

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HPCL-BIOFUELS LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of HPCL Biofuels Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 10 May 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of HPCL-Biofuels Limited for the year ended 31 March 2021 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A.	<p>Balance Sheet</p> <p>Current Assets</p> <p>Financial Assets-Others (Note 11): ₹ 1849.56 lakh</p> <p>Ministry of Consumer Affairs, Food and Public Distribution, Government of Indian notified (12 September 2019) scheme for providing assistance to sugar mills for expenses on marketing costs including handling, upgrading and other processing costs and costs of international and internal transport and freight charges on export of sugar, to facilitate export of sugar during the sugar season 2019-20, either themselves or through a merchant exporter. As per clause 4(iii) of the scheme, 'No claim shall be admissible after 180 days from the date of issue of bill of landing with respect to exports made during the particular month under consideration'.</p> <p>HPCL Biofuels Limited entered into an agreement with M/s Sri Venkateshwara Global trading Pvt. Ltd. (merchant exporter) for export of 13,266 metric tonne of sugar as per the scheme. The merchant exporter lifted the sugar between January and March 2020 as per the agreement, however, they have not submitted any documents to the company in support of sugar export.</p> <p>Since the company could not submit the documents for claiming assistance within 180 days as stipulated in the Scheme, the assistance receivable of ₹1386 lakh accounted by the company has become doubtful. Hence, suitable provision against the assistance receivable was required to be made.</p> <p>Non-provision of the same has resulted in overstatement of Current Assets and understatement of Loss by ₹ 1386 lakh.</p>
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For and on behalf of the
Comptroller and Auditor General of India

(Faisal Imam)

Principal Director of Audit (Steel)
Ranchi

Place: Ranchi

Date: 02 July 2021

MANAGEMENT REPLY TO THE COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

	C&AG comment	Management Reply
A.	Balance Sheet	
1.	<p>Current Assets</p> <p>Financial Assets-Others (Note 11): ₹ 1849.56 lakh</p> <p>Ministry of Consumer Affairs, Food and Public Distribution, Government of India notified (12 September 2019) scheme for providing assistance to sugar mills for expenses on marketing costs including handling, upgrading and other processing costs and costs of international and internal transport and freight charges on export of sugar, to facilitate export of sugar during the sugar season 2019-20, either themselves or through a merchant exporter. As per clause 4(iii) of the scheme, 'No claim shall be admissible after 180 days from the date of issue of bill of landing with respect to exports made during the particular month under consideration'.</p> <p>HPCL Biofuels Limited entered into an agreement with M/s Sri Venkateshwara Global trading Pvt. Ltd. (merchant exporter) for export of 13,266 metric tonne of sugar as per the scheme. The merchant exporter lifted the sugar between January and March 2020 as per the agreement, however, they have not submitted any documents to the company in support of sugar export.</p> <p>Since the company could not submit the documents for claiming assistance within 180 days as stipulated in the Scheme, the assistance receivable of ₹1386 lakh accounted by the company has become doubtful. Hence, suitable provision against the assistance receivable was required to be made.</p> <p>Non-provision of the same has resulted in overstatement of Current Assets and understatement of Loss by ₹ 1386 lakh.</p>	<p>Management has taken legal recourses available and the case is being perused through Court and other law enforcement agencies like Economic Offences Wing of the State Police.</p> <p>Management is of the opinion that it is premature to make provision since the export was made only in 2020 and efforts for recovery are not yet exhausted.</p> <p>Efforts to recover the amount shall continue to be pursued.</p>

Sd/-
CEO
Pranay Kumar

Sd/-
CFO
Joy Roychowdhury

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
HPCL Biofuels Limited

Report on the Standalone Ind AS Financial Statements Opinion

We have audited the accompanying standalone Ind AS financial statements of **HPCL biofuels Limited ("the Company")**, which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2021, and its profit/loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Emphasis of matter

We draw attention to the matters fully described in Note No. 58 to the Ind AS financial statements, the Company is defending the case filed by one of the EPCC vendor before NCLT. Recently Hon'ble Supreme Court of India granted interim stay in this matter.

The scope, duration or outcome of this matter is uncertain. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible of other information. The other information comprises the information included in Report on Corporate Governance, Shareholder information and Report of the Board of directors & Management Discussion and analysis but does not include the consolidated Financial Statements and our auditor's report thereon.

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

In connection with our audit of standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Financial Statements or our knowledge obtained during the course of audit or otherwise appear to be materially misstated.

We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind AS Financial Statements

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

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

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

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 SAs 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 standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- h) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; (refer **Note No. 57** to the Ind AS financial statements)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - ii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Thakur Bhuwanesh and Associates**
Chartered Accountants
Firm Registration Number- 019690N

(CA. B. K. Thakur)
Partner

Membership Number- 500431
UDIN: **21500431AAAABP3490**

Place: Patna
Date: 10-05-2021

“ANNEXURE-A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **HPCL Biofuels Limited** of even date) **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of HPCL Biofuels Limited (“the Company”) as of March 31st, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Thakur Bhuwanes and Associates**
Chartered Accountants
Firm Registration Number- 019690N

(**CA. B. K. Thakur**)
Partner

Membership Number- 500431
UDIN: **21500431AAAABP3490**

Place: Patna
Date: 10-05-2021

“ANNEXURE-B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of HPCL Biofuels Limited of even date)

- (ii) In respect of the Company’s fixed assets:
- (a) The company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets.
 - (b) Physical verification of these fixed assets has been conducted during the year, the periodicity of which appears reasonable. No material discrepancy was reportedly noticed on such physical verification.
 - (c) The title deeds of immovable properties are held in the name of the company.
- (iii) Physical verification of inventory has been conducted by the management during the year, the periodicity of which appears reasonable. No material discrepancies have been noticed on such verification during the year.
- (iv) According to the information and explanation given to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (v) The Company has not undertaken any transaction in respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 are attracted.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.
- (vii) We have broadly reviewed the books of account relating to material, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (viii) (a) On the basis of our examination of the records and according to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales tax, service tax, GST, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities. There is no arrear of undisputed statutory dues as on the last day of the financial year which was outstanding for a period of more than 6 months from the date the same became payable.
- (b) According to the information and explanations given to us, the following amounts have not been deposited on account of any dispute:

Nature of Demand	Amount involved (in Lacs)	Forum wherematter is Pending
Disallowance of input tax credit capital goods for 2010-11	698.44	Commercial Tax Tribunal, Bihar
Demand of Entry Tax for 2010-11 (₹ 10.22 Lacs paid as advance tax under protest)	68.12	Commercial Tax Tribunal, Bihar
Demand for 2012-13 on account of denial of Input Tax Credit	93.81	Commercial Tax Commissioner, Bihar
Demand for 2013-14 on account of denial of Input Tax Credit	71.65	Commercial Tax Commissioner, Bihar
Demand for 2014-15 on account of denial of Input Tax Credit	38.76	Commercial Tax Commissioner, Bihar
Demand for 2013-14 on account of suppression of purchase turnover ignoring the actual facts	92.09	Commercial Tax Commissioner, Bihar

- (ix) On the basis of our examination of the records and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.
- (x) The Company has raised funds by way of term loans during the year under audit from HPCL, the terms and conditions subject to which the company has obtained the term loans have been complied by the company.

- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.
- (xii) No managerial remuneration has either been paid or provided during the year.
- (xiii) The requirements of reporting in respect of Nidhi Companies are not applicable to the Company.
- (xiv) On the basis of our examination of the records and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xv) On the basis of our examination of the records and according to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xvi) On the basis of our examination of the records and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvii) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Thakur Bhuanesh and Associates**
Chartered Accountants
Firm Registration Number- 019690N

(CA. B. K. Thakur)
Partner

Membership Number- 500431
UDIN: **21500431AAAABP3490**

Place: Patna
Date: 10-05-2021

“ANNEXURE-C” TO THE INDEPENDENT AUDITORS’ REPORT

Report on matters covered by directions and sub-directions of C&AG, to the extent applicable, as referred to under “Report on Other Legal and Regulatory Matters” paragraph of our report of even date on standalone Ind AS financial statements of HPCL Biofuels Limited for the year ended on 31st March, 2021.

DIRECTIONS U/S 143(5) OF THE COMPANIES ACT, 2013

S. N.	Direction	Report	Impact
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implication, if any, may be stated.	The company has ERP system in place at HO and two plants (Sugauli and Lauriya) to process all the accounting transactions through IT system. However, the integration of the accounting data related to plants and HO are compiled manually at HO.	NIL
2	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts / loans / interest etc. made by a lender to the company due to the company’s inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, lender is a Government company, then this direction is also applicable for Statutory auditor of lender company).	No restructuring of an existing loan or cases of waiver/ write off of debts / loans / interest etc. made by a lender to the company due to the company’s inability to repay the loan.	NIL
3	Whether funds(grants/subsidy etc.) received/ receivable for specific schemes from central/ state government or its agencies were properly accounted for/ utilized as per its term & condition? List the cases of deviation.	Yes, funds (grants/subsidy etc.) received/ receivable for specific schemes from central/ state government or its agencies has been properly accounted for/ utilized as per its term & condition. No deviation has been found	NIL

For **Thakur Bhuwanesh and Associates**
Chartered Accountants
Firm Registration Number- 019690N

(CA. B. K. Thakur)
Partner

Membership Number- 500431
UDIN: **21500431AAAABP3490**

Place: Patna
Date: 10-05-2021

Balance Sheet as at 31st March 2021

(Amount in ₹ Lacs)

Particulars	Note No.	As at 31st March 2021 (Audited)	As at 31st March 2020 (Audited)
I ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	48,212.59	50,920.52
(b) Capital work in progress	4	31.28	31.48
(c) Other Intangible Assets	3	3.43	4.89
(d) Financial Assets			
(i) Investments		-	-
(ii) Long-Term Loans	5	-	-
(e) Deferred Tax Assets (Net)		-	-
(f) Other Non-Current Assets	6	9.72	9.70
Current Assets			
(a) Inventories	7	16,752.17	18,126.82
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade Receivable	8	167.64	448.42
(iii) Cash & Cash Equivalents	9	43.05	31.90
(iv) Short-Term Loans	10	2.56	4.13
(v) Others	11	1,849.56	3,206.40
(c) Current Tax Assets (Net)		-	-
(d) Other Current Assets	12	1,194.36	983.88
(e) Assets Held for Sale			
TOTAL		68,266.36	73,768.14
II EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity Share Capital	13	97,895.15	62,517.15
(b) Other Equity	14	(71,309.40)	(65,967.17)
2. Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	13,503.69	28,474.65
(b) Provisions	17	470.59	417.04
(c) Deferred tax liabilities (net)		-	-
(d) Other non-current liabilities	18	2,702.68	2,830.29
3. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	9,028.03	13,032.07
(ii) Trade Payables :-			
(a) Total outstanding dues of micro & small enterprises	20	86.30	819.01
(b) Total outstanding dues of creditors other than micro & small enterprises	20	10,994.30	17,807.12
(iii) Other Financial Liabilities	21	1,731.40	10,947.92
(b) Other Current Liabilities	22	3,149.43	2,880.93
(c) Provisions	23	14.19	9.13
(d) Current tax liabilities (net)			
TOTAL		68,266.36	73,768.14

The accompanying notes are Integral Part of the Financial Statements

As per our report attached

For **Thakur Bhuwanesh & Associates**
Chartered Accountants

For and on behalf of the Board

CA **B. K. Thakur**
Partner
Membership No. 500431
Firm's ICAI Reg.No. 019690N**Vinod S Shenoy**
Chairman
DIN-07632981**R Kesavan**
Director
DIN-08202118Place : Mumbai
Date : 03/05/2021**Piyush Awasthi**
Chief Finance Officer
PAN-ACDPA5685L**Pranay Kumar**
CEO & Manager
PAN- AFGPK4512C**Heena Shah**
Company Secretary
ACS-13736

Statement of Profit and Loss for the Period Ended 31st March 2021

(Amount in ₹ Lacs)

Particulars	Note No.	Year Ended 31st March 2021 (Audited)	Year Ended 31st March 2020 (Audited)
Income			
I. Revenue from Operations (Gross)	24	18,194.96	30,023.13
II. Other Income	25	176.24	282.53
Total Revenue (I+II)		18,371.20	30,305.66
Expenses			
Cost of Materials Consumed	26	12,391.69	18,577.36
Consumption of Stores & Consumables		621.84	442.86
Packing Expenses		161.75	226.14
Power & Fuels	27	684.86	807.15
Changes in Inventories of Finished Goods, WIP & Stock in Trade	28	1,443.07	6,334.70
Employee Benefits Expense	29	2,528.59	2,875.65
Chemicals Consumed		270.83	300.69
Finance Costs	30	3,912.64	4,687.34
Depreciation & Amortization Expense		2,823.24	2,592.90
Other Expenses	31	1,541.57	2,013.51
Total Expenses		26,380.08	38,858.30
Profit / (Loss) Before Exceptional Items and Tax		(8,008.88)	(8,552.64)
Exceptional Items			
Provision for Gain/(Loss) on Inventory Variation	32	1.45	(2.16)
Profit / (Loss) Before Tax		(8,007.43)	(8,554.80)
Tax Expense			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
Profit / (Loss) from Continuing Operations		(8,007.43)	(8,554.80)
Discontinuing Operations			
Profit / (Loss) from Discontinuing Operations (Before Tax)		-	-
Total Operations		(8,007.43)	(8,554.80)
Discontinuing Operations			
Tax Expense on Discontinuing Operations		-	-
Profit/(Loss) from Discontinuing Operations (After Tax)		-	-
Profit / (Loss) for the Year		(8,007.43)	(8,554.80)
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		8.49	(51.99)
(ii) Income tax on above		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax on above		-	-
Total Other Comprehensive Income for the period		8.49	(51.99)
Total Comprehensive Income for the period		(7,998.94)	(8,606.79)
Earnings Per Equity Share (Face Value of ₹ 10/- each) :-			
(1) Basic (Amount in ₹)		(0.82)	(1.37)
(2) Diluted (Amount in ₹)		(0.82)	(1.37)

The accompanying notes are Integral Part of the Financial Statements

As per our report attached

For Thakur Bhuvanesh & Associates
Chartered Accountants

For and on behalf of the Board

CA B. K. Thakur
Partner
Membership No. 500431
Firm's ICAI Reg.No. 019690N

Vinod S Shenoy
Chairman
DIN-07632981

R Kesavan
Director
DIN-08202118

Place : Mumbai
Date : 03/05/2021

Piyush Awasthi
Chief Finance Officer
PAN-ACDPA5685L

Pranay Kumar
CEO & Manager
PAN- AFGPK4512C

Heena Shah
Company Secretary
ACS-13736

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021

1. **CORPORATE INFORMATION**

The Company (HPCL Biofuels Ltd or HBL) has been formed as a wholly owned subsidiary of M/s Hindustan Petroleum Corporation Limited (HPCL), a Public Sector undertaking, as a backward integration initiative. The Company had taken over two of the closed sugar mills of Bihar State Sugar Corporation at Sugauli in East Champaran and Lauriya in West Champaran in the state of Bihar. The company is engaged in the business of manufacturing sugar and ethanol from crushing of sugarcane and generation of power from the bagasse generated in the process. Both the units of the company were commissioned during the financial year 2011-12.

2. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Authorization of financial statements**

The Financial Statements were authorized for issue in accordance with a resolution of the directors on 03rd May 2021.

B. **Basis of preparation of Financial Statements**

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015; and the other relevant Provisions of Companies Act, 2013 and Rules thereunder.

The Financial Statements have been prepared under historical cost convention basis except for certain assets and liabilities, which are measured at fair value.

The Company's presentation and functional currency is ₹ Lacs.

C. **Use of judgments, estimates & assumptions**

While preparing financial statements in conformity with Ind AS, we make certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Financial reporting results rely on our estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. We continually evaluate these estimates and assumptions based on the most recently available information.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:-

- Financial instruments;
- Useful lives of property, plant and equipment and intangible assets;
- Valuation of inventories;
- Measurement of recoverable amounts of cash-generating units;
- Assets and obligations relating to employee benefits;
- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies.

D. **Property, Plant and Equipment**

- Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.
- An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net realizable value and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.
- The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted prospectively.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

- Lease arrangements for land are identified as finance lease in case such arrangements result in transfer of the related risks and rewards to the Company. Accordingly, the Company identifies any land lease arrangement with a term in excess of 99 years as a finance lease.
- Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- Depreciation on Fixed Assets is provided on the Straight Line method on the basis of useful life determined, in the manner and at the rates calculated based on the useful life recommended under Schedule II to the Companies Act, 2013 and is charged pro rata on a daily basis on assets, from/up to and inclusive of the month of capitalization/sale, disposal or deletion during the year. In case of restatement of carrying value of any asset due to any price adjustments warranted due to receipt of government grants, the depreciation on revised unamortized depreciable amount is charged prospectively over the residual useful life of the asset. Residual value has been considered at 5%.

Depreciation on stores and spares specific to an item of property, plant and equipment is based on life of the related property, plant and equipment.

E. **Intangible assets**

- Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in Statement of Profit or Loss in the period in which the expenditure is incurred.
- Cost of Software directly identified with hardware is capitalized along with the cost of hardware. Application software is capitalized as Intangible Asset.
- Intangible assets are amortized on straight line basis over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each year end. The amortization expense on intangible assets with finite lives and impairment loss is recognized in the statement of profit and loss.

F. **Cash Flow Statement**

The cash flow statement is prepared by indirect method set out in Ind AS 7 on cash flow statements and presents the cash flows by operating, investing & financing activities of the company. Cash & cash equivalent presented in the cash flow statement consist of balance in the Bank account and cash in hand.

G. **Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

H. **Impairment of non-financial assets**

At each balance sheet date, an assessment is made of whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

I. **Inventories**

- Finished goods are valued at cost on FIFO basis or net realizable value whichever is lower. Cost includes Material Cost, Conversion cost and other cost incurred to bring the inventory to its present condition and location. Absolute Alcohol has been considered as finished product as it meets all specs of ethanol.
- Work In Progress is valued at lower of cost or estimated realizable value. Cost includes Material Cost & conversion cost as applicable.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

- By products are valued at estimated realizable value.
- Stock in trade is valued at cost on weighted average basis or net realizable value whichever is lower.
- Stores and spares which do not meet the recognition criteria under Property, Plant and Equipment are valued at weighted average cost.

J. Government Grants

- Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.
- When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
- When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.
- When the grants received are non – monetary in nature, the asset and the grant are recorded at fair value amounts and recognized in profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

K. Employee benefits

• **Short-term employee benefits**

Short term employee benefits are recognized as an expense at an undiscounted amount in the Statement of Profit & Loss of the year in which the related services are rendered.

• **Post-employment benefits**

Liability towards gratuity is determined on actuarial valuation carried out by independent actuary at the year-end by using Projected Unit Credit method. Actuarial gains/losses arising on defined benefit plans are recognized in Other Comprehensive Income (OCI).

• **Other long-term employee benefits**

Provision for Leave Encashment is made based on the actuarial valuation and the difference in the provision required at year end is charged to the Profit & Loss Account. The provision is calculated using Projected Unit Credit Method.

L. Revenue recognition -

- The Company derives revenue majorly from sale of Sugar, Ethanol and Co-gen. In case of Sugar the company sales the product on NCDEX, while in case of sale of Ethanol and Co-gen the product is being sold to Hindustan Petroleum Corporation Limited and Bihar State Electricity Department as per the contract with HPCL and Power Purchase Agreement with Bihar State Electricity Board.
- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.
- Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods
- Effective from 1st April 2018, the company adopted Ind AS 115 “Revenue from contracts with Customers”. The effect on adoption of Ind AS 115 was insignificant on the entity. Further, there has not been any significant change on applying the Ind AS 115.

Disaggregate Revenue Information:

(₹ in lacs)

Particulars	Year ended March 31, 2021
Revenue by offerings	
- Sugar	15101.87
Revenue by contract type	
- Ethanol	1,773.85
- Cogen	1,029.17

- Revenue from the sale of goods excludes any taxes and is measured at the fair value of the consideration received or receivable (after including fair value allocations related to multiple deliverable and/or linked arrangements), net of returns, taxes and applicable trade discounts and allowances.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

M. Taxes on income

• Current Tax

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the time of reporting.

For transactions and other events recognized outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit and loss (either in other comprehensive income or directly in equity, respectively) Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

• Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

For items outside Profit or loss account (in other comprehensive income or in equity), deferred tax is also recognized outside profit or loss only (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

N. Provisions and contingent liabilities

Provisions are recognized when there is 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.

The expenses relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

O. Financial Instruments

I) Financial Assets

• Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

• Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

- **Debt instruments at amortized cost**

A debt instrument is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

- **Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI). There is no recycling of the amounts from OCI to Consolidated Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

- **De-recognition**

- A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:
- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) The Company has transferred substantially all the risks and rewards of the asset, or
 - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

- **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, and bank balance.
- b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ii. Financial Liabilities

- **Classification**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

- **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

- **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Consolidated Statement of Profit and Loss when the liabilities are derecognized.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Consolidated Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

- **De recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Consolidated Statement of Profit and Loss.

P. **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Q. **Fair value Measurement**

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

R. **Accounting/ Classification of Expenditure and Income**

1. Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit are corrected retrospectively.
2. Prepaid expenses up to threshold limit in each case are charged to revenue as and when incurred.
3. Insurance claims are accounted on acceptance basis.
4. All other claims/entitlements are accounted on the merits of each case.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

NOTE 3 - Property Plant & Equipment

	(Amount in ₹ Lacs)										
	Cost or Value						Tangible Assets		Intangible Assets		Total
	Leasehold- Right to Use Assets	Freehold Land	Plant & Machinery	Furniture & Fixtures	Computers & Printers	Building	Total (₹)	Computer Software			
01.04.20	7,530.91	20.36	52,303.85	84.61	41.05	4,455.03	64,435.81	34.13		64,469.94	
Additions/Reclassifications	-	-	171.01	0.14	12.96	4.02	188.13	-		188.13	
Deductions/Reclassifications	-	-	(74.96)	-	(0.97)	-	(75.93)	-		(75.93)	
As on 31.03.21	7,530.91	20.36	52,399.90	84.75	53.04	4,459.05	64,548.01	34.13		64,582.14	
Depreciation											
As on 31.03.20	154.61	-	12,405.38	65.54	26.66	863.10	13,515.29	29.24		13,544.53	
Charge for the Year	158.07	-	2,490.08	9.41	5.50	174.05	2,837.11	1.46		2,838.57	
Deductions/Reclassifications	-	-	(16.11)	-	(0.87)	-	(16.98)	-		(16.98)	
As on 31.03.21	312.68	-	14,879.35	74.95	31.29	1,037.15	16,335.42	30.70		16,366.12	
Impairment Loss											
01.04.20	-	-	-	-	-	-	-	-		-	
Charge for the Year	-	-	-	-	-	-	-	-		-	
As on 31.03.21	-	-	-	-	-	-	-	-		-	
Net Block (Gross Value-Depreciation-Impairment Loss)											
As on 31.03.20	7,376.30	20.36	39,898.47	19.07	14.39	3,591.93	50,920.52	4.89		50,925.41	
As on 31.03.21	7,218.23	20.36	37,520.55	9.80	21.75	3,421.90	48,212.59	3.43		48,216.02	

(Rounding off errors have been adjusted)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

Particulars	(Amount in ₹ Lacs)	
	As at 31st March 2021	As at 31st March 2020
NOTE - 4		
Capital Work-In-Progress		
Unallocated Capital Expenditure and Materials at Site	31.28	31.48
Total	31.28	31.48
Non-Current Investments		
Total Non - Current Investments	-	-
NOTE - 5		
Long-Term Loan		
Unsecured, Considered Good		
Capital Advances	-	-
Total	-	-
Other Non-Current Financial Assets		
Other Non-Current Financial Assets	-	-
Total	-	-
NOTE - 6		
Other Non-Current Assets		
Capital Advances	-	-
Other Deposits	9.72	9.70
Balances with Excise, Customs, Port Trust etc.	-	-
Prepaid Operating Lease Premium	-	-
Total	9.72	9.70
Current Investments		
Non - Trade Investments (Quoted)	-	-
Total	-	-
NOTE - 7		
Inventories		
A. Inventories as per books		
(Inventory Taken, Valued & Certified by the Management)		
Raw Materials (Including in Transit - Raw Materials)	-	-
Finished Products	15,720.59	16,970.12
Finished Products (In-Transit)	17.84	59.31
Bio-Compost	36.84	35.04
Work in Progress	612.17	766.04
Packages	51.49	36.27
Process Materials & Lubes	118.42	95.07
Stores & Spares	300.52	237.52
Total	16,857.87	18,199.37
B. Provision for Gain/(Loss) on Inventory Variation		
Finished Products	(71.10)	(72.66)
Work in Progress	0.01	0.11
Stores & Spares	(34.60)	-
Total	(105.69)	(72.55)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

(Amount in ₹ Lacs)

Particulars	As at 31st March 2021	As at 31st March 2020
C. Net Inventories		
Raw Materials (Including in Transit - Raw Materials)	-	-
Finished Products	15,649.49	16,897.46
Finished Products (In-Transit)	17.84	59.31
Bio-Compost	36.84	35.04
Work in Progress	612.17	766.15
Packages	51.49	36.27
Process Materials & Lubes	118.42	95.07
Stores & Spares	265.92	237.52
Total	16,752.17	18,126.82

NOTE - 8**Trade Receivables**

- Considered Good - Secured	-	-
- Considered Good - Unsecured	167.64	448.42
Less: Provision for Doubtful Debts	-	-
Total	167.64	448.42

NOTE - 9**Cash and Cash Equivalents****I. Cash & Cash Equivalents**

Cash on Hand	-	-
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II. Balances With Scheduled Banks:

On Current Accounts	2.32	1.90
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III. Other Bank Balances

With Scheduled Banks:	-	-
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Earmarked on Fixed Deposit Accounts Against Bank Guarantee Issued to BSPCB	40.73	30.00
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On Fixed Deposit Accounts (more than 12 months)	-	-
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Total	43.05	31.90
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NOTE - 10**Short-Term Loans****Unsecured****Considered Good**

Share Application Money Pending Allotment	-	-
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Loans to Related Party	-	-
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Receivable from Farmer for Cane Seed	2.56	4.13
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Other Advances	-	-
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Total	2.56	4.13
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NOTE - 11**Other Current Financial Assets**

Other Recoverable	2.63	2.63
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Employee Advance	0.86	1.10
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Other Accounts Receivable	28.72	30.72
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Less: Provision for Doubtful Other Account Receivable	(28.72)	(30.72)
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Amounts Recoverable under Subsidy Schemes	1,846.07	3,202.67
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Total	1,849.56	3,206.40
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

(Amount in ₹ Lacs)

Particulars	As at 31st March 2021	As at 31st March 2020
NOTE - 12		
Other Current Assets		
Balances with Excise, Customs, Port Trust etc.	952.36	786.50
Vendor Advance	495.75	466.88
Less: Provision for Doubtful Vendor Advance	(440.46)	(440.46)
Prepaid Expenses	186.71	170.96
Total	1,194.36	983.88
NOTE - 13		
Share Capital		
A. Authorised:		
115,00,00,000 Equity Shares of ₹ 10 each	115,000.00	115,000.00
Total	115,000.00	115,000.00
B. Issued, Subscribed, Called up & Fully Paid:		
97,89,51,511 Equity Shares of ₹ 10 each Fully Paid up (100% Held by HPCL)	97,895.15	62,517.15
Total	97,895.15	62,517.15
C. Rights, preferences and restrictions attaching to Equity Shares		
All equity shares are allotted to the holding company "Hindustan Petroleum Corporation Ltd" except 10 equity shares which were allotted to 10 nominees of the holding company.		
D. Shares held by Holding Company - Hindustan Petroleum Corporation Ltd		
Equity Shares	978,951,511	625,171,511
E. Share holding pattern		
Hindustan Petroleum Corporation Ltd		
Equity Shares	100%	100%
F. Shares Reserved		
	Nil	Nil
G. Details of shares, which in the last 5 years, were		
issued for other than cash consideration	Nil	Nil
issued as bonus shares	Nil	Nil
bought back	Nil	Nil
H. Terms of any securities convertible into equity issued		
	Nil	Nil
I. Calls unpaid		
	Nil	Nil
J. Forfeited shares (amount originally paid-up)		
	Nil	Nil
NOTE - 14		
Other Equity		
Capital Reserve	3,929.45	1,272.74
Capital Redemption Reserve	-	-
Share Premium Account	-	-
Debenture Redemption Reserve	-	-
Revaluation Reserve	-	-
General Reserve	-	-
Total	3,929.45	1,272.74
Capital Grant	-	-
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	(67,239.91)	(58,633.12)
Add: Conversion Impact of Preference share to Equity	-	-
Add: Profit / (Loss) for the Year	(7,998.94)	(8,606.79)
Closing Balance	(75,238.85)	(67,239.91)
Other Reserve	-	-
Total	(71,309.40)	(65,967.17)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

NOTE - 15
Statement of changes in equity

(All amounts in ₹ Lacs)

A. Equity Share Capital		Changes during the Period		Balance at 31st March 2021										
Balance at 1st April 2020		35,378.00		97,895.15										
62,517.15														
B. Other Equity														
	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus				Debt instruments through OCI	Equity instruments through OCI	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI (specify nature)	Money received against share warrants	Total
			General Reserve	Securities Premium	Capital Reserve	FCMITDA								
Balance at 1 April 2020				1,272.74	-	(67,239.91)								(65,967.17)
Changes in accounting policy or prior period errors				-		-								-
Restated balance as at 1 April 2020	-	-	-	1,272.74	-	(67,239.91)								(65,967.17)
Profit for the Year						(8,007.43)								(8,007.43)
Other comprehensive income for the Year						8.49								8.49
Dividends						-								-
Transfer to retained earnings						-								-
Any other change (to be specified)				2,656.71		-								2,656.71
Balance at 31st March 2021	-	-	-	3,929.45	-	(75,238.85)								(71,309.40)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

(Amount in ₹ Lacs)

Particulars	As at 31st March 2021	As at 31st March 2020
NOTE - 16		
Long-Term Borrowings		
Secured Loans (Against Hypothecation of Fixed & Current Assets)		
Bank Term Loan	-	24,342.80
Less: Installment payable in 2020-21	-	(2,470.00)
GOB Soft Loan	-	306.06
Less: Installment payable in 2020-21	-	(306.06)
Total (A)	-	21,872.80
Un-Secured Loans		
Loans & Advances from Related Parties :		
1. Working Capital Loan from HPCL 2020-21	14,503.69	-
Less: Installments due within 1 year	(1,000.00)	-
2. Working Capital Loan from HPCL 2019-20 repayable in 9 quarterly installments starting from Dec 2019.	-	6,558.14
Less: Installments due within 1 year	-	(3,050.00)
3. working Capital Loan from HPCL 2018-19 repayable in 12 quarterly installments starting from Apr 2019.)	-	7,093.71
Less: Installments due within 1 year	-	(4,000.00)
Total (B)	13,503.69	6,601.85
Total (A+B)	13,503.69	28,474.65
NOTE - 17		
Long Term Provisions		
Provision for Gratuity	363.02	313.11
Provision for Leave Encashment	107.57	103.93
Total	470.59	417.04
NOTE - 18		
Other Non Current Liabilities		
Deferred Government Grant	1,244.26	1,334.44
Deferred Lease Rental Premium	1,440.22	1,470.98
Lease Liability for HBL HQO	18.20	24.87
Total	2,702.68	2,830.29
NOTE - 19		
Short Term Borrowings		
Secured Loans		
Cash Credit (Hypothecation of Debtors & Inventory)	9,028.03	11,532.07
(Rate of Interest @ 1 year MCLR+0.35% Fixed Spread)		
Overdrafts from Banks (Secured by Hypothecation of Stock-in-Trade)	-	-
Un-Secured Loans		
WCSTL from ICICI Bank (Repayable on or before 18/06/2020)	-	1,500.00
(Rate of Interest @ I-MCLR 1Y+0.70% Fixed Spread)		
Total	9,028.03	13,032.07

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

(Amount in ₹ Lacs)

Particulars	As at 31st March 2021	As at 31st March 2020
NOTE - 20		
Trade Payables		
(i) Total Outstanding dues of Micro, Small & Medium Enterprises	86.30	819.01
(ii) Total outstanding dues of creditors other than above Creditors		
Operating Expenses Payable to HPCL	1,938.56	1,619.56
Accrued Expense - Payable	1,082.47	1,189.61
Payable to Cane Growers	7,477.77	14,298.38
Payable to Trade Vendors	495.50	699.57
Total	11,080.60	18,626.13
NOTE - 21		
Other Current Financial Liabilities		
Payable to Contractor/Vendor (Capital Assets)	91.30	104.55
Retention from Vendors	175.75	158.09
Security Deposit from Contractors	207.90	113.96
Accrued Liability-EPCC Vendor	-	107.11
Unclaimed Cheque	10.43	10.43
Interest Accrued but not due	129.84	434.60
Current Maturities of Long Term Debt :		
- Bank Term Loan	-	2,470.00
- GoB Soft Loan	-	306.06
- HPCL Working Capital Loan 2019-20	-	3,050.00
- HPCL Working Capital Loan 2018-19	-	4,000.00
- HPCL Working Capital Loan 2020-21	1,000.00	-
Lease Liability for HBL HQO(Due in next 12 months)	9.96	9.96
Payable To Employee	106.22	183.16
Total	1,731.40	10,947.92
NOTE - 22		
Other Current Liabilities		
TDS Payable	25.71	34.21
SGST Payable	37.03	33.59
CGST/IGST Payable	54.77	51.23
Payable to Zone Development Council	23.48	32.00
PF Contribution Employee	19.30	36.21
Misc Other Current Liabilities	-	-
Deferred Lease Rental Premium Current	30.75	30.75
Advance From Customers	2,868.07	2,572.49
Deferred government grant	90.32	90.45
Total	3,149.43	2,880.93
NOTE - 23		
Short-Term Provisions		
Provision for Other Employee Benefits	14.19	9.13
Total	14.19	9.13

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

(Amount in ₹ Lacs)

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
NOTE - 24		
Revenue from Operations		
Gross Sales		
Sale of Products	18,003.94	27,072.61
Other Operating Income	50.17	-
Recovery under Subsidy Schemes	140.85	2,950.52
Total	18,194.96	30,023.13
NOTE - 25		
Other Income		
Rent Recoveries	30.75	111.48
Interest (Gross) On Others	3.67	1.42
Miscellaneous Income	141.82	169.63
Total	176.24	282.53
NOTE - 26		
Cost of Materials Consumed		
Cane Purchase	12,198.38	18,309.75
Cane Transportation	100.24	126.91
ZDC Commission	24.41	36.54
Cost of Molasses Bought Out	-	32.56
Cane-Other Procurement Cost	68.66	71.60
Total	12,391.69	18,577.36
NOTE - 27		
Power & Fuels		
Bagasse Cost ,Fuels & Handling	280.46	401.69
Rice Husk & Firewood	46.11	3.24
Power Import	358.29	402.22
Total	684.86	807.15
NOTE - 28		
Changes in Inventories of Finished Goods Work-in-Progress & Stock in Trade		
Inventories at the end of the period (as per books)		
Work in Progress	612.17	766.04
Finished Products	15,738.43	17,029.43
Bio Compost	36.84	35.04
Total A	16,387.44	17,830.51
Inventories at the beginning of the period		
Work in Progress	766.04	592.82
Finished Products	17,029.43	23,526.22
Bio Compost	35.04	46.17
Total B	17,830.51	24,165.21
Total (B-A)	1,443.07	6,334.70

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

(Amount in ₹ Lacs)

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
NOTE - 29		
Employee Benefits Expense		
Salaries, Wages, Bonus, etc.	1,712.91	1,789.04
Employees Allowances & Other Benefits	564.70	603.78
Employees Recruitment & Training	2.00	5.11
Contribution to Provident Fund	172.82	394.69
Gratuity & Leave Encashment	70.69	79.83
Employee Welfare Expenses	5.47	3.20
Total	<u>2,528.59</u>	<u>2,875.65</u>
NOTE - 30		
Finance Costs		
Interest Expense on Instruments Carried at Amortised Cost		
- On Cash Credit and Term loan	2,151.34	3,726.08
- On Bridge Loan	1,758.00	959.28
- On Lease Liability	3.30	1.98
Total	<u>3,912.64</u>	<u>4,687.34</u>
NOTE - 31		
Other Expenses		
Ethanol Transportation	28.55	116.42
Repairs & Maintenance - Buildings	50.88	32.81
Repairs & Maintenance - Plant & Machinery	529.34	586.35
Repairs & Maintenance - Other Assets	44.92	59.82
Insurance	214.85	114.49
Rates & Taxes	87.91	46.80
Rent	-	5.18
Travelling & Conveyance	45.86	73.29
Contract Labour	33.40	40.56
Printing & Stationery	22.04	18.21
Electricity & Water	2.68	4.86
Cane Development Expense	0.23	0.09
Discount on Cogen	8.72	15.21
Other Supplies	0.27	0.63
Telephone & Fax	7.41	9.54
Postage & Telegram	2.67	4.14
Provision for Doubtful Debts(After Adjusting Provision no Longer Required)	-	422.89
Other Manufacturing Expenses	34.64	45.97
Security Charges	185.38	204.96
Advertisement & Publicity	11.74	6.07
(Gain)/Loss on Sale/Disposal of Fixed Asset	(13.26)	(140.64)
Sundry Expenses & Charges (Not otherwise classified)	185.80	310.62
Consultancy & Technical Services	56.04	33.24

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

(Amount in ₹ Lacs)

Particulars	Year Ended 31st March 2021	Year Ended 31st March 2020
Auditor Expenses		
- Statutory Audit Fees	1.50	1.50
- Other Services	-	0.33
- Other Expenses	-	0.17
Exchange Rate Variation (Net)	-	-
Total	1,541.57	2,013.51

NOTE - 32

Provision for Gain/(Loss) on Inventory Variation

Reversal of Last Year Provision on Inventory Variation	-	-
Provision for Gain/(Loss) Current Year	1.45	(2.16)
Total	1.45	(2.16)

NOTE - 33

Segment Reporting

The company deals in the manufacturing and sales of Sugar, Ethanol and generation of Power. Business segment has been taken as Primary Segment as three products are subject to different risks and rewards. There is no geographical segment as both the units operate in same location and business environment.

Sl. No.	Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
1	Segment Revenue		
a)	Sugar	19,340.68	30,417.58
b)	Ethanol	1,831.69	3,534.18
c)	Co-Gen	4,822.28	6,558.11
d)	Unallocated	122.78	213.50
	Total	26,117.43	40,723.37
	Less: Inter Segment	7,746.23	10,417.71
	Net Segment Revenue	18,371.20	30,305.66
2	Segment Results		
a)	Sugar	(4,018.75)	(4,455.14)
b)	Ethanol	407.65	622.77
c)	Co-Gen	(404.78)	(38.13)
d)	Unallocated	(73.66)	13.85
	Total	(4,089.54)	(3,856.65)
	Less: Interest	3,912.64	4,687.34
	Less: Other Unallocable Exp.	5.25	10.81
	Total Profit After Tax	(8,007.43)	(8,554.80)
3	Segment Assets		
a)	Sugar	38,019.29	39,736.10
b)	Ethanol	9,349.50	8,893.20
c)	Co-Gen	13,230.14	16,697.65
d)	Unallocated	7,666.88	8,441.19

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

Sl. No.	Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
	Total	68,265.80	73,768.14
4	Segment Liability		
	a) Sugar	39,613.27	73,325.52
	b) Ethanol	791.62	2,061.47
	c) Co-Gen	828.42	1,287.29
	d) Unallocated	446.75	543.87
	Total	41,680.05	77,218.16
5	Capital Employed [Segment Assets-Segment Liability]	26,585.75	(3,450.02)
6	Capital Expenditure incl. Change in CWIP		
	a) Sugar	95.43	44.93
	b) Ethanol	11.24	40.28
	c) Co-Gen	37.09	70.97
	d) Unallocated	44.37	23.31
	Total	188.13	179.50
7	Depreciation		
	a) Sugar	1,240.73	1,099.43
	b) Ethanol	469.73	441.89
	c) Co-Gen	1,025.38	954.71
	d) Unallocated	87.40	96.87
	Total	2,823.24	2,592.90
8	Non Cash Expenditure Other Than Depreciation	1,064.36	877.49

Other Disclosures:

1. Segments have been identified in line with the Indian Accounting Standard (Ind AS) 108 "Operating Segment" taking into account the organisation structure as well as differing risks and returns.
2. The Segment revenue, results, assets and liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.
3. The segment performance has been worked out after attributing the realisable value of inter segment transfer of material.
4. Segment assets and liabilities represents assets and liabilities in respective segment. Assets and liabilities that cannot be allocated to segment on reasonable basis have been disclosed as unallocable.
5. Previous year figures have been regrouped/reclassified wherever necessary.

34. DEFERRED TAX LIABILITY FOR THE YEAR ENDED MARCH 31, 2021

Sl No	Timing differences	Amount (₹ in Lacs)	DTA @ 26%	DTL @ 26%
1	Differences in Book & Tax Depreciation			
	WDV as per books of accounts as at March 31, 2021	48,216.04		
	Less : WDV as per Income Tax Act as at March 31, 2021	13,372.80		
	Difference	(34,843.31)		9,059.26
	(If WDV as per IT is more than the WDV as per books then DTA is created, otherwise DTL)			
2	Expenditures covered by section 43 B			
	which are outstanding as on 31 March and not paid on or before the due date of filing of return			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

Sl No	Timing differences	Amount (₹ in Lacs)	DTA @ 26%	DTL @ 26%
	Employer's contribution to PF, superannuation fund, annuity fund or other fund for the welfare of the employees			
	Leave Encashment			
	Gratuity			
	Bonus			
	Debtors			
	Rent equalisation reserve			
	CENVAT			
	Customs Duty			
	Service Tax/provision for contingencies			
	Any other tax, duty, cess or fee payable to government			
	Interest payable on loan or borrowing from a public financial institution or schedule bank			
3	Assets acquired for scientific research for which 100% deduction is given in the year of purchase but capitalised in the books			
4	Expenditures disallowed for non deduction of tax at source (to be recognised if there is certainty that the company will deduct tax on the expenditure disallowed in the next year) Sec 40(a)(I) & (ia)			
5	Expenditures disallowed for Payment of Penalty (Sec.37)	-		-
6	Losses available for set off	75,862.53	19,724.26	
	Total as on March 31, 2021		19,724.26	9,059.26
	Net Deferred tax asset as on March 31, 2021		10,665.00	-
	Net Deferred tax asset as on March 31 of the previous year		12,091.94	-
	Amount to be debited/credited to statement of profit and loss		-	-

35. Defined Benefit Plan

The present value of obligation in respect of gratuity is determined based on Actuarial Valuation using the Projected Unit Credit method.

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year in case of Gratuity is as follows:

(₹ in Lacs)		
Particulars	Gratuity (2020-21)	Gratuity (2019-20)
Present value of projected benefit obligation		
Present value of Benefit Obligation at the beginning of the period	319.97	217.57
Interest Cost	21.82	16.95
Current Service Cost	44.83	35.65
Benefit paid	(3.53)	(2.19)
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	(6.32)	44.77
Actuarial (gains)/ losses on obligations - due to experience	(2.16)	7.22
Present value of Benefit Obligation at the end of the period	374.61	319.97
Changes in fair value of plan assets		
Fair value of Plan Assets at the beginning of the period		-
Interest income		-
Contributions by the employer		-
Benefit paid		-
Return on plan assets, excluding interest income		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

Fair value of Plan Assets at the end of the period		
Included in profit and loss account		
Current Service Cost	44.83	35.65
Net interest cost	21.82	16.95
Past Service Cost		
Total amount recognized in profit and loss account	66.65	52.60
Re-measurements		
Return on plan assets, excluding interest income		
(Gain)/loss from change in demographic assumptions		
(Gain)/loss from change in financial assumptions	(6.32)	44.77
Experience (gains)/losses	(2.16)	7.22
Change in asset ceiling, excluding amounts included in interest expense		
Total amount recognized in other comprehensive income	(8.48)	51.99

Amount recognized in the Balance Sheet

(₹ in Lacs)

Particulars	Gratuity (31st March 2021)	Gratuity (31st March 2020)
Present value of benefit obligation at the end of the period	374.60	319.97
Fair value of plan assets at the end of the period		
Net Liability / (Asset) recognised in the Balance Sheet	374.60	319.97

Plan Assets:		
Particulars	Gratuity (2020-21)	Gratuity (2019-20)
Plan assets comprise the following		
Investment in PSU bonds	-	-
Investment in Government Securities	-	-
Bank Special Deposit	-	-
Insurance fund	-	-
Investment in other securities	-	-
Bank Savings Deposit	-	-

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	Gratuity (2020-21)	Gratuity (2019-20)
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	6.93%	6.82%
Rate of Salary Increase	7.00%	7.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

Sensitivity analysis:

(₹ in Lacs)

Particulars	Gratuity (2020-21)	Gratuity (2019-20)
Delta effect of +1% Change in Rate of Discounting	(51.53)	(46.01)
Delta effect of -1% Change in Rate of Discounting	63.12	56.75
Delta effect of +1% Change in Rate of Salary Increase	62.43	56.07
Delta effect of -1% Change in Rate of Salary Increase	(51.94)	(46.33)
Delta effect of +1% Change in Rate of Employee Turnover	(0.41)	(0.96)
Delta effect of -1% Change in Rate of Employee Turnover	0.47	1.12
The expected maturity analysis of undiscounted benefits is as follows:		
Less than a year	11.58	6.86
Between 1 - 2 year	8.53	7.23
Between 2 - 5 year	29.53	25.00
Over 5 years	1244.27	1,104.88
Total	1,293.91	1,143.97

36. Fair value measurements

Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31st March, 2021

(₹ in Lacs)

	Carrying amount				Fair Value		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Trade receivables			167.64	167.64			
Cash & Cash equivalents			43.05	43.05			
Short-term loans			2.56	2.56			
Other current financial assets			1,849.56	1,849.56			
Financial liabilities							
Cash credit			9,028.03	9,028.03			
Trade payables			11,080.60	11,080.60			
HPCL WCL 2020-21			14,503.69	14,503.69		15053.16	
Other current financial liabilities			731.40	731.40			

As at 31st March, 2020

(₹ in Lacs)

	Carrying amount				Fair Value		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Trade receivables			448.42	448.42			
Cash & Cash equivalents			31.90	31.90			
Short-term loans			4.13	4.13			
Other current financial assets			3,206.40	3,206.40			
Financial liabilities							
Bank term loan			24,342.80	24,342.80			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

GOB soft loan			306.06	306.06			
ICICI Bank Soft Loan			1500.00	1500.00			
Bridge loan from HPCL 2018-19			7,093.71	7,093.71		7,001.43	
Bridge loan from HPCL 2019-20			6,558.14	6,558.14		6,583.57	
Cash credit			11,532.07	11,532.07			
Trade payables			18,625.30	18,625.30			
Other current financial liabilities			1,121.86	1,121.86			

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Valuation techniques used to determine Fair value

Instrument type	Valuation technique
Bridge loan from HPCL	Discounted Cash Flows: The valuation model considers the present value of expected payments using an appropriate discount rate

37. Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from bank balances, trade, and other receivables, which the Company minimizes such risk by dealing exclusively with high credit rating counterparties.

38. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flow

The table below summaries the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

As at 31st March 2021

(₹ in Lacs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and estimated interest payable thereon	10,597.28	10,309.63	6,129.59	-	27,036.50
Trade payables	11,080.60	-	-	-	11,080.60
Other financial liabilities	731.40	-	-	-	731.40
Total undiscounted financial liabilities	22,409.28	10,309.63	6,129.59	-	38,848.50

As at 31st March 2020

(₹ in Lacs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and estimated interest payable thereon	25,615.52	17,852.10	8,805.54	10,532.56	62,805.73
Trade payables	18,625.30	-	-	-	18,625.30
Other financial liabilities	1,121.86	-	-	-	1,121.86
Total undiscounted financial liabilities	45,362.68	17,852.10	8,805.54	10,532.56	82,552.89

39. Interest rate risk

The Company had a mix of fixed rate and floating rate borrowings to meet its cash flow requirements.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

because of a change in market interest rates.

- **Exposure to interest rate risk**

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in Lacs)

Particulars	Carrying amount	
	31-Mar-21	31-Mar-20
Variable rate borrowings	23,531.72	51,332.78
Fixed rate borrowings	-	-
Total borrowings	23,531.72	51,332.78

- **Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

(₹ in Lacs)

Particulars	Profit or loss	
	100 bp increase	100 bp decrease
31 st March 2021	(428.95)	428.95
31 st March 2020	(524.87)	524.87

40. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Company does not have any externally imposed capital requirements for the financial period ended 31st March 2021 and 31st March 2020.

41. Lease Hold Land

Leasehold Land is being amortized over a period of 60 years on SLM basis. ₹ 150.45 Lacs has been amortized for the year 2020-21 (P.Y.19-20 - ₹ 150.45 Lacs). The details of leasehold land (location wise) is as follows-

Unit wise Leasehold Land	Lauriya Unit	Sugauli Unit	Total
Farm Area (Acres)	138.79	199.45	338.24
Plant Area (Acres)	56.65	89.92	146.57
Total Leasehold Land (Acres)	195.44	289.37	484.81
Total Lease Premium (₹ in Lacs)	4,500.00	5,000.00	9,500.00
Acquisition Cost ₹ in Lacs(Net of Scrap Sale)	4,084.44	4,942.37	9,026.81

Out of the 484.81 acres of land taken on lease from Govt of Bihar, an area of 36.47 acre of land is in adverse possession and hence could not be occupied by the company. This matter has strongly been represented by HBL with the Govt of Bihar - Cane Department and we have been assured of necessary relief by the Govt of Bihar on the same.

42. Sub-Lease of Land to HPCL

During the FY 17-18, possession of Leasehold land measuring 29.34 acres was transferred to Hindustan Petroleum Corporation Ltd. on 31st March for a consideration of ₹ 1,594.07 Lacs on same terms and conditions as applicable to HBL for the remaining period of lease. The amount received is recognized as income over the period of Lease. Lease Rental Premium amount so received has been shown as Deferred Lease Rental Premium and classified under Other Current Liabilities (Note no.22) and Other Non- Current Liabilities (Note no. 18) respectively. Further, we have given a small piece of land admeasuring 1,600 sqmtr, which is part of Sugauli Plant premises to HPCL Beghusarai RRO for outlet, which is up, and running since Sep 2013. Since lease agreement remains under finalization, no lease rental income has been recognized by HBL during Financial Year 2020-21.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

43. Plant Capacity

Sl. No.	Plant Name	Capacity(Sugauli)	Capacity(Lauriya)
1	Sugar Plant	3,500 TCD	3,500 TCD
2	Ethanol Plant	60 KLPD	60 KLPD
3	Co-gen Plant	20MW	20MW

44. Excise Claim with GOB

Claim has been lodged with Government of Bihar for reimbursement of excise duty on sugar sales. Considering the significant uncertainty over its realization, it would be accounted on receipt of the amount from GoB.

45. Consumption of Raw Materials

Consumption of bagasse generated from production is valued at 'nil' rate.

46. SLDC

SLDC charges or charges towards State Load Despatch Centre have been mentioned in the PPA with BSEB but SLDC in Bihar is yet to be established. Hence there has been no demand for SLDC charges and no provision has been made in this regard.

47. Cane Development Expenditure

Cane development expenditure is net of sale of seeds and fertilizers to the farmers of cane command area and own farm production of Sugauli & Lauriya Unit.

48. Renewable Energy Certificates

RECs earned for the captive consumption of power generated from renewable sources are not valued as stock on hand on the Balance Sheet dates, since the cost of obtaining them is very negligible and their realization is not certain. The income from the sale of RECs is accounted as revenue in the year of sales. The RECs on hand on 31st March 2021 was 31,494 nos.

49. Micro, Small & Medium Creditors –

To the extent Micro, Small and Medium Enterprises have been identified, the outstanding balance, if any, as at Balance Sheet date is disclosed on which Auditors have relied upon.

(₹ In Lacs)

Sr. No.	Particulars	2020-21	2019-20
1.	Amounts payable to "suppliers" under MSMED Act, as on 31/03/21: -	86.30	819.01
	– Principal	86.30	819.01
	– Interest	-	-
2.	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y.2020–21 (irrespective of whether it pertains to current year or earlier years) –	-	-
	– Principal	-	-
	– Interest	-	-
3.	Amount of interest due / payable on delayed principal which has already been paid during the current year (without interest or with part interest)	-	-
4.	Amount accrued and remaining unpaid at the end of Accounting Year	-	-
5.	Amount of interest which is due and payable, which is carried forward from last year	-	-

50. Secured Loan

GoB Soft Loan of ₹ 1,648.00 Lacs availed through SBI during F.Y.15-16 with interest subvention to the extent of 10%. Four Installments amounting to ₹ 306.32 Lacs was paid during F.Y. 2020-21 (P.Y.19-20 – ₹ 351.62 Lacs). The Balance of GoB Soft Loan as on 31.03.2021 was Nil (₹ 306.06 Lacs as on 31.03.2020).

Term Loan of ₹ 30,880.00 Lacs was availed through SBI during F.Y. 2014-15. During the year 2020-21 the Term loan was paid in full in Two Installments amounting to Rs 24,395 lacs (P.Y. 19-20 – ₹ 2,239.00 Lacs) in September 2020. The Balance of Term loan as on 31.03.2021 was Nil (₹ 24,342.80 Lacs as on 31.03.2020).

Working capital loan is from State Bank of India with interest @ one year MCLR + 0.35% fixed spread, and the limit is ₹ 12,500 Lacs. The working capital loan is secured by hypothecation of Stocks & Debtors of the company. The Working Capital Loan balance as on 31.03.2021 was ₹ 9,028.03 Lacs (₹ 11,532.07 Lacs as on 31.03.2020).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

As both Term Loan and Soft Loan has been repaid in full during the year, the installment amount payable within 1 year as on 31.03.2021 was Nil (₹ 2776.06 lacs as on 31.03.2020).

51. Unsecured loan

An unsecured working capital loan of ₹ 16,500 Lacs was obtained from the holding company during FY 2020-21 to meet the working capital requirements, which carries interest at the average borrowing cost of the holding company and is repayable in 13 quarterly installments starting from March 2022. The balance of the loan as on 31.03.2021 was ₹ 14,503.69 lacs.

An unsecured Working Capital Loan of ₹ 7,000.00 Lacs was obtained from the holding company during FY 2019-20 to meet the working capital requirements, which carries interest at the average borrowing cost of the holding company and is repayable in 9 quarterly installments starting from December 2019. The Outstanding balance of the Working Capital Loan of ₹ 6,000 lacs has been converted into Equity Share Capital in September 2020.

The unsecured working capital loan of ₹ 9,000 Lacs which was obtained during FY 2018-19 to meet the working capital requirements, carries interest at the average borrowing cost of the holding company was classified under note no. 19 Unsecured Long Term Loan as on 31.03.2020. The Outstanding balance loan of ₹ 5,600 lacs has been converted into Equity Share Capital in September 2020.

The Unsecured soft loan of ₹ 2,400.00 Lacs was obtained from ICICI Bank limited during FY 2019-20 under Sugar sector incentive/ Interest subvention scheme by GOI to facilitate payment of cane dues to the farmers for the Sugar season 2018-19. The balance of ₹ 1500 lacs has been paid in full in four installments. The balance as on 31/03/21 is Nil.

52. Provision for Gratuity & Leave Encashment

Provision for gratuity of ₹ 374.60 Lacs (P.Y. 19-20 ₹ 319.97 Lacs) has been made towards retirement benefits for employees during the year based on Actuarial Valuation as of 31.3.2021. Provision for Leave Encashment of ₹ 110.17 Lacs (P.Y.19-20 – ₹ 106.20 Lacs) has been made based on Actuarial Valuation as of 31.03.2020.

Above does not include the provision for employees posted on deputation from HPCL.

Pay, Allowances, perquisites and other benefits of the Employees on deputation from HPCL is governed by their service conditions with Holding Company (HPCL).

53. Income Tax

As company has incurred losses during the current financial year, hence no provision for income tax has been made.

Deferred tax asset on carry forward of losses has not been recognized on account of lack of certainty of sufficient future taxable profits against which such losses can be utilized (**Refer Note No.34**).

54. Revenue from sale of power

Revenue from sale of power is accounted for based on tariff rates approved by BSERC (Bihar State Electricity Regulatory Commission). Revenue from Sale of Power is recognized once the electricity has been delivered to the customer and is measured through meter.

Surcharge on late payment for the sale of power is recognized on receipt/ acceptance basis.

55. Income from Buffer Subsidy:

₹ 106.02 lacs has been booked as Buffer Subsidy Income for the Buffer stock maintained as per relevant notifications issued by the Central Government with the view to improve liquidity in the sugar Industry for the Scheme of Creation and Maintenance of Buffer Stock.

56. Provision for inventory variation

The company is conducting regular physical verification of inventory. The cumulative inventory variation provision is ₹ 105.69 Lacs (P.Y. ₹ 72.55 Lacs) the said variation shall be dealt properly after obtaining appropriate approvals.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

57. Remaining Contracts/Contingent Liabilities & Management Remuneration etc.

(₹ in Lacs)

Sr.	Description	2020-21	2019-20
A.	Estimated amount of contracts remaining to be executed on capital account not provided for.	925.50	177.13
B.	Claims against the company not acknowledged as debts		
	Claim by an EPCC contractor for which appeal is lying with NCLAT	1990.12	1990.12
	*Wrong disallowance of Input Tax Credit claimed on capital goods for 2010-11. Appeal lying before Sales Tax Tribunal, Bihar	698.44	698.44
	Erroneous demand for 2010-11 of Entry Tax based on proportional amounts, ignoring the actual tax paid. (₹ 10.22 Lacs paid as advance tax under protest)	68.12	68.12
	Erroneous demand for 2012-13 on account of denial of Input Tax Credit	93.81	93.81
	Erroneous demand for 2013-14 on account of denial of Input Tax Credit	71.65	71.65
	Erroneous demand for 2014-15 on account of denial of Input Tax Credit	38.76	38.76
	Erroneous demand for 2014-15 on account of differential tax due to non-submission of C form at the time of order	0.00	315.52
	Erroneous demand for 2013-14 on account of suppression of purchase turnover ignoring the actual facts	92.09	92.09
	Claim by a vendor for outstanding payments of Bagasse.	10.14	10.14
C.	Guarantees given to others		
	Bank Guarantee given to the Bihar State Pollution Control Board as Security Deposit	40.00	10.00
D.	Managerial Remuneration		
	Salary & Allowances		
	(Chief Executive Officer on deputation from HPCL. The amount represents remuneration from HPCL and debited to the company. The salary includes salary, company contribution to PF, LFA, Bonus, medical, gratuity & leave encashment)	50.81	46.82
E.	Expenditure in Foreign Currency	Nil	Nil
F.	Earning in Foreign Currency	Nil	Nil
G.	C I F Value of imports during the year	Nil	Nil

*The EPCC contract was placed for the setup of a new plant for which the company was eligible to get Commercial Input Tax Credit (ITC) of ₹ 6.98 Cr suffered by capital goods which was claimed as ITC in sales tax return in the year 2010-11 eligible for set-off of future VAT liabilities, but actually never adjusted. Department wrongly construed that since this ITC credit is shown as eligible in return, ITC benefit must have been availed by HBL and levied the demand of taxing the ITC at 100% tax rate which is inconsistent. After the demand was raised, an appeal was filed accordingly. Basis the sound legal footing, in considered view of the management and Expert, any provision is not required at this point of time. Being aggrieved by the order of Tax authority, appeal was filed in Bihar commercial Tax tribunal, which was turned down on ground of non-deposit of 20%, our appeal for restoration, is pending as next date is 21.06.21 and the same is disclosed as a contingent liability in the above Note no. 57 of the audited accounts.

58. EPCC Vendors – NCLT case

In the month of Oct 2018, one of the EPCC vendor has filed petition against HBL in NCLT, Kolkata Bench under IBC Code 2016 in which party has raised a claim of ₹ 1,990.12 lacs in lieu of unpaid operational debt, interest on alleged debt and legal expenses. On 12.02.2020, order against HBL was passed by NCLT, Kolkata accepting application/ petition of our Vendor and thereby NCLT appointed Insolvency resolution Professional (IRP). However, being aggrieved, against the NCLT Kolkata Order, HPCL Management sought stay against execution of NCLT Kolkata order and Hon'ble Supreme court granted interim stay against the impugned order on 06.03.2020. The case is being handled under the guidance and support by HPCL legal. The matter was heard on 26.02.2021 in Hon'ble Supreme Court and the court has allowed our appeal and remanded the matter to NCLAT, to decide the issue on merit.

59. Related Party

Nature of relationship	Name of related parties
Promoters Key Management personnel Relative of key Management personnel	Hindustan Petroleum Corporation Ltd Shri Pranay Kumar(CEO) Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020-2021 (CONTD.)

60. Details of transaction between the company and related party (HPCL)

(₹ in Lacs)

Nature of Transaction	2020-21	2019-20
Advance taken against supply of Ethanol(Advance Approved during 2020-21, ₹ 3,600 lacs, after adjustment of previous loan and interest of 2019-20 ₹ 1597.79 lacs, balance amount has been received)	3,600.00	3,970.00
Balance Ethanol Advance as on 31 st March	2,866.20	2,572.49
Interest Paid during the year to HPCL on Ethanol Advance	166.57	243.84
Sale of Ethanol to HPCL (Excl. In-Transit sales on 31.03.21 for ₹ 20.25 Lacs, P.Y. ₹ 71.03 Lacs)	1,862.00	3,673.55
Purchase of Lubes from HPCL	26.89	46.53
Purchase of Sulphur from HPCL	22.54	16.78
Working Capital Loan taken from HPCL	165,00.00	7,000.00
Working Capital Loan balance as on 31.03.2021 (balance without Ind As impact: CY – ₹ 165,00 lacs, PY – ₹ 140,00 lacs)	14,503.69	13,651.85
Interest paid to HPCL on working Capital Loan	749.44	661.15
Manpower cost of employees on deputation and establishment expenses (Including GST)	340.65	303.24
Equity Infusion by HPCL	35,378.00	0.00
Payable to HPCL Corporate on account of Manpower Cost, Bridge Loan interest and Other Expenses	2,068.39	1,784.50
Payable on account of Lubes and Sulphur Purchases	0.79	16.02

61. Payment to Auditors

Expenses incurred towards statutory auditor's remuneration during the year are as under:

(₹ in Lacs)

Particulars	2020-21	2019-20
For Statutory Audit	1.50	1.50
For management services	0.00	0.33
For expenses	0.00	0.17
Total	1.50	2.00

62. Impact of Ind AS 116 "Leases":

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases, replacing the existing Standard Ind AS 17, to be effective from Accounting Period beginning with April 01, 2019. The adoption of Standard calls for recognition of 'Lease Liability' & 'Right to Use Assets', wherever the term of lease is in excess of 12 months, unless the underlying Asset is of low value.

The Company has used the following practical expedients:

- Applying a single discount rate to a portfolio of leases with similar remaining lease term.
- Not applying the transition requirements to leases for which the lease term ends within 12 months of the date of initial application i.e. April 01, 2019.
- Not applying this Standard to contracts that were not previously identified to contain a lease element under erstwhile Ind AS 17.

A. Maturity Analysis of lease liabilities:

The amounts disclosed in the table below are the contractual undiscounted cash flow:

(₹ in Lacs)

	31.03.2021
Less than one year	9.96
Between one and three years	19.92
More than three years	4.98
Total	34.86

B. Disclosures:

(₹ in Lacs)

Particulars	31.03.2021
a) Expense relating to short-term leases	-
b) Expense relating to leases of low-value assets	-
c) Expense relating to variable lease payments not included in the measurement of lease liabilities	-
d) income from sub-leasing of 'right-of-use'	30.75
e) Interest expense on lease liabilities	3.29
f) Total cash outflow for leases	9.96

C. The following are the carrying values of Right of use ("ROU") assets:

(₹ in Lacs)

Particulars	Class of Underlying Asset		
	Land -	Buildings	Total
Freehold			
Gross Block	7,492.67	38.24	7,530.91
Additions/ Reclassifications			
Deductions/ Reclassifications			-
As on 31.03.2021	7,492.67	38.24	7,530.91
Depreciation/ Amortisation	150.45	4.16	154.61
For the year	150.45	7.62	158.07
Deductions/ Reclassifications			
As on 31.03.2021	300.90	11.78	312.68
Net Block as on 31.03.2021	7,191.77	26.46	7,218.23

63. Foreign Exchange Information

(₹ in Lacs)

Sr	Particulars	2020-21	2019-20
a	Value of imports calculated on CIF basis by the company during the financial year in respect of		
	I. Raw Materials	Nil	Nil
	II. Components and Spare Parts	Nil	Nil
	III. Capital Good	Nil	Nil
b	Expenditure in foreign currency during the financial year on account of royalty, know how, professional and consultation fees, interest, and other matters	Nil	Nil
C	Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption		
	Raw Materials		
	Imported in %	Nil	Nil
	Imported in Value	Nil	Nil
	Indigenous in %	100%	100%
	Indigenous in Value	12,391.69	18,577.36
	Spare Parts and components		
	Imported in %	Nil	Nil
	Imported in Value	Nil	Nil
	Indigenous in %	100%	100%
	Indigenous in Value	621.84	442.86
d	The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related		

e	Earnings in foreign exchange classified under the following heads, namely		
	Export of goods calculated on FOB basis	Nil	Nil
	Royalty, know how, professional and consultation fees	Nil	Nil
	Interest and dividend	Nil	Nil
	Other income indicating the nature thereof	Nil	Nil

64. Advances to the Suppliers/Contractors

Advances to the Suppliers/Contractors, Other receivables, Trade/ Other payables are subject to confirmation/reconciliation. Adjustments required, if any, will be accounted for on confirmation/ reconciliation of the same, which in the opinion of management will not have a material impact.

In the opinion of management, the value of the assets, other than fixed assets, on realization in the ordinary course of business, will not be less than the value at which they are stated in the Balance Sheet.

65. Threshold limits adopted in respect of financial statements is given below: -

Threshold item	Unit of measurement	Threshold limits
Income/expenditure pertaining to prior year (s)	₹ In Lacs	100.00
Prepaid expenses	₹ In Lacs	5.00

66. Previous year figures

Previous year figures have been rearranged / regrouped wherever necessary. The Company's presentation and functional currency is ₹ Lacs.

67. Presentation of Negative Amounts

Unless otherwise stated or the context requires it to be interpreted otherwise, figures in bracket in the financial statements represent negative amounts.

As per our report attached

For Thakur Bhuvanesh & Associates
Chartered Accountants

For and on behalf of the Board

CA B. K. Thakur
Partner
Membership No. 500431
Firm's ICAI Reg.No. 019690N

Vinod S Shenoy
Chairman
DIN-07632981

R Kesavan
Director
DIN-08202118

Place : Mumbai
Date : 03/05/2021

Piyush Awasthi
Chief Finance Officer
PAN-ACDPA5685L

Pranay Kumar
CEO & Manager
PAN- AFGPK4512C

Heena Shah
Company Secretary
ACS-13736

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2021

Amount in ₹ Lacs

	Year Ended 31st March 2021 (Audited)	Year Ended 31st March 2020 (Audited)
A. Cash Flow From Operating Activities		
Net Profit/(Loss) Before Tax	(8,007.43)	(8,554.80)
Adjustments to Reconcile Profit Before tax to net cash used in operating activities:		
Depreciation of Property, Plant and Equipment	2,838.57	2,834.65
(Gain)/loss on sale/disposal of property, plant and equipment	(13.26)	(140.64)
Actuarial Gain / (Loss) from OCI	8.49	(51.99)
Amortisation of Capital Grant	(90.32)	(90.45)
Amortisation of Lease Premium	-	-
Deferred Lease Rental Income	(30.75)	(30.75)
Finance Costs	3,912.64	4,687.34
Provision for Doubtful Debts & Receivables	-	422.89
Operating Profit before Changes in Assets & Liabilities {Sub Total - (i)}	(1,382.06)	(923.75)
(Increase) / Decrease in Assets and Liabilities :		
Trade Receivables	280.78	425.52
Loans and Advances and Other Assets	1,147.93	(2,111.86)
Inventories	1,374.63	6,465.51
Liabilities and Other Payables	(7,662.26)	(2,125.74)
Sub Total - (ii)	(4,858.92)	2,653.43
Cash Generated from Operations (i) + (ii)	(6,240.98)	1,729.68
Less : Direct Taxes / refund / (paid) - Net	-	-
Net Cash from Operating Activities (A)	(6,240.98)	1,729.68
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment (incl. Capital Work in Progress)	(187.94)	(246.39)
Sale of Property, Plant & Equipment	72.20	1,368.26
Other Non- Current Assets	(0.03)	(1.80)
Net Cash Flow generated from / (used in) Investing Activities (B)	(115.77)	1,120.07
C. Cash Flow From Financing Activities		
Long term Provisions	53.55	126.49
Long term Loans raised/(repaid)	(22,211.33)	8,912.26
Fresh Equity Infusion during the period	35,378.00	-
Short term Loans raised / (repaid)	(4,004.04)	(7,524.82)
Finance Cost paid	(2,848.28)	(4,373.37)
Net Cash Flow generated from / (used in) Financing Activities (C)	6,367.90	(2,859.44)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	11.15	(9.69)
Cash and cash equivalents at the beginning of the year	31.90	41.59
Cash and cash equivalents at the end of the year	43.05	31.90
Details of cash and cash equivalents at the end of the year:		
Cash and cash equivalents as on	31-Mar-21	31-Mar-20
Balances with Banks:		
- on current accounts	43.05	31.90
- on non-operative current accounts	-	-
Cash on hand	-	-
Less : Cash Credits	-	-
Cash and cash equivalents at the end of the year	43.05	31.90

As per our report attached

For **Thakur Bhuvanesh & Associates**
Chartered Accountants

For and on behalf of the Board

CA **B. K. Thakur**
Partner
Membership No. 500431
Firm's ICAI Reg.No. 019690N**Vinod S Shenoy**
Chairman
DIN-07632981**R Kesavan**
Director
DIN-08202118Place : Mumbai
Date : 03/05/2021**Piyush Awasthi**
Chief Finance Officer
PAN-ACDPA5685L**Pranay Kumar**
CEO & Manager
PAN- AFGPK4512C**Heena Shah**
Company Secretary
ACS-13736