment Analysis. He is a member of the Institute of Chartered Accountants of Scotland (1997) and the UK Society of Investment Professionals (2000) and holds the Investment Management Certificate (1999).

AJAY KALSI (60) –DIRECTOR

Mr. Kalsi is a successful businessman originally from India who has established and built a portfolio of companies in a range of business sectors including oil and gas, footwear, real estate and business process outsourcing. He has international business experience, which includes oil and gas industry operating experience with assets in India. He holds an M. Phil in Economics from Cambridge University and a BSc (Economics) from the London School of Economics.

JONATHAN KEELING (58) –DIRECTOR

Jonathan was a founding partner and a main board member of Arden Partners plc, a small and mid-cap institutional stockbroker and Jonathan's career in equity capital markets spans in excess of 30 years. Prior to Arden, Jonathan worked at Albert E Sharp, Harris Allday and Old Mutual Securities. Jonathan is a Fellow of the Chartered Institute for Securities and Investment.

CLIVE GIBBONS (41) –DIRECTOR

Mr Clive Gibbons joined the board of directors with effect from 17 September 2020, Clive is an experienced Operations Director, specialising in the corporate and fiduciary services sector and currently works at the Newhaven Group, based in Guernsey. Clive is a qualified Independent Investment Financial Advisor Level 3, compliance manager, accredited director, approved by the Guernsey GFSC (Guernsey regulator), BVI FSC (BVI regulator), with over 18 years in the sector. He was previously a Managing Director in the Cayman Islands for Vistra and previously worked at Close Brothers (Close Finance), Kleinwort Benson and Royal Bank of Scotland International.

DIRECTORS' REPORT

The Directors present their report and the financial statements of Indus Gas Limited ("the Company") and its subsidiaries, iServices Investments Ltd and Newbury Oil Co. Ltd (collectively the "Group"), which covers the year from 1 April 2020 to 31 March 2021.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company and Group is that of oil and gas exploration, development and production and other related services.

RESULTS AND DIVIDENDS

The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements. The Group has earned a profit before tax of USD 44.08 million (2019–20: US$ 53.12 million) during the year, which is a significant aspect for measurement of the effectiveness of company's operations.

The Directors have not recommended a dividend for the year (2019–20: Nil).

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

A review of the business and likely future developments of the Company are contained in the Chairman's statement and the Chief Executive Officer's review, given above.

DIRECTORS REMUNERATION

The Directors' remuneration for the year ended 31 March 2021 was:

	Remuneration (£)	Remuneration (US $)
Peter Cockburn	75,000	99,001
Jonathan Keeling	100,000	131,641
Clive Gibbons	7,310	10,110
Antonia Kyriakou*	1,427	1,962
Fareed Soreefan*	728	1,000
Sangeeta Bissessur*	728	1,000
Ajay Kalsi	Nil	Nil
Total Directors' Remuneration	**185,193**	**244,714**

The Directors' remuneration for the year ended 31 March 2020 was:

	Remuneration (£)	Remuneration (US $)
Peter Cockburn	100,000	126,253
Jonathan Keeling	77,000	96,192
Antonia Kyriakou*	1,583	1,962
Fareed Soreefan*	807	1,000
Sangeeta Bissessur*	807	1,000
Ajay Kalsi	Nil	Nil
Total Directors' Remuneration	**180,197**	**226,407**

**Directors of subsidiary companies (iServices and Newbury)*

The Director remuneration consists of monthly/quarterly compensation as per the agreed terms. There are no further cash payments or benefits provided to Directors.

GAS MARKETS IN INDIA

India has a significant deficit of hydrocarbons which we believe will result in a long-term, steady demand for gas produced by our Block. According to the Petroleum and Natural Gas Regulatory Board ("PNGRB") Report, Vision 2030, India's natural gas demand will grow significantly to 746 MMSCM/d (26.3 BCF/d) by the end of Fiscal 2030. India is expected to have approximately 32,727 km of natural gas pipeline with a design capacity of 815 MMSCM/d in place by 2030. In order to further boost the consumption of natural gas in the country, the Government is considering the establishment of a Gas Trading Hub/ Exchange (GTHE), where natural gas can be traded and supplied through a market based mechanism instead of multiple formula driven prices.

The gas pricing policy announced by the Government of India clearly outlined that the pricing restriction under this policy is not applicable to RJ-ON/6. Gas sold from Block RJ-ON/06 does not require any approval from the government for the gas price. As a result, we are able to negotiate the price of natural gas with our customers without such price restriction. The Gas sales are currently being invoiced at a price of US$ 5 per MMBTU.

FINANCIAL INSTRUMENTS

Details of the use of financial instruments by the Company are contained in note 29 to the attached financial statements.

RELATED PARTY TRANSACTIONS

Details of significant related party transactions are contained in note 16 and note 23 to the attached financial statements.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage the risk of failure to achieve the Company's strategic objectives. It cannot totally eliminate the risk of failure but will provide reasonable, although not absolute, assurance against material misstatement or loss.

GOING CONCERN

After making enquires, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. This expectation is based on estimates of future potential revenues from the RJ-ON/6 Block that the Company will derive from sale of hydrocarbon reserves/resources and availability of adequate debt funding from banks, financial markets as well as related parties to support capital investment to enable the Company to undertake development activities in the Block. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Refer note 27.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' report and consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the consolidated statement of comprehensive income of the Group for that year. In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;

- State whether International Financial Reporting Standards as adopted by EU have been followed subject to any material departures disclosed and explained in the financial statements; and
- Prepare consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the requirements of the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the provision and detection of fraud and other irregularities.

The Directors are responsible for maintaining the integrity of the corporate financial information included on the Group's website. Legislation in Guernsey governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

To the best of our knowledge and belief:

- The financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union;
- Give a true and fair view of the financial position and results of the Group; and
- The financial statements include an analysis of the principal financial instruments specific risks and uncertainties faced by the Group. There has not been any material change in business risks and uncertainties as described in the Admission Document dated 29 May 2008 save for the continuous safe production of gas from the SGL Field on an ongoing basis.

AUDITOR

All of the current Directors have taken all steps that they ought to have taken to make themselves aware of any information needed by the Group's Auditor for the purposes of their audit and to establish that the Auditor is aware of that information. The Directors are not aware of any relevant audit information of which the Auditor is unaware.

By order of the Board

Peter Cockburn

RISKS AND RISK MANAGEMENT

In planning our future activities and reacting to changes in our ongoing business environment, we seek to identify, assess, mitigate and monitor the risks that we face. Considerable effort is made during our planning process to reduce and mitigate the various risks to the extent that this is practical and commercially sound. Ideally if the important decisions are taken on timely basis (proactively), its later adaptation or reaction should be minimal.

We cannot remove the Company from all risk and the oil and gas industry brings with it many special challenges in specific risks. What we can and do strive to achieve is to understand and manage the risk environment we work within.

The Company faces the appraisal, development and production risks of the oil and gas industry. The business relies on extensive engineering, geological and geophysical judgements.

As activities on the Block have grown and generated actual data and experience, we have used this knowledge to reduce these risks. There has been an increase in the number of wells to find hydrocarbons through the knowledge gained from almost complete 3D seismic data and analysis of drilling results. We shall continue to de-risk this area of our operations but the risk of a dry hole will never reach zero. The risk of mechanical issues or well construction failing remains. However, with greater standardisation of well design and repetition of activities this has reduced.

We currently depend on three customers for the sale of gas and related consultancy services and substantially all of our revenues. Discussions are on-going to find and develop new customer relationships.

The Gas Sales and Purchase Agreement (GSPA) signed with Gas Authority of India Limited (GAIL) contains Take or Pay provisions. We have actual experience of these provisions working and providing us with certainty of income. GAIL has significant financial resources and maintains a strong credit rating providing comfort in meeting any obligations under our Agreement. Our gas is purchased at our field and shipped via a GAIL owned pipeline to the power plant. The pipeline is purpose built and operating well within its design specification.

Further, the Company had entered into a Gas sale and purchase agreement with another customer wherein the Company shall arrange to supply gas to its plant. This provides good opportunity to the Company to expand its production. However, the buyer's plant has been delayed and consequently the customer is liable to pay take or pay charges.

Our business development may require external financing and the ability to obtain such finance is uncertain till the company is able to secure new gas sale contracts.

The Company has obtained two bank debt facilities from an expanding group of lenders. These facilities were obtained on attractive terms in difficult lending markets. Debt service for these facilities remains strong and contributes to our sound borrower track record. Additional amounts were raised during 2018 through unsecured bonds. The Company has benefited from consistent support of the majority shareholder particularly reducing the risk of any funding gaps due to the delay in closing external finance. The Production Sharing Contract that includes cost recovery and the long-term sales contract for gas provide an enhanced cash flow to service debt and give protection to lenders.

Our business, revenues and profits may fluctuate with changes in oil and gas prices. Our production is mainly gas and has been sold on strong "Take or Pay" contracts that significantly reduce the impact of fluctuations in the wider global energy market. However, the prevailing prices of oil and gas can have some bearing on new contracts and price revisions.

The Government generally sets natural gas prices in India through a variety of mechanisms. They introduced a new gas pricing mechanism for certain contracts awarded under National Exploration Licensing Policy (NELP) regime which considered a volume weighted average whose calculation included gas prices from various consuming countries. Gas produced from the Block owned by the Company is not bound by this new gas-pricing regime as the Block was awarded prior to the implementation of the NELP regime. Consequently, we are able to negotiate the price of natural gas with our customers based on market conditions. The Company is currently realising a gas price of US$ 5 per MMBTU.

The oil and gas industry is subject to laws and regulations relating to environmental and safety matters in exploration for and the development and production of hydrocarbons. We are bound by the environmental laws and regulations applicable to India and satisfy and in some areas exceed these requirements by using good industry practice, trained staff and quality equipment.

We are committed to upholding procedures to protect the environment and enforce environmental, health, safety and security mechanisms through accountability at all levels, suitable policies, feedback and full compliance by each employee and contractor to all policies we develop.

Indus is subject to regulation and supervision by the Government of India covering various aspects of our business. The Government has historically played a key role, and is expected to continue to play a key role in regulating, reforming and restructuring the Indian oil and natural gas industry. A major platform for shaping the industry has been the award of assets by various rounds under the NELP. Our Block was awarded before the formation of NELP and therefore places greater emphasis on our Production Sharing Contract (PSC) in our dealings with Government in various forms. To date the Block Management Committee created under our PSC and including multiple Government agencies has assisted the development progress we have made so far. The Field Development Plan for the area beyond SGL has also been approved by the Management Committee consisting of representatives of DGH and the Government created under PSC.

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance and have chosen to apply the Quoted Companies Alliance ("QCA") Corporate Governance Code and Guernsey regulations in so far as they are appropriate given the Company's size and stage of development. The Company may take additional Corporate Governance measures beyond QCA guidelines and Guernsey regulations as may be appropriate considering the Company's operations from time to time.

The Company has not adopted the UK Corporate Governance Code ("the Code") which is in line with most growing AIM companies adopted practices and has chosen to apply the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies. The disclosure requirements under the code have been complied with and the detailed report is available on the official website (http://www.indusgas.com/) of the company.

Corporate Governance standards and procedures adopted by the Company are regularly reviewed by the Chairman who has maintained dialogue and answered questions of shareholders throughout the year. The Chairman has consulted the Nomad on the objectives of Corporate Governance within the Company.

BOARD OF DIRECTORS

The Board is responsible for the proper management of the Company. The resumes of the current board members are as outlined in the section 'Board of Directors' on page no. 6.

Mr. Ajay Kalsi brings knowledge of the oil and gas industry and a range of general business skills. The other Directors have formed a number of committees to assist in the governance of the Company and these are detailed below.

All Directors have access to independent professional advice, at the Company's expense, when required.

SUB-COMMITTEES

The Board has constituted the three sub-committees outlined below. The committees are represented equally by Executive and Non-Executive Directors and have been chaired by the Non-Executive Chairman in the current year. All of the sub-committees have met during the year as required.

AUDIT COMMITTEE

The Audit committee comprises of Peter Cockburn as Chairman and Jonathan Keeling. The committee is responsible for ensuring that the financial performance of the Company is monitored and reported on, for meeting with the Auditor and reviewing findings of the audit with the external auditor. It is authorised to seek any information it properly requires from any employee and may ask questions of any employee. It meets the Auditor once per year without any members of management being present and is responsible for considering and making recommendations regarding the engagement and remuneration of the Auditor.

REMUNERATION COMMITTEE

The Remuneration committee comprises Peter Cockburn as Chairman and Jonathan Keeling. The committee considers and recommends to the Board the framework for the remuneration of the executive director of the Company and any other member of senior management. It considers and recommends to the Board the total individual termination package of each executive director including bonuses, incentive payments and share options or other share awards. In addition, subject to existing contractual obligations, it reviews the design of all share incentive plans for approval by the Board and the Company's shareholders and, for each such plan, recommends whether awards are made and, if so, the overall amount of such awards, the individual awards to executive directors and performance targets to be used in assessing performance. The Board of Directors determine director remuneration. No director is involved in decisions concerning his own remuneration.

NOMINATION COMMITTEE

The Nomination committee comprises Peter Cockburn as Chairman, and Ajay Kalsi. The committee considers the selection and re-appointment of Directors. It identifies and nominates candidates to all board vacancies and regularly reviews the structure, size and composition of the board (including the skills, knowledge and experience) and makes recommendations to the Board with regard to any changes.

SHARE DEALING

The Company has adopted a share dealing code (based on the Model Code) and the Company takes all proper and reasonable steps to ensure compliance by Directors and relevant employees.

THE CITY CODE ON TAKEOVERS AND MERGERS

The Code applies to offers for all listed and unlisted public companies considered by the Panel resident in the UK, the Channel Islands or the Isle of Man. The Panel normally considers a Company to be resident only if it is incorporated in the United Kingdom, the Channel Islands or the Isle of Man and has its place of central management in one of those jurisdictions. It is emphasised that although the Ordinary Shares trade on AIM, the Company is not subject to takeover regulations in the UK. However, certain provisions analogous to parts of the Code in particular the making of mandatory offers have been incorporated into the Articles which are available on the Company website, www.indusgas.com.

DISCLOSURE AND TRANSPARENCY RULES

As a Company incorporated in Guernsey, Shareholders are not obliged to disclose their interests in the Company in the same way as shareholders of certain companies incorporated in the UK. In particular, the relevant provisions of chapter 5 of the Disclosure and Transparency Rules (DTR) do not apply. While the Articles contain provisions requiring disclosure of voting rights in Ordinary Shares, which are similar to the provisions of the DTR, this may not always, ensure compliance with the requirements of Rule 17 of the AIM Rules. Furthermore, the Articles may be amended in the future by a special resolution of the Shareholders.

CONTROL BY SIGNIFICANT SHAREHOLDER

Gynia Holdings Limited, along with its wholly owned subsidiary Focusoil Inc. own a significant percentage of outstanding shares of the Company. As a significant shareholder, Gynia could exercise significant influence over certain corporate governance matters requiring shareholder approval, including the election of directors and the approval of significant corporate transactions and other transactions requiring a majority vote.

The Company, Arden Partners (Broker & Nomad), Gynia and Mr Ajay Kalsi have entered into a relationship agreement to regulate the arrangements between them. The relationship agreement applies for as long as Gynia directly or indirectly holds in excess of thirty per cent of the issued share capital of the Company and the Company's shares remain admitted to trading on AIM. The relationship agreement includes provisions to ensure that:

- The Board and its committees are able to carry on their business independently of the personal interests of Gynia;
- The constitutional documents of the Company are not changed in such a way which would be inconsistent with the relationship agreement;
- All transactions between the Group and Gynia (or its affiliates) are on a normal commercial basis and at arm's length;

- In the event of a conflict of interest between Gynia and the Board, no person who is connected with Gynia is appointed as a Non-Executive Director of the Company and no existing Non-Executive Director is removed as a director of the Company unless such an appointment or removal has been previously approved by the nomination committee of the Board and to the extent any previously approved Board composition (by the nomination committees) requiring the approval of the shareholders of the Company then Gynia will vote its Ordinary Shares in favour; and
- The Shareholder puts certain restrictions in place to prevent interference with the business of the Company.

Consolidated Financial Statements and Independent Auditor's Report

Indus Gas Limited and its subsidiaries
31 March 2021

Independent auditor's report

To the members of Indus Gas Limited

Opinion
Our opinion on the consolidated financial statements is unmodified

We have audited the consolidated financial statements of Indus Gas Limited (the 'Company') and its subsidiaries (the "Group") for the year ended 31 March 2021, which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- are in accordance with IFRSs as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- enquiring of senior management in relation to their going concern assessment, including the impact of the Covid-19 pandemic across the Group's operations;
- evaluating the management's assessment of the risks facing the Group and the Company including liquidity risk, funding risk, operation resilience and the ability to serve customers and ability to comply with regulations; and
- evaluating the appropriateness of the disclosures in the financial statements relating to going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's business model including effects arising from Covid-19. We assessed and challenged the reasonableness of estimates made by the directors and and the related disclosures and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit

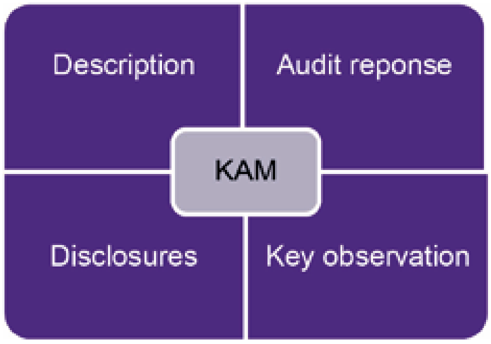
<table>
<tr><td rowspan="4">
</td><td>Overview of our audit approach</td></tr>
<tr><td>Overall materiality: US$ 2,224,500, which represents 5% of the Group's profit before taxation.

Our preliminary assessment of overall materiality was based on March 2021 draft management accounts. Applying the same basis, if March 2021 actual financial results were used, our materiality threshold would have been US$ 2,203,800. We did not revise materiality as actual financial results were not substantially different from the anticipated period end financial results that were used initially to determine materiality for the consolidated financial statements as a whole. We concluded that it remained appropriate to use materiality determined in risk assessment and planning.</td></tr>
<tr><td>Key audit matters were identified as:

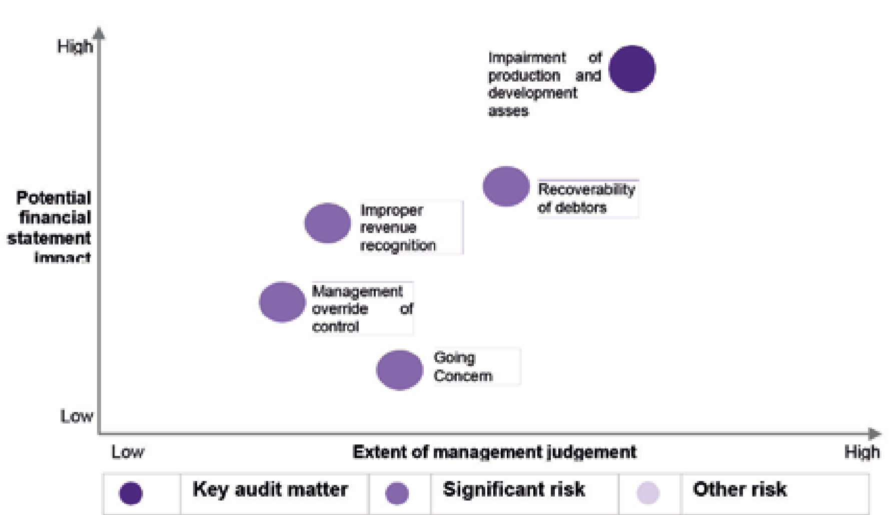
• impairment of production and development assets (Same as previous year)</td></tr>
<tr><td>Full scope audit procedures have been performed on the financial information of Indus Gas Limited and its subsidiary companies. There is no change in the scope of the audit from the prior year.</td></tr>
</table>

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



<table>
<tr><th>Key Audit Matter</th><th>How our scope addressed the matter</th></tr>
<tr><td>Impairment of production and development assets “P&D assets”

At 31 March 2021, the Group held P&D assets of US$ 1,073,574,440 (31 March 2020: US$ 973,892,980).

Recoverability of P&D assets is dependent on the expected future success of exploration activities. Under IAS 16 “Property, plant and equipment”, an impairment test is required, using the principles of International Accounting Standard (IAS) 36 “Impairment of Assets”, for P&D assets.

Based on our professional judgement, we determined the recoverability of the carrying amount of P&D assets amounting to $ 1,073,574,440 is dependent upon the future cashflows of the business. The company has capitalised taking into account the IFRS 6 and IAS 16 recognition criteria. In the previous years, the Group has got the reserves approved for the SSG and SSF field. Further the Management Committee has also approved the revised Field Development Plan (‘FDP’) in respect of the SGL area for the enhancement of production. Bearing in mind the generally long-lived nature of the Group’s assets, the most critical assumption in relation to the management’s assessment of future cash flows, which are used to project the recoverability of P&D assets are management’s views on sales volume and gas price outlook.

Impairment of property, plant and equipment has been identified as a key audit matter due to:

• The significance of the carrying value of assets being assessed
• The fact that the assessment of the recoverable amount of the Company’s CGUs and investments involves significant judgements about the future cash flow forecasts and the discount rate that is applied.</td><td>In responding to the key audit matter, we performed the following audit procedures:

• We corroborated, through obtaining supporting documentation and audit evidence, estimates of future cash flows and challenged whether these were appropriate in light of the future price, volume assumptions and the costs budgets. We checked the sensitivity analysis over inputs to the cash flow models wherein we have challenged the assumptions taken by management (including price, discount rate, operating cost etc);
• We have assessed the appropriateness of management’s defined cash generating units (“CGUs”);
• We examined the methodology used at the CGU level by the management to assess the carrying value of P&D assets assigned to the group’s principal CGU to evaluate its compliance with accounting standards and consistency of application.
• We have compared the carrying value of assets to the recoverable amount to ensure that carrying value is not in excess of recoverable amount.</td></tr>
<tr><td>Relevant disclosures in the Annual Report and Accounts 2020–2021

• Financial statements: Note 6.7, Impairment testing for exploration and evaluation assets and property, plant and equipment;
• Financial statements: Note 8, Property, plant and equipment;</td><td>Our results

Based on our audit work, we are satisfied that the consolidated financial statements are fairly stated in accordance with IFRS and the Group’s accounting policies.</td></tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

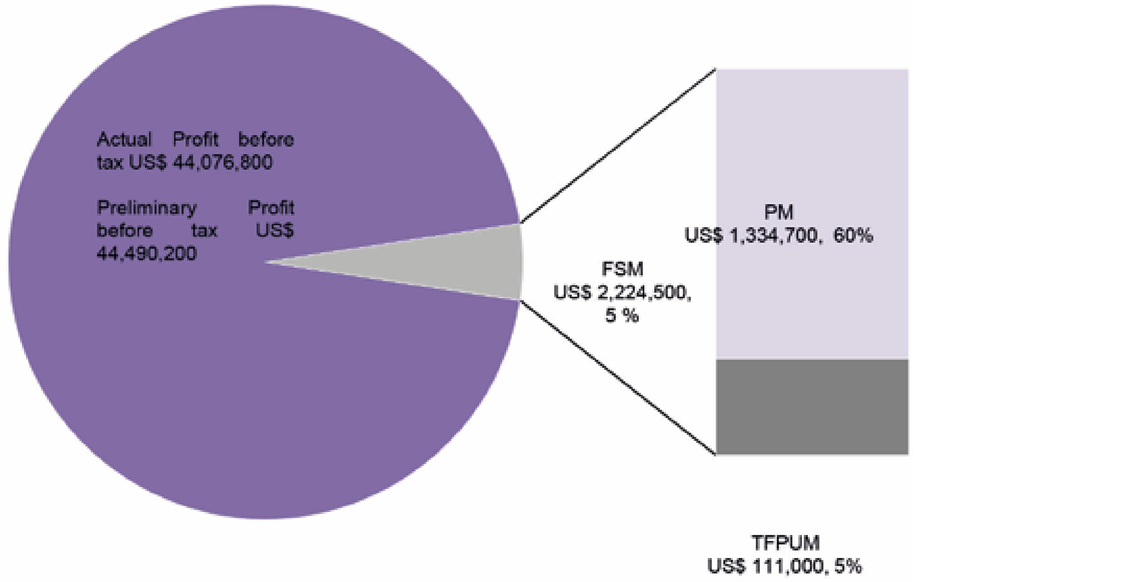
Materiality was determined as follows:

Materiality measure	**Group**
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	US$ 2,224,500 which is 5% of profit before tax.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • Profit before tax is considered most appropriate because this is used by investors of the Group's consolidated financial statements to judge the performance of the Group and is a significant aspect for measurement of the effectiveness of the Group's operations for management. Materiality for the current year is lower than the level that we determined for the year ended 31 March 2020 due to decrease in profit before tax for the year ended 31 March 2021.
Significant revision of materiality threshold that was made as the audit progressed	There were no significant revisions of our materiality threshold as the audit progressed. Our preliminary assessment of overall materiality was based on March 2021 draft management accounts. Applying the same basis, if March 2021 actual financial results were used, our materiality threshold would have been US$ 2,203,800. We did not revise materiality as actual financial results were not substantially different from the anticipated period end financial results that were used initially to determine materiality for the consolidated financial statements as a whole. We concluded that it remained appropriate to use materiality determined in risk assessment and planning.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	US$ 1,334,700 which is 60% of financial statement materiality.

Materiality measure	Group
Significant judgements made by auditor in determining the performance materiality Significant revision of performance materiality threshold that was made as the audit progressed	In determining performance materiality, we made the following significant judgements • Our risk assessment, including our assessment of the Group's overall control environment There were no significant revisions of our performance materiality threshold as the audit progressed. Our preliminary assessment of overall materiality was based on March 2021 management accounts. Applying the same basis, if March 2021 actuals were used, our performance materiality threshold would have been US$ 1,322,300. We did not revise materiality as actual financial results were not substantially different from the anticipated period end financial results that were used initially to determine materiality for the consolidated financial statements as a whole. We concluded that it remained appropriate to use materiality determined in risk assessment and planning.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality	We have identified related party transactions and balances as a class of transactions, account balances or disclosures which would require to be audited on qualitative grounds.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	US$ 111,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality



FSM: Financial statements materiality, PM: Performanceiality materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organization of the group and effectiveness of group-wide controls, and changes in the business environment when assessing the level of work to be performed at each component. The group consists of two significant components and a parent company. In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the consolidated financial statements, we performed full scope audit procedures over all the components. This enabled us to obtain coverage of 100% of consolidated revenue, 100% coverage of consolidated profit before tax and 100% coverage of total assets for the group. All significant elements of the group's finance and accounting function are situated and managed centrally and operate under one common internal control environment; all operations of the group are also managed from this location. The approach adopted for the scope of the audit is same as that of the previous year and there has been no change.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the consolidated financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Group; or
- the consolidated financial statements are not in agreement with the accounting records and returns; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of directors for the consolidated financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the consolidated financial statements which give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and industry in which it operates. We determined that the following laws and regulations were most significant: IFRS as adopted by the EU, Companies (Guernsey) Law, 2008, and the relevant tax compliance regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, and bribery and corruption practices;
- We understood how the Group is complying with those legal and regulatory frameworks by, making inquiries to the management, those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes and papers provided to the Board;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - challenging assumptions and judgements made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- No matters about non-compliance with laws and regulations and fraud were communicated with the engagement team by management and no key audit matters relating to these have been identified;
- We assessed the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement teams:
  - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - Knowledge of industry in which the client operates
  - Understanding of the legal and regulatory requirements specific to the Group and
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Group's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the applicable statutory provisions; and
  - the Group's control environment, including:
  - the policies and procedures implemented to comply with applicable regulatory requirements, including the adequacy of the training to inform staff of the relevant legislation rules and other regulations of the regulator;
  - the adequacy of procedures for authorisation of transactions, internal review procedures over Group's compliance with regulatory requirements;
  - the authority of, and resources available to the compliance officer; and
- procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Carpenter
For and on behalf of Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey, Channel Islands

Date: 29 September 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in United States Dollars, unless otherwise stated)

	Note	31 March 2021	31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	**7**	1,080,954,065	980,692,787
Tax assets		916,330	2,029,537
Other assets		567	550
Total non-current assets		**1,081,870,962**	**982,722,874**
Current assets			
Inventories	**10**	8,538,264	7,635,420
Trade and other receivables	**11**	32,954,081	26,359,203
Prepayments to related party	**16**	124,394,123	59,558,299
Cash and cash equivalents	**12**	995,765	284,619
Total current assets		**166,882,233**	**93,837,541**
Total assets		**1,248,753,195**	**1,076,560,415**
LIABILITIES AND EQUITY			
Shareholders' equity			
Share capital	**13**	3,619,443	3,619,443
Additional paid-in capital	**13**	46,733,689	46,733,689
Currency translation reserve	**13**	(9,313,782)	(9,313,782)
Merger reserve	**13**	19,570,288	19,570,288
Retained earnings	**13**	216,743,618	188,815,231
Total shareholders' equity		**277,353,256**	**249,424,869**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTD.)

(All amounts in United States Dollars, unless otherwise stated)

	Note	31 March 2021	31 March 2020
Liabilities			
Non-current liabilities			
Long term debt, excluding current portion	**14**	207,959,625	224,294,116
Provision for decommissioning	**15**	1,912,427	1,699,209
Deferred tax liabilities (net)	**8**	109,653,312	93,504,835
Payable to related parties, excluding current portion	**16**	592,508,798	444,282,706
Deferred revenue	**18**	25,563,995	25,563,995
Total non-current liabilities		**937,598,157**	**789,344,861**
Current liabilities			
Current portion of long term debt	**14**	24,490,194	29,323,478
Current portion payable to related parties	**16**	349,019	351,405
Trade and other payables	**17**	3,885,483	3,038,716
Deferred revenue	**18**	5,077,086	5,077,086
Total current liabilities		**33,801,782**	**37,790,685**
Total liabilities		**971,399,939**	**827,135,546**
Total equity and liabilities		**1,248,753,195**	**1,076,560,415**

(The accompanying notes are an integral part of these consolidated financial statements)

These consolidated financial statements were approved and authorized for issue by the board on 29 September 2021 and was signed on its behalf by:

Peter Cockburn
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in United States Dollars, unless otherwise stated)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
Revenues	**18**	48,526,007	57,971,296
Cost of sales		(2,893,101)	(3,852,182)
Gross profit		**45,632,906**	**54,119,114**
Cost and expenses			
Administrative expenses		(1,154,696)	(736,630)
Operating profit		**44,478,210**	**53,382,484**
Foreign currency exchange loss, net	**20**	(401,346)	(260,754)
Profit before tax		**44,076,864**	**53,121,730**
Income taxes	**9**		
- Deferred tax expense		(16,148,477)	(4,062,159)
Profit for the year (attributable to the shareholders of the Group)		**27,928,387**	**49,059,571**
Total comprehensive income for the year (attributable to the shareholders of the Group)		**27,928,387**	**49,059,571**
Earnings per share	**22**		
Basic		*0.15*	*0.27*
Diluted		*0.15*	*0.27*

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in United States Dollars, unless otherwise stated)

	Common stock		Additional paid in capital	Currency translation reserve	Merger reserve	Retained earnings	Total shareholders' equity
	No. of shares	Amount					
Balance as at 1 April 2019	**182,973,924**	**3,619,443**	**46,733,689**	**(9,313,782)**	**19,570,288**	**139,755,660**	**200,365,298**
Total comprehensive income for the year	–	–	–	–	–	49,059,571	**49,059,571**
Balance as at 31 March 2020	**182,973,924**	**3,619,443**	**46,733,689**	**(9,313,782)**	**19,570,288**	**188,815,231**	**249,424,869**
Total comprehensive income for the year	–	–	–	–	–	27,928,387	**27,928,387**
Balance as at 31 March 2021	**182,973,924**	**3,619,443**	**46,733,689**	**(9,313,782)**	**19,570,288**	**216,743,618**	**277,353,256**

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF CASH FLOW

(All amounts in United States Dollars, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from operating activities		
Profit before tax	44,076,864	53,121,730
Adjustments		
Unrealized exchange (gain)/loss	(57,126)	364,016
Interest income	–	–
Depreciation	1,665,054	2,072,366
Changes in operating assets and liabilities		
Inventories	(902,843)	1,692,563
Trade receivables	(6,590,422)	1,299,558
Other current and non–current assets	(4,473)	(30,167)
Payable to related party–operating activities	2,759,207	2,815,402
Provisions for decommissioning	213,218	92,384
Accrued expenses and other liabilities	844,380	968,363
Cash generated from operations	42,003,859	62,396,215
Income taxes paid	1,113,207	317,441
Net cash generated from operating activities	**43,117,066**	**62,713,656**
Cash flow from investing activities		
Purchase of property, plant and equipment	(121,601,484)	(90,871,650)
Interest received	–	–
Net cash used in investing activities	**(121,601,484)**	**(90,871,650)**
Cash flow from financing activities Repayment of long term debt from banks	(21,168,000)	(39,402,000)
Proceeds from loans by related parties	116,950,000	87,900,000
Payment of interest	(16,618,465)	(20,168,638)
Net cash generated from financing activities	**79,163,535**	**28,329,362**
Net increase in cash and cash equivalents	**679,117**	**171,368**
Cash and cash equivalents at the beginning of the year	284,619	129,152
Effects of exchange differences on cash and cash equivalents	32,029	(15,901)
Cash and cash equivalents at the end of the year	**995,765**	**284,619**

(The accompanying notes are an integral part of these consolidated financial statements)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in United States Dollars, unless otherwise stated)

1. INTRODUCTION

Indus Gas Limited ("Indus Gas" or "the Company") was incorporated in the Island of Guernsey on 4 March 2008 pursuant to an Act of the Royal Court of the Island of Guernsey. The Company was set up to act as the holding Company of iServices Investments Limited. ("iServices") and Newbury Oil Co. Limited ("Newbury"). iServices and Newbury are companies incorporated in Mauritius and Cyprus, respectively. iServices was incorporated on 18 June 2003 and Newbury was incorporated on 17 February 2005. The Company was listed on the Alternative Investment Market (AIM) of the London Stock Exchange on 6 June 2008. Indus Gas through its wholly owned subsidiaries iServices and Newbury (hereinafter collectively referred to as "the Group") are engaged in the business of oil and gas exploration, development and production.

Focus Energy Limited ("Focus"), an entity incorporated in India, entered into a Production Sharing Contract ("PSC") with the Government of India ("GOI") and Oil and Natural Gas Corporation Limited ("ONGC") on 30 June 1998 for petroleum exploration and development concession in India known as RJ-ON/06 ("the Block"). Focus is the Operator of the Block. On 13 January 2006, iServices and Newbury entered into an interest sharing agreement with Focus and obtained a 65 per cent and 25 per cent share respectively in the Block. The balance of 10 per cent of participating interest is owned by Focus. The participating interest explained above is subject to any option exercised by ONGC in respect of individual fields (already exercised for all the wells in SGL field as further explained in note 3).

2. GENERAL INFORMATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The consolidated financial statements have been prepared on a going concern basis (refer to note 28), and are presented in United States Dollar (US$). The functional currency of the Company as well as its subsidiaries is US$.

3. JOINTLY CONTROLLED ASSETS

As explained above, the Group through its subsidiaries-iServices and Newbury has an "Interest sharing arrangement" with Focus in the block, which under IFRS 11 Joint Arrangements, is classified as a 'Joint operation'. All rights and obligations in respect of exploration, development and production of oil and gas resources under the 'Interest sharing agreement' are shared between Focus, iServices and Newbury in the ratio of 10 per cent, 65 per cent and 25 per cent respectively.

Under the PSC, the GOI, through ONGC has an option to acquire a 30 per cent participating interest in any discovered field, upon such successful discovery of oil or gas reserves, which has been declared as commercially feasible to develop.

The block is divided into 3 fields - SGL, SSF and SSG.

The SGL field received its declaration of commercial discovery on 21 January 2008. Subsequent to the declaration of commercial discovery in SGL field, ONGC exercised the option to acquire a 30 per cent participating interest in the discovered fields on 6 June 2008. The exercise of this option would reduce the interest of the existing partners proportionately.

However, on exercise of this option, ONGC is liable to pay its share of 30 per cent of the SGL field development costs and production costs incurred after 21 January 2008 and are entitled to a 30 per cent share in the production of gas subject to recovery of contract costs as explained below.

The allocation of the production from the field to each participant in any year is determined on the basis of the respective proportion of each participant's cumulative unrecovered contract costs as at the end of the previous year or where there is no unrecovered contract cost at the end of previous year on the basis of participating interest of each such participant in the field.

On the basis of the above, gas production for the year ended 31 March 2021 is shared between Focus, iServices and Newbury in the ratio of 10 percent, 65 percent and 25 percent, respectively. ONGC will not be entitled to any participating interest in the production until the full exploration and development cost is recovered by other participants.

The aggregate amounts relating to jointly controlled assets, liabilities, expenses and commitments related thereto that have been included in the consolidated financial statements are as follows:

	31 March 2021	31 March 2020
Non-current assets	1,080,954,065	980,692,787
Current assets	132,932,387	67,193,720
Non-current liabilities	1,912,427	1,699,209
Expenses (net of finance income)	2,732,049	2,815,402
Commitments	NIL	NIL

Further, the SSF and SSG field also received its declaration of commerciality on 24th November 2014. Subsequent to the declaration of commerciality for SSF and SSG discovery, ONGC did not exercise the option to acquire 30 percent in respect of SSG and SSF field. The participating interest in SSG and SSF field between Focus, iServices and Newbury will remain in ratio of 10 percent, 65 percent and 25 percent respectively for exploration, evaluation and development cost, and production revenue for SSF and SSG in the block.

4. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

There are few Standards, interpretations or amendments that have been issued prior to the date of approval of these financial statements and endorsed by IASB. Following are the amendments that applicable from financial year beginning 1 January 2020.

a. Definition of a Business (Amendments to IFRS 3)

b. Definition of Material (Amendments to IAS 1 and IAS 8)

c. Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

d. COVID-19 Rent Related Concessions (Amendments to IFRS 16)

These amendments do not have a significant impact on the Financial Statements and therefore the disclosures have not been made.

5. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE AND YET TO BE APPLIED BY THE GROUP

A number of new and amended accounting standards and interpretations have been published that are not mandatory for the Group's accounts ended 31 March 2021, nor have they been early adopted. These standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements:

- IFRS 17 Insurance Contracts (effective from 1 January 2023)
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4, effective from 1 January 2023)
- References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37, effective from 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41, effective from 1 January 2022)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (effective from 1 January 2023).

6. SUMMARY OF ACCOUNTING POLICIES

The consolidated financial statements have been prepared on a historical basis, except where specified below. A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements are detailed below.

6.1. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the parent company and all of its subsidiary undertakings drawn up to 31 March 2021. The Group consolidates entities which it controls. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

The Group recognises in relation to its interest in a joint operation:

a. its assets, including its share of any assets held jointly;

b. its liabilities, including its share of any liabilities incurred jointly;

c. its revenue from the sale of its share of the output arising from the joint operation;

d. its share of the revenue from the sale of the output by the joint operation; and

e. its expenses, including its share of any expenses incurred jointly.

Intra-Group balances and transactions, and any unrealised gains and losses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or losses of subsidiaries acquired or disposed of during the year are recognised from the date of control of acquisition, or up to the effective date of disposal, as applicable.

6.2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing consolidated financial statements, the Group's management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for the useful life and residual value of tangible assets, impairment of tangible and intangible assets and recognition of provision for decommissioning represent certain particularly sensitive estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, revenues and expenses is provided in note 26.

6.3. FOREIGN CURRENCIES

The consolidated financial statements have been presented in US$ which is the functional currency of the Company and the group entities.

Foreign currency transactions are translated into the functional currency of the respective Group entities, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Functional currency is the currency of the primary economic environment in which the entity operates.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items and other foreign currency transactions are recognised in consolidated statement of comprehensive income.

Non-monetary items measured at historical cost are recorded in the functional currency of the entity using the exchange rates at the date of the transaction.

6.4. REVENUE RECOGNITION

In accordance with IFRS 15, Revenue from contracts with customers is recognised when or as the Company satisfies a performance obligation by transferring control of a promised good or service to a customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the sale of products and service, net of taxes on sales, estimated rebates and other similar allowances.

Sale of gas

The contracts with customers establishes, a single performance obligation in relation to supply of natural gas. The transfer of control of natural gas coincides with title passing to the customer and the customer taking physical possession. The whole of the transaction price of the contract is allocated to supply of natural gas and the revenue has been recognised on point in time basis when the quantities of natural gas are supplied to the customers.

Take or pay: Any payment received on account of lesser gas volume lifted by the customer against the 'annual contracted volume' for which an obligation exists to make-up such differential gas in subsequent periods is recognised as Contract Liabilities in the year of receipt. Revenue in respect of take or pay obligation is recognised when such gas is actually supplied or when the customer's right to make up is expired, whichever is earlier. For other contracts, where the Company does not have any obligation to make up such gas in subsequent period is directly recognised as revenue.

Revenue from technical services

The Company provides technical and commercial feasibility reports to its customers to enable them in their evaluation of investments in oil and gas fields. Each report is considered as a separate performance obligation and the transfer of control of reports coincides with acceptance of reports by the customer. The price charged for each such report is reflective of its standalone selling price and the revenue has been recognised on point in time basis on acceptance of the report by its customers.

6.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises development assets and other properties, plant and equipment used in the gas fields and for administrative purposes. These assets are stated at cost plus decommissioning cost less accumulated depreciation and any accumulated impairment losses.

Development assets are accumulated on a field by field basis and comprise costs of developing the commercially feasible reserve, expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and other costs of bringing such reserves into production. It also includes the exploration and evaluation costs incurred in discovering the commercially feasible reserve, which have been transferred from the exploration and evaluation assets as per the policy mentioned in note 6.6. As consistent with the full cost method, all exploration and evaluation expenditure incurred up to the date of the commercial discovery have been classified under development assets of that field.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income of the year in which the asset is derecognized. However, where the asset is being consumed in developing exploration and evaluation intangible assets, such gain or loss is recognized as part of the cost of the intangible asset.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each period end. No depreciation is charged on development assets until production commences.

Depreciation on property, plant and equipment is provided at rates estimated by the management. Depreciation is computed using the straight line method of depreciation, whereby each asset is written down to its estimated residual value evenly over its expected useful life. The useful lives estimated by management are as follows:

Extended well test equipment	20 years
Bunk houses	5 years
Vehicles	5 years
Other assets	
Furniture and fixture	5 years
Buildings	10 years
Computer equipment	3 years
Other equipment	5 years

Land acquired is recognized at cost and no depreciation is charged as it has an unlimited useful life.

Production assets are depreciated from the date of commencement of production, on a field by field basis with reference to the unit of production method for the commercially probable and proven reserves in the particular field.

Advances paid for the acquisition/ construction of property, plant and equipment which are outstanding as at the end of the reporting period and the cost of property, plant and equipment under construction before such date are disclosed as 'Capital work-in-progress'.

6.6. EXPLORATION AND EVALUATION ASSETS

The Group adopts the full cost method of accounting for its oil and gas interests, having regard to the requirements of IFRS 6: *Exploration for and Evaluation of Mineral Resources.* Under the full cost method of accounting, all costs of exploring for and evaluating oil and gas properties, whether productive or not are accumulated and capitalized by reference to appropriate cost pools. Such cost pools are based on geographic areas and are not larger than a segment. The Group currently has one cost pool being an area of land located in Rajasthan, India.

Exploration and evaluation costs may include costs of license acquisition, directly attributable exploration costs such as technical services and studies, seismic data acquisition and processing, exploration drilling and testing, technical feasibility, commercial viability costs, finance costs to the extent they are directly attributable to financing these activities and an allocation of administrative and salary costs as determined by management. All costs incurred prior to the award of an exploration license are written off as a loss in the year incurred.

Exploration and evaluation costs are classified as tangible or intangible according to the nature of the assets acquired and the classification is applied consistently. Tangible exploration and evaluation assets are recognized and measured in accordance with the accounting policy on property, plant and equipment. To the extent that such a tangible asset is consumed in developing an intangible exploration and evaluation asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset.

Exploration and evaluation assets are not amortized prior to the conclusion of appraisal activities. Where technical feasibility and commercial viability is demonstrated, the carrying value of the relevant exploration and evaluation asset is reclassified as a development and production asset and tested for impairment on the date of reclassification. Impairment loss, if any, is recognized.

6.7. IMPAIRMENT TESTING FOR EXPLORATION AND EVALUATION ASSETS AND PROPERTY, PLANT AND EQUIPMENT

An impairment loss is recognized for the amount by which an asset's cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

Where there are indicators that an exploration asset may be impaired, the exploration and evaluation assets are grouped with all development/producing assets belonging to the same geographic segment to form the Cash Generating Unit (CGU) for impairment testing. Where there are indicators that an item of property, plant and equipment asset is impaired, assets are grouped at the lowest levels for which there are separately identifiable cash flows to form the CGU. The combined cost of the CGU is compared against the CGU's recoverable amount and any resulting impairment loss is written off in the profit or loss of the year. No impairment has been recognized during the year.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a re-valued amount, in which case the reversal is treated as a revaluation increase.

6.8. FINANCIAL ASSETS

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. The value of interest free financial assets and financial liabilities with short term maturities are not discounted at initial recognition if the impact is not material. Financial assets and financial liabilities are measured subsequently as described below.

Recognition of financial asset

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- Fair value through other comprehensive income (FVOCI) - debt investment;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except when the group changes its business model for managing financial assets during the period.

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

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

- The category determines subsequent measurement and whether any resulting income and expense is recognised in consolidated statement of comprehensive income.

After initial recognition, financials assets at amortised cost are measured at amortised cost using the effective interest method.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.
- financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Group applies the simplified approach required by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

6.9. FINANCIAL LIABILITIES

The Group's financial liabilities include borrowings, trade payables and other payables which are classified as financial liabilities recognised at amortised cost. Financial liabilities are measured subsequently at amortized cost using the effective interest method except for financial liabilities at fair value through profit or loss ("FVTPL"), that are carried subsequently at fair value with gains or losses recognised in profit or loss in consolidated statement of comprehensive income.

6.10. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Inventories of drilling stores and spares are accounted at cost including taxes, duties and freight. The cost of all inventories other than drilling bits is computed on the basis of the first in first out method. The cost for drilling bits is computed based on specific identification method.

6.11. ACCOUNTING FOR INCOME TAXES

Income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period that are unrecovered/unpaid at the date of the statement of financial position. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in consolidated statement of comprehensive income.

Deferred income taxes are calculated using the balance sheet method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statement with their tax base. The cost incurred on the each field is claimed as deduction from the year of commercial production. Deferred tax is, however, neither provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates and laws that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the date of the statement of financial position.

Changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss of the year, except where they relate to items that are charged or credited directly to other comprehensive income or equity in which case the related deferred tax is also charged or credited directly to other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

6.12. BORROWING COSTS

Any interest payable on funds borrowed for the purpose of obtaining qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, is capitalised as a cost of that asset until such time as the assets are substantially ready for their intended use or sale. While the Company has not made any specific borrowings for construction of a qualifying asset, they have capitalised certain borrowing costs on account of general borrowings at an average rate of borrowings for the Company in terms of IAS 23 'Borrowing Costs'.

Any associated interest charge from funds borrowed principally to address a short-term cash flow shortfall during the suspension of development activities is expensed in the period. Transaction costs incurred towards an unutilised debt facility are treated as prepayments to be adjusted against the carrying value of debt as and when drawn.

6.13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, at bank in demand deposits and deposits with maturities of 3 months or less from inception, which are readily convertible to known amounts of cash. These assets are subject to an insignificant risk of change in value.

6.14. LEASING ACTIVITIES

IFRS 16 supersedes IAS 17 Leases. All contracts that meet the definition of a lease will be recorded in the consolidated statements of financial position with a "Right of use" asset and a corresponding lease liability. The Group has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and for leases of low-value assets.

In accordance with management's evaluation, the Group's leases do not fall under the definition of leases as per the standard since the Group does not have the right to direct the use of the leased asset. The operator of the block i.e. Focus Energy Limited has entered the lease agreements and it has not been subleased to joint arrangement. Therefore, the Group recognises its share in the lease cost from the operations in accordance with the IFRS 6 "Exploration for and evaluation of mineral resources".

Where the Group makes the lease payments in respect of its share of lease cost for exploration and evaluation activities or development and production activities, these are capitalised as part of the cost of these assets (Exploration and evaluation, development and production assets).

6.15. OTHER PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision net of any reimbursement is recognised in profit or loss of the year. To the extent such expense is incurred for construction or development of any asset, it is included in the cost of that asset. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as other finance expenses.

Provisions include decommissioning provisions representing management's best estimate of the Group's liability for restoring the sites of drilled wells to their original status. Provision for decommissioning is recognised at the present value of the estimated future expenditure when the Group has an obligation and a reliable estimate can be made, with a corresponding addition to property, plant and equipment which is subsequently depreciated as part of the asset.

Commitments and contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised but disclosed in the financial statements when an inflow of economic benefits is probable but when it is virtually certain than the asset is recognised in the financial statements.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the statement of financial position and no disclosure is made.

6.16. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segments and to assess their performance. The Company considers that it operates in a single operating segment being the production and sale of gas.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

Cost	Land	Extended well test equipment	Development assets	Production assets	Bunk Houses	Vehicles	Other assets	Capital work–in–progress	Total
Balance as at 31 March 2019	**167,248**	**4,587,730**	**678,038,141**	**212,011,941**	**5,926,920**	**4,773,327**	**1,690,100**	**1,636,932**	**908,832,339**
Additions	–	287,354	100,548,333	29,008,120	1,013,584	143,708	5,165	1,020,875	132,027,139
Transfers	–	–	–	–	929,071	–	–	(929,071)	–
Disposals	–	–	–	–	–	–	–	–	–
Balance as at 31 March 2020	**167,248**	**4,875,084**	**778,586,474**	**241,020,061**	**7,869,575**	**4,917,035**	**1,695,265**	**1,728,736**	**1,040,859,478**
Additions	–	39,344	101,349,205	–	–	–	–	1,165,653	102,554,202
Transfers	–	–	(17,556,303)	17,556,303	–	–	–	–	–
Disposals	–	–	–	(2,691)	–	–	–	–	(2,691)
Balance as at 31 March 2021	**167,248**	**4,914,428**	**862,379,376**	**258,573,673**	**7,869,575**	**4,917,035**	**1,695,265**	**2,894,389**	**1,143,410,989**
Accumulated Depreciation									
Balance as at 1 April 2019	**–**	**2,282,425**	**–**	**43,641,189**	**5,782,117**	**4,243,213**	**1,605,836**	**–**	**57,554,780**
Depreciation for the year	–	189,687	–	2,072,366	111,078	194,869	43,909	–	2,611,909
Balance as at 31 March 2020	**–**	**2,472,112**	**–**	**45,713,555**	**5,893,195**	**4,438,082**	**1,649,747**	**–**	**60,166,691**
Depreciation for the year	–	201,548	–	1,665,054	125,401	264,600	33,630	–	2,290,233
Balance as at 31 March 2021	**–**	**2,673,660**	**–**	**47,378,609**	**6,018,596**	**4,702,682**	**1,683,377**	**–**	**62,456,924**
Carrying values									
At 31 March 2019	167,248	2,305,305	678,038,141	168,370,752	144,803	530,114	84,262	1,636,932	**851,277,557**
At 31 March 2020	167,248	2,402,972	778,586,474	195,306,506	1,976,380	478,953	45,518	1,728,736	**980,692,787**
At 31 March 2021	167,248	2,240,768	862,379,376	211,195,064	1,850,979	214,353	11,888	2,894,389	**1,080,954,065**

The balances above represent the Group's share in property, plant and equipment as per note 3. Tangible assets comprise development /production assets in respect of SGL field and development assets in respect of SSF and SSG field.

Development assets of the SGL field include the amount of exploration and evaluation expenditure transferred to development cost on the date of the first commercial discovery declared by the Group in 2012 and also includes expenditure incurred for the drilling of further wells in the SGL field to enhance the production activity. Production assets in respect of SGL field includes completed production facilities and under construction gas gathering station - 2. The Group commenced the production facility in October 2012, and accordingly such production assets have been depreciated since this date.

On 19 November 2013, Focus Energy Limited submitted an integrated declaration of commerciality (DOC) to the Directorate General of Hydrocarbons, ONGC, the Government of India and the Ministry of Petroleum and Natural Gas. Upon submission of DOC, exploration and evaluation cost incurred on SSF and SSG field was transferred to development cost. Focus continued to carry out further appraisal activities in the Block, and exploration and evaluation cost incurred subsequent to 19 November 2013, to the extent considered recoverable as per DOC submitted by Focus, is immediately transferred on incurrence to development assets.

Further, field development plan has been approved by Directorate General of Hydrocarbons ('DGH') as on 23 June 2017. Accordingly, the cost incurred on the aforesaid fields from 23 June 2017 is capitalised directly to development cost.

Development assets of SSF and SSG are explained above. The assessment of these reserves by the Directorate General of Hydrocarbons, ONGC, the Government of India and the Ministry of Petroleum and Natural Gas has been received by the Company post 31 March 2017 hence pending the development for production activities, no depreciation has been charged on the same.

The additions in development assets also include borrowing costs US$ 47,894,782 (previous year: US$ 45,891,007). The weighted average capitalisation rate on funds borrowed generally is 6.75 per cent per annum (previous year 6.74 per cent).

The depreciation has been included in the following headings-

	31 March 2021	31 March 2020
Depreciation included in development assets	625,179	539,543
Depreciation included in statement of comprehensive income under the head cost of sales	1,665,054	2,072,366
Total	**2,290,233**	**2,611,909**

8. DEFERRED TAX ASSETS/LIABILITIES (NET)

Deferred taxes arising from temporary differences are summarized as follows:

	31 March 2021	31 March 2020
Deferred tax assets		
Unabsorbed losses/credits	256,662,686	275,249,311
Total	**256,662,686**	**275,249,311**
Deferred tax liability		
Development assets/property, plant and equipment	366,315,998	368,754,146
Total	**366,315,998**	**368,754,146**
Net deferred tax liabilities	**109,653,312**	**93,504,835**

a) The Group has recognised deferred tax assets on all of its unused tax losses/unabsorbed depreciation considering there is convincing evidence of availability of sufficient taxable profit in the Group in the future as summarized in note 9.

b) The deferred tax movements during the current year have been recognised in the consolidated statement of comprehensive income.

9. INCOME TAXES

Income tax is based on the tax rates applicable on profit or loss in various jurisdictions in which the Group operates. The effective tax at the domestic rates applicable to profits in the country concerned as shown in the reconciliation below have been computed by multiplying the accounting profit by the effective tax rate in each jurisdiction in which the Group operates. The individual entity amounts have then been aggregated for the consolidated financial statements. The effective tax rate applied in each individual entity has not been disclosed in the tax reconciliation below as the amounts aggregated for individual Group entities would not be a meaningful number.

Income tax credit is arising on account of the following:

	31 March 2021	31 March 2020
Deferred tax charge	(16,148,477)	(4,062,159)
Total	**(16,148,477)**	**(4,062,159)**

The relationship between the expected tax expense based on the domestic tax rates for each of the legal entities within the Group and the reported tax expense in consolidated statement of comprehensive income is reconciled as follows:

	31 March 2021	31 March 2020
Accounting profit for the year before tax	**44,076,864**	**53,121,730**
Effective tax at the domestic rates applicable to profits in the country concerned	19,252,774	23,203,572
Tax impact of bought forward losses lapsed during the year	13,710,329	–
Non-taxable income	(16,814,626)	(19,141,413)
Tax expense	**16,148,477**	**4,062,159**

The reconciliation shown above has been based on the rate 43.68 per cent (previous year: 43.68 per cent) as applicable under Indian tax laws.

The Company's profits are taxable as per the tax laws applicable in Guernsey where zero per cent tax rate has been prescribed for corporates. Accordingly, there is no tax liability for the Group in Guernsey. iServices and Newbury being participants in the PSC are covered under the Indian Income tax laws as well as tax laws for their respective countries. However, considering the existence of double tax avoidance arrangement between Cyprus and India, and Mauritius and India, profits in Newbury and iServices are not likely to attract any additional tax in their local jurisdiction. Under Indian tax laws, Newbury and iServices are allowed to claim the entire expenditure incurred in respect of the respective fields in the Oil Block until the start of commercial production (whether included in the exploration and evaluation assets or development assets) as deductible expense in the first year of commercial production or over a period of 10 years. The Group has opted to claim the expenditure in the first year of commercial production. As the Group has commenced commercial production for the SGL field in 2011 and has generated profits in Newbury and iServices, the management believes there is reasonable certainty of utilization of such losses in the future years and thus a deferred tax asset has been created in respect of these.

10. INVENTORIES

Inventories comprise the following:

	31 March 2021	31 March 2020
Drilling and production stores and spares	7,340,320	6,232,486
Fuel	84,905	68,620
Goods in transit	1,113,039	1,334,314
Total	**8,538,264**	**7,635,420**

The above inventories are held for use in the exploration, development and production activities. These are valued at cost determined based on policy explained in paragraph 6.10. Inventories of US$ 51,365 (previous year: US$ 115,326) were recorded as an expense under the heading 'cost of sales' in the consolidated statement of comprehensive income during the year ended 31 March 2021. Inventories of US$ 12,258,604 (previous year: US$ 11,960,540) were capitalized as part of development assets.

11. TRADE AND OTHER RECEIVABLE

	31 March 2021	31 March 2020
Trade receivable	32,908,490	26,318,068
Prepayments	45,591	41,135
Total	**32,954,081**	**26,359,203**

The carrying amount of trade receivables approximates their fair values. Refer "Credit risk" in note 29 for further information.

12. CASH AND CASH EQUIVALENTS

	31 March 2021	31 March 2020
Cash at banks in current accounts	995,765	284,619
Total	**995,765**	**284,619**

The Group only deposits cash surpluses with major banks of high quality credit standing.

13. EQUITY

Authorised share capital

The total authorised share capital of the Company is GBP 5,000,000 divided into 500,000,000 shares of GBP 0.01 each.

Issued share capital

The total issued share capital of the Company is USD 3,619,443 (previous year: 3,619,443) divided into 182,973,924 shares (previous year: 182,973,924).

For all matters submitted to vote in the shareholders meeting of the Company, every holder of ordinary shares, as reflected in the records of the Company on the date of the shareholders' meeting has one vote in respect of each share held.

All shareholders are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the individual entities of the Group.

Additional paid in capital

Additional paid-in capital represents excess over the par value of share capital paid in by shareholders in return for the shares issued to them, recorded net of expenses incurred on issue of shares.

Currency translation reserve

Currency translation reserve represents the balance of translation of the entities financial statements into US$ until 30 November 2010 when its functional currency was assessed as GBP. Subsequent to 1 December 2010, the functional currency of Indus Gas was reassessed as US$.

Merger reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition made by the issue of shares of subsidiaries from other entities under common control.

Retained earnings

Retained earnings include current and prior period retained profits.

14. LONG TERM DEBT

From Banks

	Maturity	31 March 2021	31 March 2020
Non-current portion of long term debt	2024 (PY: 2022/2024)	57,979,631	74,400,500
Current portion of long term debt		20,923,919	25,750,809
Total		**78,903,550**	**100,151,309**

Current interest rates are variable and weighted average interest for the year was 6.75 per cent per annum (previous year: 6.78 per cent per annum). The fair value of the above variable rate borrowings is considered to approximate their carrying amounts. The maturity profile (undiscounted) is explained in note 29.

Due to the outbreak of the Covid-19 pandemic, RBI has issued guidelines relating to Covid-19 Regulatory Package dated April 7, 2020 wherein Banks have proposed to offer six months holiday on the payment of instalments to eligible borrowers. The Company has availed the offer and accordingly made the repayments of long term loans from Bank.

Interest capitalised on loans above have been disclosed in notes 7.

The term loans are secured by the following:

- First charge on all project assets of the Group both present and future, to the extent of SGL Field Development and to the extent of capex incurred out of this facility in the rest of RJ-ON/6 field.
- First charge on the current assets (inclusive of condensate receivable) of the Group to the extent of SGL field.
- First Charge on the entire current assets of the SGL Field and to the extent of capex incurred out of this facility in the rest of RJ-ON/6 field.

From Bonds

	Maturity	31 March 2021	31 March 2020
Non-current portion of long term debt	2023	149,979,995	149,893,616
Current portion of long term debt		3,566,275	3,572,669
Total		**153,546,270**	**153,466,285**

The Group has issued US Dollar 150 million bonds which carries interest at the rate of 8 per cent per annum. These bonds are unsecured bonds and are fully repayable at the end of 5 years i.e. December 2022, further interest on these notes is paid semi-annually.

15. PROVISION FOR DECOMMISSIONING

	Amount
Balance at 1 April 2019	**1,606,825**
Increase in provision	92,384
Balance as at 31 March 2020	**1,699,209**
Increase in provision	213,218
Balance as at 31 March 2021	**1,912,427**

As per the PSC, the Group is required to carry out certain decommissioning activities on gas wells. The provision for decommissioning relates to the estimation of future disbursements related to the abandonment and decommissioning of gas wells. The provision has been estimated by the Group's engineers, based on individual well filling and coverage. This provision will be utilised when the related wells are fully depleted. The majority of the cost is expected to be incurred within a period of the next 4 years.

16. PAYABLE/RECEIVABLE TO RELATED PARTIES

Related parties payable comprise the following:

	Maturity	31 March 2021	31 March 2020
Current			
Payable to directors	On demand	349,019	351,405
		349,019	**351,405**
Other than current			
Borrowings from Gynia Holdings Ltd.*		592,508,798	444,282,706
		592,508,798	**444,282,706**
Total		**592,857,817**	**444,634,111**

* Borrowings from Gynia Holdings Ltd. carries an interest rate of 6.5 per cent per annum compounded annually. The entire outstanding balance (including interest) is subordinate to the loans taken from the banks (detailed in note 14) and therefore, is payable along with related interest subsequent to repayment of bank loan in year 2024.

Interest capitalised on loans above have been disclosed in notes 7.

Related parties' receivable comprise the following:

	Maturity	31 March 2021	31 March 2020
Current			
Prepayments to Focus	On demand	124,394,123	59,558,299
Total		**124,394,123**	**59,558,299**

Prepayments to Focus

Prepayments to Focus represents excess amounts paid to them in respect of the Group's share of contract costs, for its participating interest in Block RJ-ON/6 pursuant to the terms of Agreement for Assignment dated 13 January 2006 and its subsequent amendments from time to time.

17. TRADE AND OTHER PAYABLES

	31 March 2021	31 March 2020
Trade payables	3,829,578	2,948,400
VAT payables	35,241	50,653
Other liabilities	20,664	39,663
	3,885,483	**3,038,716**

The carrying amount of trade and other payable approximates their fair values and are non-interest bearing.

18. REVENUE

The Group's revenue disaggregated by primary geographical markets is as follows:

	31 March 2021	31 March 2020
Asia	33,026,007	37,371,296
Europe	15,500,000	20,600,000
	48,526,007	**57,971,296**

The Group's revenue disaggregated by the portion of revenue recognition is as follows:

	31 March 2021	31 March 2020
Goods transferred at a point in time	33,026,007	37,371,296
Services transferred at a point in time	15,500,000	20,600,000
	48,526,007	**57,971,296**

Sale of Goods (Gas)

The revenue majorly pertains to the sale of natural gas and condensate production (by-product). The Group sells its natural gas to GAIL at a price fixed under the agreement. The condensate is sold in the open market through bidding. Further, the Company has entered into a gas sale agreement wherein the customer is liable to pay 75% (Previous year: 75%) of the annual contracted quantity if the customer does not purchase gas during the financial year.

Sale of services

The sale of services represents revenue earned from technical and other support services being rendered to oil and gas exploration companies.

Contractual assets and Contractual Liabilities

	31 March 2021		31 March 2020	
	Current	Non-current	Current	Non-current
Opening balance of Contract liabilities – Deferred revenue	5,077,086	25,563,995	5,077,086	25,563,995
Less: Amount of revenue recognised against opening contract liabilities	(5,077,086)	–	(5,077,086)	–
Add: Transfer from non–current to current liabilities	5,077,086	(5,077,086)	5,077,086	(5,077,086)
Add: Addition in balance of contract liabilities for current year	–	5,077,086	–	5,077,086
Closing balance of Contract liabilities – Deferred revenue	**5,077,086**	**25,563,995**	**5,077,086**	**25,563,995**

19. EMPLOYEE COST

Per the PSC, Focus is the Operator of the Block. For SGL field, ONGC has a participative interest of 30% in the development cost. Hence, the share of iServices and Newbury are proportionately reduced (i.e. 45.5% and 17.5% respectively). For the Non-SGL field, the share of iServices, Newbury and Focus are in the ratio of 65%, 25% and 10% respectively. The Employee cost attributable to Indus Gas Limited has been allocated in the agreed ratio (refer note 3) by Focus and recorded as cost of sales and administrative expenses in the consolidated statement of comprehensive income amounting to US$ 211,885 (previous year US$ 249,963) and US$ 178,190 (previous year US$ 91,214) respectively. Costs pertaining to the employees of the Group have been included under administrative expense is US$ 243,143 (previous year US$ 226,407).

20. FOREIGN CURRENCY EXCHANGE (LOSS)/GAIN, NET

The Group has recognised the following in the consolidated statement of comprehensive income on account of foreign currency fluctuations:

	31 March 2021	31 March 2020
Gain/(Loss) on restatement of foreign currency monetary receivables and payables	57,126	(411,462)
(Loss)/Gain arising on settlement of foreign currency transactions and restatement of foreign currency balances arising out of Oil block operations	(458,472)	150,708
Total	**(401,346)**	**(260,754)**

21. LEASES

The leasing activities involve lease of drilling rig and other equipments for exploration and development purpose by the operator. In reference to note 6.14, the Group's leases do not fall under the definition of lease as per IFRS 16 and accordingly they capitalise the share of lease rentals under development assets. Group's share in lease payments capitalised under development assets during the year ended 31 March 2021 amount to US$ 26,544,141 (previous year US$ 56,370,023).

No sublease payments or contingent rent payments were made or received. All the leases of the Group can be cancelled and there are no future minimum payments for the existing operating leases. The terms and conditions of these leases do not impose any significant financial restrictions on the Group.

22. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Calculation of basic and diluted earnings per share is as follows:

	31 March 2021	31 March 2020
Profits attributable to shareholders of Indus Gas Limited, for basic and dilutive	27,928,387	49,059,571
Weighted average number of shares (used for basic earnings per share)	182,973,924	182,973,924
Diluted weighted average number of shares (used for diluted earnings per share)	182,973,924	182,973,924
Basic earnings per share	**0.15**	**0.27**
Diluted earnings per share	**0.15**	**0.27**

23. RELATED PARTY TRANSACTIONS

The related parties for each of the entities in the Group have been summarised in the table below:

Nature of the relationship	Related Party's Name
I. Holding Company	Gynia Holdings Ltd.
II. Ultimate Holding Company	Multi Asset Holdings Ltd. (*Holding Company of Gynia Holdings Ltd.*)
III. Enterprises over which Key Management Personnel (KMP) exercise control (*with whom there are transactions*)	Focus Energy Limited

Disclosure of transactions between the Group and related parties and the outstanding balances as at 31 March 2021 and 31 March 2020 is as under:

Transactions with holding Company

Particulars	31 March 2021	31 March 2020
Transactions during the year with the holding Company		
Amount received	116,950,000	87,900,000
Interest	31,276,092	25,294,215
Balances at the end of the year		
Total payable*	**592,508,798**	**444,282,706**

**including interest*

Transactions with KMP and entity over which KMP exercise control

Particulars	31 March 2021	31 March 2020
Transactions during the year		
Remuneration to KMP		
Short term employee benefits	243,143	226,407
Total	**243,143**	**226,407**
Entity over which KMP exercise control		
Cost incurred by Focus on behalf of the Group in respect of the Block	55,144,176	83,481,341
Remittances to Focus	119,980,000	85,941,000
Balances at the end of the year		
Total receivables*	**124,394,123**	**59,558,229**
Total payable*	**(349,019)**	**(351,405)**

**including interest*

Directors' remuneration

Directors' remuneration is included under administrative expenses, evaluation and exploration assets or development assets in the consolidated financial statements allocated on a systematic and rational manner. Remuneration by director is separately disclosed in the directors' report on page 7.

24. SEGMENT REPORTING

The Chief Operating Decision Maker being the Chief Executive Officer of the Group, reviews the business as one operating segment being the extraction and production of gas along with the technical assistance to other oil and gas exploration companies. The operating segments have been aggregated due to similar economic characters and allied nature of product and services. Hence, no separate segment information has been furnished herewith.

All of the non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) are located in India and amounted to US$ 1,080,954,065 (previous year: US$ 980,692,787).

Revenue from customers have been identified on the basis of the customer's geographical location and are disclosed in note 18. The total revenue from the Group is from the sale of natural gas, its by-products (i.e. condensate) and from the technical assistance services to Oil and gas exploration companies. The revenue from the top three customer comprise 98.28% (Previous year: 97.31%) of the Group's total revenue.

25. COMMITMENTS AND CONTINGENCIES

The Group has no contingent liabilities as at 31 March 2021 (previous year Nil).

The Group has no commitments as at 31 March 2021 (previous year Nil).

26. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing consolidated financial statements, the Group's management is required to make judgments and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The judgments and estimates are based on management's best knowledge of current events and actions and actual results from those estimates may ultimately differ.

Significant judgments applied in the preparation of the consolidated financial statements are as under:

Determination of functional currency of individual entities

Following the guidance in IAS 21 "The effects of changes in foreign exchange rates", the functional currency of each individual entity is determined to be the currency of the primary economic environment in which the entity operates. In the management's view each of the individual entity's functional currency reflects the transactions, events and conditions under which the entity conducts its business. The management believes that US$ has been taken as the functional currency for each of the entities within the Group. US$ is the currency in which each of these entities primarily generate and expend cash and also generate funds for financing activities.

Full cost accounting for exploration and evaluation expenditure

The Group has followed 'full cost' approach for accounting for exploration and evaluation expenditure against the 'successful efforts' method. As further explained in note 6.6, exploration and evaluation assets recorded using 'full cost' approach are tested for impairment prior to reclassification into development assets on successful discovery of gas reserves.

Impairment of tangible assets

The Group follows the guidance of IAS 36 and IFRS 6 to determine when a tangible asset is impaired. This determination requires significant judgment to evaluate indicators triggering impairment. The Group monitors internal and external indicators of impairment relating to its tangible assets. The management has assessed that no such indicators have occurred or exists as at 31 March 2021 to require impairment testing of property, plant and equipment.

Estimates used in the preparation of the consolidated financial statements:

Useful life and residual value of tangible assets

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Specifically, production assets are depreciated on a basis of unit of production (UOP) method which involves significant estimates in respect of the total future production and estimate of reserves. The calculation of UOP rate of depreciation could be impacted to the extent that the actual production in future is different from the forecasted production. During the financial year, the directors determined that no change to the useful lives of any of the property, plant and equipment is required. The carrying amounts of property, plant and equipment have been summarised in note 7.

Recognition of provision for decommissioning cost

As per the PSC, the Group is required to carry out certain decommissioning activities on gas wells. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be adjustments to the provisions established which would affect future financial results. The liabilities estimated in respect of decommissioning provisions have been summarised in note 15.

Impairment testing

As explained above, management carried out impairment testing of property, plant and equipment of the Block on 19 November 2013 on submission of integrated declaration of commerciality report by Focus Energy Limited to the Directorate General of Hydrocarbons, ONGC, the Government of India and the Ministry of Petroleum and Natural Gas. An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount.

To determine the recoverable amount, management estimates expected future cash flows from the Block and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future gross profits. These assumptions relate to future events and circumstances. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

The recoverable amount is determined basis gas reserves confirmed by an independent competent person. Selling price of the gas is based on selling price to GAIL which has been agreed for a period of three years which has expired on September 2016 (the Company is presently in negotiations with GAIL for increase in gas price.). The discount rate calculation is based on the Company's weighted average cost of capital adjusted to reflect pre-tax discount rate and amounts to 8% p.a. Management believes that no reasonably possible changes in the assumptions may lead to impairment of property, plants and equipment and intangible assets of the Block.

The Group is in the process of negotiating selling prices with GAIL and expects that revised selling price will not be less than the existing selling price. However, the agreement clearly specifies that until both the parties mutually agree to change the selling price, the prices will remain the same.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the management's assessment, which is adjusted for specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, then deferred tax asset is usually recognised in full. The recoverability of deferred tax assets is monitored as an ongoing basis based on the expected taxable income from the sale of gas.

27. BASIS OF GOING CONCERN ASSUMPTION

The Group has current liabilities amounting to US$ 33,801,782 (2019–20: US$ 37,790,686) the majority of which is towards current portion of borrowings from banks and other liabilities. As at 31 March 2021, the amounts due for repayment (including interest payable) within the next 12 months for long term borrowings are US$ 24,490,194 (2019–20: US$ 29,323,478) which the Group expects to meet from its internal generation of cash from operations. The Group has sufficient cash flows to repay the maturing debt as the Group is financially sound. The Group has net profits after tax of US$ 27,928,387 (2019–20: US$ 49,059,571) for the year ended 31 March 2021 and positive net working capital of US$ 133,080,452 (2019–20: US$ 56,046,857) as on 31 March 2021.

The Group is contemplating to raise funds which will be used for planned capital expenditures (including the exploration, appraisal and development of assets).

Further, there is no significant impact of Covid-19 on the company's ability to continue as going concern considering that the entity is in the business of essential services.

28. CAPITAL MANAGEMENT POLICIES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Debt is calculated as total liabilities (including 'current and non-current liabilities' as shown in the consolidated Statement of Financial Position). Total capital employed is calculated as 'equity' as shown in the consolidated statement of financial position plus total debt.

	31 March 2021	31 March 2020
Total debt (A)	971,399,939	827,135,546
Total equity (B)	277,353,256	249,424,869
Total capital employed (A+B)	1,248,753,196	1,076,560,415
Gearing ratio	77.79%	76.83%

The gearing ratio has marginally increased in the current year due to proportionately greater increase in the draw-down of loans from related party to fund additional exploration, evaluation and development activities for the Group as compared to increase in equity.

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

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

A summary of the Group's financial assets and liabilities by category are mentioned in the table below. The carrying amounts of the Group's financial assets and liabilities recognised at the end of the reporting period are as follows:

	31 March 2021	31 March 2020
Non-current assets		
Loans		
- Security deposits	567	550
Current assets		
- Trade receivables	32,908,490	26,318,068
- Cash and cash equivalents	995,765	284,619
Total financial assets under loans and receivables	**33,904,822**	**26,603,237**
Non-current liabilities		
Financial liabilities measured at amortized cost:		
- Long term debt	207,959,625	224,294,116
- Payable to related parties	592,508,798	444,282,706
Current liabilities		
Financial liabilities measured at amortized cost:		
- Current portion of long term debt	24,490,194	29,323,478
- Current portion of payable to related parties	349,019	351,405
- Trade and other payables (other than VAT payable)	3,850,242	2,988,063
Total financial liabilities measured at amortized cost	**829,157,878**	**701,239,768**

The fair value of the financial assets and liabilities described above closely approximates their carrying value on the statement of financial position date.

Risk management objectives and policies

The Group finances its operations through a mixture of loans from banks and related parties and equity. Finance requirements such as equity, debt and project finance are reviewed by the Board when funds are required for acquisition, exploration and development of projects.

The Group treasury functions are responsible for managing funding requirements and investments which includes banking and cash flow management. Interest and foreign exchange exposure are key functions of treasury management to ensure adequate liquidity at all times to meet cash requirements. The Group's principal financial instruments are cash held with banks and financial liabilities to banks and related parties and these instruments are for the purpose of meeting its requirements for operations. The Group's main risks arising from financial instruments are foreign currency risk, liquidity risk, commodity price risk and credit risks. Set out below are policies that are used to manage such risks.

Foreign currency risk

The functional currency of each entity within the Group is US$ and the majority of its business is conducted in US$. All revenues from gas sales are received in US$ and substantial costs are incurred in US$. No forward exchange contracts were entered into during the year.

Entities within the Group conduct the majority of their transactions in their functional currency other than amounts of cash held in GBP, SGD and INR. All other monetary assets and liabilities are denominated in functional currencies of the respective entities. The currency exposure on account of assets and liabilities which are denominated in a currency other than the functional currency of the entities of the Group as at 31 March 2021 and 31 March 2020 is as follows:

Particulars	Functional currency	Foreign currency	31 March 2021 (Amount in US$)	31 March 2020 (Amount in US$)
Short term exposure- Cash and cash equivalents	US$ US$ US$	Great Britain Pound Singapore Dollar Indian Rupee	41,465 10,786 906,914	58,607 10,191 18,530
Total exposure			**959,165**	**87,328**

As at March 31, 2021, every 1% (increase)/decrease of the respective foreign currencies compared to the functional currency of the Group entities would impact profit before tax by approximately US$(9,592) and US$9,592 respectively.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summaries the maturity profile of the Group's financial liabilities based on contractual undiscounted payments for the liquidity analysis.

	0–3 months	3 months to 1 year	1–2 years	2–5 years	5+ years	Total
31 March 2021						
Non-interest bearing	4,199,261	–	–	–	–	4,199,261
Variable interest rate liabilities	8,002,519	12,666,167	18,739,733	39,494,676	–	78,903,095
Fixed interest rate liabilities	3,821,507	–	149,980,449	592,253,566	–	746,055,522
	16,023,287	**12,666,167**	**168,720,182**	**631,748,242**	–	**829,157,878**

	0–3 months	3 months to 1 year	1–2 years	2–5 years	5+ years	Total
31 March 2020						
Non-interest bearing	3,390,121	–	–	–	–	3,390,121
Variable interest rate liabilities	–	25,463,872	20,530,461	54,156,976	–	100,151,309
Fixed interest rate liabilities	3,572,669	–	–	594,176,322	–	597,748,991
	6,962,790	**25,463,872**	**20,530,461**	**648,333,298**	**–**	**701,290,421**

Interest rate risk

The Group's policy is to minimize interest rate risk exposures on the borrowing from the banks and the sum payable to Focus Energy Limited. Borrowing from the Gynia Holdings Ltd. is at fixed interest rate and therefore, does not expose the Group to risk from changes in interest rate. The interest rate on bond is fixed at 8% per annum. The Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

The Group's interest rate exposures are concentrated in US$.

The analysis below illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates. Based on volatility in interest rates in the previous 12 months, the management estimates a range of 50 basis points to be approximate basis for the reasonably possible change in interest rates. All other variables are held constant.

	Interest rate	
	+0.50 per cent	–0.50 per cent
31 March 2021	478,569	(478,569)
31 March 2020	618,722	(618,722)

Since the loans are taken specifically for the purpose of development activities on the block, cost incurred on such activities are capitalised under development assets. Accordingly the borrowing costs are also capitalized to the development assets and hence changes in the interest rates do not have any immediate adverse impact on the profit or loss.

Commodity price risks

The Group's share of production of gas from the Block is sold to GAIL. The prices have been agreed for a period of three years which expired in September 2016. As per the terms of contract, after expiry of the three years' period, the price will be reviewed periodically and reassessed mutually between the parties. The Company is presently in negotiations with GAIL for increase in gas price. No commodity price hedging contracts have been entered into.

Credit risk

The Group has concentration of credit risk against the receivable balance from customers with reputable credit standing and hence the Group does not consider credit risk in respect of these to be significant. The management has evaluated the impact of expected credit loss on the receivable balance. While evaluating the same, macroeconomic factors affecting the customer's ability to settle the amount outstanding have been considered. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors. The impact was insignificant and accordingly no adjustment has been recorded in the financial statements.

Other receivables such as security deposits and cash and cash equivalents do not comprise of a significant balance and thus do not expose the Group to a significant credit risk.

The tables below detail the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Internal credit rating	12M or Lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
31 March 2021					
Security deposits	Performing	12 Month ECL	567	–	567
Trade receivables	Performing	Lifetime ECL (simplified approach)	32,908,490	–	32,908,490
Cash and cash equivalents	Performing	12 Month ECL	995,765	–	995,765
			33,904,822	**–**	**33,904,822**

	Internal credit rating	12M or Lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
31 March 2020					
Security deposits	Performing	12 Month ECL	550	–	550
Trade receivables	Performing	Lifetime ECL (simplified approach)	26,318,068	–	26,318,068
Cash and cash equivalents	Performing	12 Month ECL	284,619	–	284,619
			26,603,237	**–**	**26,603,237**

An assets is performing when the counterparty has a low risk of default.

30. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

	Non-current borrowings
As at April 01, 2020	**697,900,300**
Cash Movement:	
Net proceeds	91,835,918
Other non-cash movements	
Impact of effective interest rate adjustment	190,358
Impact of exchange fluctuations	–
Interest accruals	35,032,042
Net debts as at March 31, 2021	**824,958,618**
	Non-current borrowings
As at April 01, 2019 **Cash Movement:**	**623,679,931**
Net proceeds	28,329,361
Other non-cash movements	
Impact of effective interest rate adjustment	739,399
Impact of exchange fluctuations	–
Interest accruals	45,151,609
Net debts as at March 31, 2020	**697,900,300**

31. POST REPORTING DATE EVENT

No adjusting or significant non adjusting event have occurred between 31 March 2021 and the date of authorization.

Directors

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Director

Peter Cockburn
Chairman

Jonathan Keeling
Director

Clive Gibbons
Director

Company Secretary

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