S K Jha & Associates
Chartered Accountants

2E, Shambhunath Plaza
New Dak Bunglow Road
Patna – 800001
Tel- 9431016174
Email: ratendra@yahoo.com

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
HPCL Biofuels Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of the HPCL Biofuels Limited, which comprise the Balance Sheet as at 31st March, 2016 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information. Our earlier report dated 12th May, 2016 (issued in supersession of our report dated 3rd May, 2016, which was withdrawn, primarily, to accommodate inclusion of report on revised sub-directions issued under section 143(5) of the Companies Act, 2013) on these financial statements stands withdrawn for inclusion of our report on Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting of the Institute of Chartered Accountants of India and for withdrawing our comments on this matter as contained in earlier report.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

S. K. Jha & Associates PATNA Chartered Accountants

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

Your attention is hereby drawn to Note No.- 50 [relating to Provision for Gain/(Loss) on Inventory Variation] of the financial statements. The reasons of such variations is stated to be errors in recording of manufacturing details in production records and the same relates to the period relevant to season 2013-14. However, considering that the said variation has been disclosed as exceptional item in the statement of profit and loss, our opinion is not qualified in this matter.

Our test checks of the methods and procedures leading to valuations of consumption of stores and closing stock of stores have revealed limitations of the electronic records maintained by the Company in this regard. Also, the Company has not identified slow-moving/non-moving/obsolete items in stock of stores. Considering these, a provision of Rs. 20,00,000/= has been created by the Company to offset the possible impact [Note No. 50 of the Financial Statements]. Our opinion is not qualified in this matter.

S. K. Jha & Associates * Chartered Accountants PATNA

Your attention is also hereby drawn to Note No. 58 relating to non-appointment of independent/women director to the Board of the Company as required by the Companies Act, 2013. These financial statements have, thus, been reviewed and approved by the Audit Committee and the Board not constituted as per requirements of the Companies Act, 2013. Our opinion is not qualified in this matter.

Report on Other Legal and Regulatory Matters

As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of section 143 (11) of the Companies Act, 2013 and in terms of the information and explanations given to us and also on the basis of such checks as we considered appropriate, we enclose in Annexure-1 a statement on the matters specified in paragraphs 3 & 4 of the said order.

Our report on matters covered by directions and sub-directions issued by the Comptroller and Auditor General of India issued under section 143(5) of the Companies Act, 2013, to the extent applicable, is enclosed in Annexure-2.

As required by section 143(3)(i) of the Act, we enclosed in Annexure-3 our report on matters contained therein.

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

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

(b) 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, and the Cash Flow Statement dealt with in this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) We have been informed by means of a certificate from the Company Secretary of the Company that none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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 financial statements – Refer Note 53 to the financial statements;

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

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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S K Jha & Associates
Chartered Accountants

(CA. RATENDRA KUMAR)
Partner
Membership Number- 075813
Firm Registration Number-
006189C

Place of Signature: Patna
Date of Report: 27th May, 2016

S. K. Jha & Associates * Chartered Accountants * PATNA

ANNEXURE-1 TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HPCL BIOFUELS LIMITED:

Report on matters covered under Companies (Auditor's Report) Order, 2016, as referred to under "Report on Other Legal and Regulatory Matters" paragraph of our report of even date on standalone financial statements of HPCL Biofuels Limited for the year ended on 31st March, 2016

(i) (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.

(ii) Physical verification of inventory has been conducted by the management during the year, the periodicity of which appears reasonable. Material discrepancies have been noticed which have been provided for during the year awaiting proper authorization for its proper dealing in the books of account.

(iii) 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.

(iv) 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.

(v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.

(vi) 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.

(vii) (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, 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	Forum where dispute is pending
Disallowance of input tax credit on capital	6,98,44,013/=	Sales Tax Tribunal, Bihar

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goods for 2010-11		
Demand of Entry Tax for 2010-11	68,11,732/=	Sales Tax Tribunal, Bihar

(viii) 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.

(ix) The Company has raised funds by way of term loans, which, on the basis of our our examination of the records and according to the information and explanations given to us, were applied for the purposes for which those are raised.

(x) No fraud by the company or any fraud on the Company by its officers or employees during the year were either noticed during our checking or were reported to us.

(xi) No managerial remuneration has either been paid or provided during the year.

(xii) The requirements of reporting in respect of Nidhi Companies are not applicable to the Company.

(xiii) 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.

(xiv) 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.

(xv) On the basis of our examination of the records and according to the information and explanations given to us, the company has entered into any non-cash transactions with directors or persons connected with him.

(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For S K Jha & Associates
Chartered Accountants

Place of Signature: Patna
Date of Report: 27th May, 2016

(CA. RATENDRA KUMAR)
Partner
Membership Number- 075813
Firm Registration Number-
006189C

ANNEXURE-2 TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HPCL BIOFUELS LIMITED:

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 financial statements of HPCL Biofuels Limited for the year ended on 31st March, 2016

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

Sl No	Directions	Report
1	Whether the company has clear title / lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available.	Yes. We have further been informed that the documents are in the custody of the bank as security for the Term / WC loan.
2	Whether there are any cases of waiver / write off of debts / loans / interest etc; if yes, the reasons therefore and amount involved	Nil
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift / grant(s) from the Govt or other authorities	Not Applicable

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

Sl No	Sub-Directions	Report
1	Examine the percentage escalation in salary assumed by management for computation of actuarial liability against gratuity and other employee benefits and report whether the same was reasonable, and source data provided by the company to the Actuaries for actuarial valuation were correct, complete and valid.	Percentage escalation in total monthly salary and average salary, as compared to previous year, has been mentioned in actuarial valuation report at +4.44% and +7.44% respectively, which appears reasonable. Further, the source data provided by the company to the Actuaries for actuarial valuation were found correct, complete and valid.

For S K Jha & Associates
Chartered Accountants

Place of Signature: Patna
Date of Report: 27th May, 2016

(CA. RATENDRA KUMAR)
Partner
Membership Number- 075813
Firm Registration Number-
006189C

S. K. Jha & Associates PATNA Chartered Accountants

ANNEXURE-3 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HPCL BIOFUELS LIMITED:

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 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2016:

a) The Company's internal control system over maintenance of electronic records for inventory of stores with regard to their receipts, issue for production, physical verification and reconciliation with financial books were not operating effectively which could potentially result in material misstatements in the Company's consumption and inventory account balances.

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

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2016, based on the internal control over financial reporting

S. K. Jha & Associates * PATNA * Chartered Accountants

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.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

For S K Jha & Associates
Chartered Accountants

Place of Signature: Patna
Date of Report: 27th May, 2016

S. K. Jha & Associates
PATNA
Chartered Accountants

(CA. RATENDRA KUMAR)
Partner
Membership Number- 075813
Firm Registration Number-
006189C

HPCL BIOFUELS LTD

Balance Sheet as at 31st March 2016

(Amount in Rs.)

Particulars	Note No	As at 31st March 2016	As at 31st March 2015
I EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	3	6,251,715,110	6,251,715,110
(b) Reserves & Surplus	4	(4,507,118,412)	(4,009,395,058)
(c) Money Received against Share Warrants			-
Share Application Money Pending Allotment			
Non-Current Liabilities			
(a) Long-Term Borrowings	5	3,944,000,000	3,088,018,946
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities	6	-	-
(d) Long-Term Provisions	7	6,826,641	5,567,767
Current Liabilities			
(a) Short-Term Borrowings	8	1,036,688,860	641,832,431
(b) Trade Payables	9	442,979,407	1,003,159,058
(c) Other Current Liabilities	10	942,663,064	993,052,967
(d) Short-Term Provisions	11	173,558	57,703
TOTAL		**8,117,928,228**	**7,974,008,924**
II ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	13	6,155,626,118	6,338,928,333
(ii) Intangible Assets		1,705,753	2,483,437
(iii) Capital Work-in-Progress	12	-	-
(iv) Intangible Assets under Development		-	-
(v) Fixed Assets Held for Sale		-	-
(b) Non-Current Investments	14	-	-
(c) Deferred Tax Assets (Net)		-	-
(d) Long-Term Loans & Advances	15	245,873,368	238,107,012
(e) Other Non-Current Assets	16	-	-
Current Assets			
(a) Current Investments	17	-	-
(b) Inventories	18	1,399,349,682	1,134,806,882
(c) Trade Receivables	19	110,607,656	1,629,372
(d) Cash & Cash Equivalents	20	3,328,437	35,237,101
(e) Short-Term Loans & Advances	21	183,959,141	205,338,714
(f) Other Current Assets	22	17,478,073	17,478,073
TOTAL		**8,117,928,228**	**7,974,008,924**

The accompanying notes are Integral Part of the Financial Statements

As per our report of even date attached
For S K Jha & Associates
Chartered Accountants

C A Ratendra Kumar
Partner
Membership No. 075813
Firm's ICAI Reg.No. 006189C

Place : Mumbai
Date : 03/05/2016

Place: Patna
2 7 MAY 2016

B K Namdeo
Director

J Ramaswamy
Director

PK Joshi
Chairman

R Sankaran
Chief Finance Officer

Vinod Nehete
CEO & Manager

Heena Shah
Company Secretary

S. K. Jha & Associates PATNA Chartered Accountants

HPCL BIOFUELS LIMITED PATNA

HPCL BIOFUELS LTD

Statement of Profit and Loss for the Year Ended 31st March 2016

(Amount in Rs.)

Particulars	Note No	Year Ended 31st March 2016	Year Ended 31st March 2015
Income			
I. Revenue from Operations (Gross)	23	1,682,404,419	1,977,506,090
Excise Duty		(75,719,919)	(103,311,294)
Revenue from Operations (Net)		1,606,684,500	1,874,194,796
II. Other Income	24	9,666,949	9,531,801
Total Revenue (I+II)		1,616,351,449	1,883,726,597
Expenses			
Cost of Materials Consumed	25	1,262,787,668	1,492,959,782
Consumption of Stores & Consumables		26,860,632	61,506,480
Packing Expenses		19,009,362	20,929,849
Excise Duty on Inventory Differential		33,282,190	(913,780)
Power & Fuels	26	34,878,593	52,315,156
Changes in Inventories of Finished Goods, WIP & Stock in Trade	27	(278,634,701)	(9,539,006)
Employee Benefits Expense	28	141,654,742	154,555,725
Chemicals Consumed		24,068,746	31,133,115
Finance Costs	29	473,675,933	435,995,940
Depreciation & Amortization Expense		279,751,882	283,879,282
Other Expenses	30	79,904,316	213,052,647
Total Expenses		2,097,239,363	2,735,875,190
Profit / (Loss) Before Exceptional & Extraordinary Items and Tax		(480,887,914)	(852,148,593)
Exceptional Items			
Prior Period Items	31	(7,877,640)	(238,046)
Provision for Gain/(Loss) on Inventory Variation	32	(8,957,800)	8,700,664
Profit / (Loss) Before Extraordinary Items & Tax		(497,723,354)	(843,685,975)
Extraordinary Items			-
Profit / (-Loss) Before Tax		(497,723,354)	(843,685,975)
Tax Expense			
(1) Current Tax Expense for Current Year		-	-
(2) (Less): MAT Credit		-	-
(3) Provision for Tax for Earlier year Written off/provided for		-	-
(4) Deferred Tax		-	-
(5) Current Tax Expenses Pertaining to Prior Years		-	-
Net Current Tax		-	-
Profit / (Loss) from Continuing Operations		(497,723,354)	(843,685,975)
Discontinuing Operations			
Profit / (Loss) from Discontinuing Operations (Before Tax)		-	-
Total Operations			
Tax Expense on Discontinuing Operations		-	-
Profit/(Loss) from Discontinuing Operations (After Tax)		-	-
Profit / (Loss) for the Year		(497,723,354)	(843,685,975)
Earnings Per Equity Share (of Rs 10/- each) :-			
(1) Basic before extraordinary items		(2.42)	(4.11)
(2) Diluted before extraordinary items		(2.42)	(4.11)
(3) Basic after extraordinary items		(2.42)	(4.11)
(4) Diluted after extraordinary items		(2.42)	(4.11)

The accompanying notes are Integral Part of the Financial Statements

As per our report of even date attached
For S K Jha & Associates
Chartered Accountants

C A Ratendra Kumar
Partner
Membership No. 075813
Firm's ICAI Reg.No. 006189C

Place: Patna
27 MAY 2016

Place : Mumbai
Date : 03/05/2016

B K Namdeo
Director

J Ramaswamy
Director

P K Joshi
Chairman

R Sankaran
Chief Finance Officer

Vinod Nehete
CEO & Manager

Heena Shah
Company Secretary

S. K. Jha & Associates * Chartered Accountants * PATNA

HPCL BIOFUELS LIMITED * PATNA

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2015-16

1. CORPORATE INFORMATION

The Company has been formed as a wholly owned subsidiary of M/s Hindustan Petroleum Corporation, 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. Preparation of Financial Statements

The financial statements are prepared under historical cost convention and on accounting principles of going concern in accordance with Generally Accepted Accounting Principles (GAAP), Accounting Standards referred to in the Companies (Accounts) Rule, 2014 issued by the Central Government and the relevant provisions of the Companies Act, 2013. Presentation and Disclosure of Financial Statements is done in accordance with Revised Schedule III to the Companies Act 2013. All income and expenditure having material bearing are recognized on accrual basis, except where otherwise stated. Necessary estimates and assumption of income and expenditure are made during the reporting period and difference between the actual and the estimates are recognized in the period in which the results materialize.

B. Fixed Assets

1. Land acquired on lease for 99 years or more is treated as freehold land. Land acquired for less than 99 years is treated as lease hold land.

2. Fixed Assets are carried at cost less accumulated depreciation.

C. Intangible Assets

1. Costs incurred on technical know-how/license fee relating to process designs/plants/facilities are capitalized as Intangible Assets.

2. Cost of Software directly identified with hardware is capitalized along with the cost of hardware. Application software is capitalized as Intangible Asset.

3. Intangible Assets are amortized on a straight line basis over the useful life of the parent asset.

D. Construction Period Expenses

Expenditure directly or indirectly related with the project, during construction period, start-up and commissioning of the project are capitalized. Pre-operative expenses have been capitalized up to the date of commencement of commercial production as provided in AS 10.

E. Depreciation

1. 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 unamortised depreciable amount is charged prospectively over the residual useful life of the asset. Residual value has been considered at 5%.

2. Premium on leasehold land is amortized over the period of lease. The lease rent is charged in the respective year.

3. Machinery Spares, which can be used only in connection with an item of fixed asset and the use of which is expected to be irregular, are depreciated over a period not exceeding the useful life of the principal item of fixed asset.

4. Intangible assets of the nature of software are being depreciated over the useful life of the related computer systems/servers.

F. Impairment of Assets

At each balance sheet date, an assessment is made of whether there is any indication of impairment. An impairment loss is recognized whenever the carrying amount of assets of cash generating units (CGU) exceeds their recoverable amount.

S.K. Jha & Associates Chartered Accountants

HPCL Biofuels Limited

G. Provisions, Contingent Liabilities and Contingent Assets

1. A provisions is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made.

2. No provision is recognized for:

   ✓ Any obligation that may arise from past events but the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.
   ✓ Any obligation that may arise from past events but is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
   ✓ Any obligation, the reliable estimate of which cannot be made.

   However such obligations are recorded as contingent liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

3. Contingent Assets are not recognized in the financial statements as this may result in the recognition of income that may never be realized.

H. Taxes on Income

1. Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.
2. Deferred tax on account of timing difference between taxable and accounting income is provided by using tax rates and tax laws enacted or substantively enacted as at the balance sheet date.

I. Employee Retirement Benefits

1. In respect of provident fund, the contribution for the period is recognized as expenses and charged to Profit & Loss Account.

2. Provision for Gratuity 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 which is also recommended under AS-15.
3. 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 which is also recommended under AS-15.

J. Inventory Cost

1. 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.
2. Work In Progress is valued at lower of cost or estimated realizable value. Cost includes Material Cost & conversion cost as applicable.
3. Byproducts are valued at estimated realizable value.
4. Stock in trade is valued at cost on weighted average basis or net realizable value whichever is lower.
5. Stocks of stores are valued at cost on weighted average cost.

K. Revenue Recognition

1. Revenue from sales of sugar is recognized at the point when sale transaction is complete. The value of sales is taken at gross value including excise duty. Value relative to excise duty is also recorded separately for presentation in financial statements. Entry for sugar cess, if applicable, is done in the same manner as the excise duty.
2. Revenue from sales of power is recognized at the point when billing is done and is recorded at billing value.
3. Revenue from sales of ethanol is recognized at the time when the consignment is handed over to the transporter. The value of sales is taken at gross value including excise duty and transportation. Value relative to excise duty is also recorded separately for presentation in financial statements. Value relative to VAT / CST and import / export fees are recorded separately, but not grossed up in sales.

L. Cash Flow Statement

The cash flow statement is prepared by indirect method set out in AS 3 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.

M. Excise Duty

Liability for excise duty in respect of goods produced by the company is accounted upon clearance and provision is made for excisable manufactured goods lying in stock as on the balance sheet date.

N. Deferred Tax Assets / Deferred Tax Liabilities

Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred Tax is recognised at the Balance Sheet date, subject to the considerations of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Unabsorbed depreciation and carry forward of losses during the year which can be set off against future taxable income are also considered as timing differences and result in deferred tax assets, subject to consideration of prudence. Deferred Tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax assets can be realised. However, deferred tax assets originating due to unabsorbed depreciation or carry forward of losses under tax laws are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available for their realization.

Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As at 31st March 2016	As at 31st March 2015
Share Capital	3		
A. Authorised:			
25,00,00,000 Equity Shares of Rs.10 each		2,500,000,000	2,500,000,000
45,00,00,000 Preference Shares of Rs. 10 Each		4,500,000,000	4,500,000,000
Total		**7,000,000,000**	**7,000,000,000**
B. Issued, Subscribed, Called up & Fully Paid:			
20,55,20,000 Equity Shares of Rs.10 each Fully Paid up (100% Held by HPCL)		2,055,200,000	2,055,200,000
Total		2,055,200,000	2,055,200,000
41,96,51,511 nos 5 % Non Cumulative 14 year redeemable Preference Shares @ Rs.10/- each (100 % held by HPCL)		4,196,515,110	4,196,515,110
Total		4,196,515,110	4,196,515,110
Total		**6,251,715,110**	**6,251,715,110**
C. Par Value per Share			
i) Equity share		**Rs.10**	**Rs.10**
ii) Preference Share		**Rs.10**	**Rs.10**
D. Reconciliation of outstanding number of shares			
a) Equity Shares			
Opening Balance		2,055,200,000	2,055,200,000
Add: Issued during the year		-	-
Less: Buy back during the year		-	-
Closing Balance		2,055,200,000	2,055,200,000
b) Preference Shares			
Opening Balance		4,196,515,110	4,196,515,110
Add: Issued during the year		-	-
Less: Buy back during the year		-	-
Closing Balance		4,196,515,110	4,196,515,110
E. Rights, preferences and restrictions attaching to each class of shares			
All equity shares are allotted to the holding company "Hindustan Petroleum Corporation Ltd" except 6 equity shares which were allotted to 6 nominees of the holding company.			
All preference shares are allotted to the holding company "Hindustan Petroleum Corporation Ltd". They carry preference dividence of 5%, are non cumulative and are redeemable at the end of 20 years from issue, i.e. in March 2034			
F. Shares held by Holding Company - Hindustan Petroleum Corporation Ltd			
Equity Shares		2,055,200,000	2,055,200,000
Preference Shares		4,196,515,110	4,196,515,110
G. Share holding pattern			
Hindustan Petroleum Corporation Ltd			
Equity Shares		100%	100%
Preference Shares		100%	100%
H. Shares Reserved		Nil	Nil
I. 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
J. Terms of any securities convertible into equity/preference shares issued		Nil	Nil
K. calls unpaid		Nil	Nil
L. Forfeited shares (amount originally paid-up)		Nil	Nil

Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As at 31st March 2016	As at 31st March 2015
Reserves & Surplus	4		
Capital Reserve		-	-
Capital Redemption Reserve		-	-
Share Premium Account		-	-
Debenture Redemption Reserve		-	-
Revaluation Reserve		-	-
General Reserve		-	-
Total		-	-
Capital Grant		-	-
Surplus / (Deficit) in Statement of Profit and Loss			
Opening Balance		(4,009,395,058)	(3,165,709,083)
Add: Profit / (Loss) for the Year		(497,723,354)	(843,685,975)
Profit Appropriated to General Reserve		-	-
Profit Appropriated to Debenture Redemption Reserve		-	-
Profit Appropriated to Proposed Dividend		-	-
Profit Appropriated to Tax on Distributed Profits		-	-
Closing Balance		**(4,507,118,412)**	**(4,009,395,058)**
Other Reserve		-	-
Total		**(4,507,118,412)**	**(4,009,395,058)**
Long-Term Borrowings	5		
Secured Loans (Against Hypothecation of Fixed & Current Assets)			
Bank Term Loan (Repayable in 48 Structured Quarterly Instalments Starting from Q2 of 2016-17) (Rate of Interest @ Base Rate + 1.70% Fixed Spread)		3,088,000,000	3,088,018,946
Less: 3 Installments totalling Rs. 11.58 Cr. due in FY 2016-17		(115,800,000)	-
GOB Soft Loan (Repayable in 20 equal Quarterly Instalments starting from Q1 of 2016-17) (Rate of Interest @ Base Rate + 2.70% Fixed Spread)		164,800,000	-
Less: 4 Installments totalling Rs. 3.30 Cr. due in FY 2016-17		(33,000,000)	-
TOTAL A		3,104,000,000	3,088,018,946
Un-Secured Loans			
Short Term Loans from Banks (Repayable in Foreign Currency)		-	-
Clean Loans from Banks		-	-
Inter Company Deposits		-	-
Commercial Paper		-	-
Loans & Advances from Related Parties (Bridge loan from HPCL repayable in 10 quarterly installments starting from June 2017)		840,000,000	-
TOTAL (A+B)		**3,944,000,000**	**3,088,018,946**
Other Long Term Liabilities	6		
Other Deposits		-	-
Accrued Charges/Credits		-	-
Other Liabilities		-	-
Total		-	-
Long Term Provisions	7		
Provision for Gratuity		5,462,473	4,169,083
Provision for Leave Encashment		1,364,168	1,398,684
Total		**6,826,641**	**5,567,767**

S.K. Jha & Associates Chartered Accountants PATNA

Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As at 31st March 2016	As at 31st March 2015
Short Term Borrowings	8		
Secured Loans			
Cash Credit (Hypothecation of Debtors & Inventory) (Rate of Interest @ Base Rate + 1.25% Fixed Spread)		1,036,688,860	641,832,431
Overdrafts from Banks (Secured by Hypothecation of Stock-in-Trade)		-	-
TOTAL A		1,036,688,860	641,832,431
Un-Secured Loans			
Short Term Loans from Banks (Repayable in Foreign Currency)		-	-
Clean Loans from Banks		-	-
Inter Company Deposits		-	-
Commercial Paper		-	-
Loans & Advances from Related Parties		-	-
TOTAL B		-	-
TOTAL (A+B)		**1,036,688,860**	**641,832,431**
Trade Payables	9		
(i) Total Outstanding dues of Micro, Small & Medium Enterprises		-	-
(ii) Total outstanding dues of creditors other than above Creditors			
Operating Expenses Payable to HPCL		77,425,459	63,733,877
Accrued Expense - Payable		46,873,439	113,651,572
Advance Received From Farmers for Cane seeds		-	-
Payable to Cane Growers		242,918,355	708,445,989
Retention from Vendors		19,798,025	14,240,274
Payable to Trade Vendors		55,964,129	103,087,346
Total		**442,979,407**	**1,003,159,058**
Other Current Liabilities	10		
WCT Payable		73,172	307,526
TDS Payable		2,047,616	1,306,907
Sales Tax Payable		2,343,616	-
Excise Payable		82,160,927	44,208,243
Payable to Contractor/Vendor (Capital Assets)		406,429,044	418,485,506
Security Deposit from Contractors		8,699,633	14,396,343
Road Map Scheme - Lauriya		12,032	12,032
Farmer Loan		37,105	85,924
Accrued Liability-EPCC Vendor		127,890,934	135,459,089
Payable to Zone Development Council		2,448,586	2,308,031
PF Contribution Employee		1,048,229	917,875
Unclaimed Cheque		1,601,215	1,107,071
Interest Accrued but not due		38,069,475	30,685,602
Current Maturities of Long Term Debt			
- Bank Term Loan (3 Installments totalling Rs. 11.58 Cr. due in FY 2016-17), (P.Y- Nil)		115,800,000	-
- GoB Soft Loan (4 Installments totalling Rs. 3.30 Cr. due in FY 2016-17), (P.Y- Nil)		33,000,000	-
Inter Office Balance		-	-
Payable To Employee		9,028,894	7,943,696
Payable To Govt (Others)		3,112	-
Misc Other Current Liablities		117,067	164,294
Advance From Customers		111,852,407	335,664,828
Total		**942,663,064**	**993,052,967**
Short-Term Provisions	11		
Provision for Other Employee Benefits		173,558	57,703
Provision for Tax (Net)		-	-
Provision For Dividend		-	-
Total		**173,558**	**57,703**

NOTE 13 - DEPRECIATION & AMORTISATION

(Amount in Rs.)

Cost or Value	Tangible Assets						Tangible Assets	Intangible Assets	Total
	Leasehold Land	Freehold Land	Plant & Machinery	Furniture & Fixtures	Computers & Printers	Building	Total (Rs.)	Computer Software	
As on 01.04.14	902,681,264	2,036,219	6,110,886,264	12,151,052	17,233,213	486,015,721	7,531,003,734	4,935,994	7,535,939,728
Additions	-	-	41,261,149	-	525,761	-	41,786,910	-	41,786,910
Disposals	-	-	-	-	-	-	-	-	-
Transfer to Assets held for Sale									-
Other Adjustments	-	-	-	-	(1,161,428)	-	(1,161,428)	-	(1,161,428)
Exchange Difference	-	-	-	-	-	-	-	-	-
Borrowing Cost	-	-	-	-	-	-	-	-	-
31.03.15	902,681,264	2,036,219	6,152,147,413	12,151,052	16,597,546	486,015,721	7,571,629,216	4,935,994	7,576,565,210
Additions	-	-	95,671,985	-	-	-	95,671,985	-	95,671,985
Disposals	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-
Exchange Difference	-	-	-	-	-	-	-	-	-
Borrowing Cost	-	-	-	-	-	-	-	-	-
At 31.03.16	**902,681,264**	**2,036,219**	**6,247,819,398**	**12,151,052**	**16,597,546**	**486,015,721**	**7,667,301,201**	**4,935,994**	**7,672,237,195**
Depreciation									
As on 31.03.15	93,235,524	-	1,078,943,546	3,784,105	13,500,029	43,237,681	1,232,700,885	2,452,557	1,235,153,442
Charge for the Year	15,044,688	-	244,143,140	1,337,765	1,116,046	17,332,559	278,974,198	777,684	279,751,882
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
As on 31.03.16	**108,280,212**	**-**	**1,323,086,686**	**5,121,870**	**14,616,075**	**60,570,240**	**1,511,675,083**	**3,230,241**	**1,514,905,324**
Impairment Loss									
As on 01.04.14	-	-	-	-	-	-	-	-	-
At 31.03.15	-	-	-	-	-	-	-	-	-
Charge for the Year	-	-	-	-	-	-	-	-	-
As on 31.03.16	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Block (Gross Value-Depreciation-Impairment Loss)									
As on 31.03.15	809,445,740	2,036,219	5,073,203,867	8,366,947	3,097,517	442,778,040	6,338,928,331	2,483,437	6,341,411,768
As on 31.03.16	794,401,052	2,036,219	4,924,732,712	7,029,182	1,981,471	425,445,481	6,155,626,118	1,705,753	6,157,331,871

(Rounding off errors have been adjusted)

S.K. Jha & Associates Chartered Accountants PATNA

Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As at 31st March 2016	As at 31st March 2015
Non-Current Investments	14		
Trade Investments			
Quoted			
Investment in Equity		-	-
Investments in Joint Venture		-	-
Un - Quoted			
Investment in Equity		-	-
Investments in Subsidiary		-	-
Investments in Joint Venture		-	-
Investment in Preference Shares		-	-
Investments in Joint Venture		-	-
Total Trade Investments - A		-	-
Other Investments			
Quoted			
Investment in Equity		-	-
Investment in Government or Trust Securities		-	-
Un - Quoted			
Investment in Government or Trust Securities		-	-
Investment in Debentures or Bonds		-	-
Investment in Other non - Current Investments		-	-
Total Other Investments - B		-	-
Total Non - Current Investments (A+B)		-	-
Long-Term Loans & Advances	15		
Secured, Considered Good			
Advances Recoverable in cash or in kind or for value to be received		-	-
Interest Accrued thereon		-	-
Capital Advances		40,011,247	39,044,391
Unsecured			
Unsecured, Considered Good			
Capital Advances		-	-
Advances Recoverable in Cash or in kind or for Value to be Received (BSEB)		-	11,346,923
Balances with Excise, Customs, Port Trust etc.		204,902,621	186,918,198
Other Deposits		959,500	797,500
Prepaid Expenses		-	-
Amounts Recoverable under Subsidy Schemes		-	-
Share Application Money Pending Allotment		-	-
Advance Towards Equity		-	-
Loan given to Subsidiaries & JVs		-	-
Other Accounts Receivable		-	-
Less : Provision for Doubtful Receivables		-	-
Total A		245,873,368	238,107,012
Unsecured, Considered Doubtful:			
Accounts Receivable & Deposits		-	-
Less : Provision for Doubtful Receivables		-	-
Total B		-	-
Total (A+B)		**245,873,368**	**238,107,012**

S.K. Jha & Associates Chartered Accountants PATNA

BIOFUELS LIMITED PATNA

Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As at 31st March 2016	As at 31st March 2015
Other Non-Current Assets	16		-
Current Investments	17		
Non - Trade Investments (Quoted)		-	-
Total		-	-
Inventories	18		
A. Inventories as per books			
(Inventory Taken, Valued & Certified by the Management)			
Raw Materials (Including in Transit - Raw Materials)		-	-
Finished Products		1,321,534,613	1,017,347,275
Bio-Compost		4,191,247	3,500,000
Stock-in-Trade		41,724	11,313
Work in Progress		50,690,276	76,964,571
Packages		2,543,227	5,714,375
Process Materials & Lubes		8,589,907	5,995,064
Stores & Spares		21,664,851	26,222,647
Total		**1,409,255,845**	**1,135,755,245**
B. Provision for Gain/(Loss) on Inventory Variation			
Finished Products		(7,917,204)	(948,363)
Work in Progress		11,041	
Stores & Spares		(2,000,000)	-
Total		**(9,906,163)**	**(948,363)**
C. Net Inventories			
Raw Materials (Including in Transit - Raw Materials)		-	-
Finished Products		1,313,617,409	1,016,398,912
Bio-Compost		4,191,247	3,500,000
Stock-in-Trade		41,724	11,313
Work in Progress		50,701,317	76,964,571
Packages		2,543,227	5,714,375
Process Materials & Lubes		8,589,907	5,995,064
Stores & Spares		19,664,851	26,222,647
Total		**1,399,349,682**	**1,134,806,882**
Trade Receivables Over six months (from the due date):			
Over six months (from the due date):	19		
Secured Considered Good		-	-
Un - Secured Considered Good		-	-
Considered Doubtful		-	-
Less: Provision for Doubtful Debts		-	-
Total A		-	-
Others			
Secured Considered Good		-	-
Un - Secured Considered Good		110,607,656	1,629,372
Considered Doubtful		-	-
Less: Provision for Doubtful Debts		-	-
Total B		110,607,656	1,629,372
Total (A+B)		**110,607,656**	**1,629,372**

Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As at 31st March 2016	As at 31st March 2015
Cash and Cash Equivalents	20		
i. Cash & Cash Equivalents			
Cash on Hand		2,231	2,231
Cheques Awaiting Deposit		-	-
Balances With Scheduled Banks:			
- On Current Accounts		3,326,206	35,234,870
- On Non-operative Current Accounts		-	-
ii. Other Bank Balances			
With Scheduled Banks:			
- On Fixed Deposit Accounts		-	-
- On Fixed Deposit Accounts (more than 12 months)		-	-
Earmarked for Unclaimed Dividend		-	-
Total		**3,328,437**	**35,237,101**
Short-Term Loans & Advances	21		
Secured, Considered Good			
Advances recoverable in cash or in kind or for value to be received		-	-
Interest Accrued thereon		-	-
Unsecured			
Considered Good			
Capital Advances		-	-
Advances recoverable in cash or in kind or for value to be received		-	-
Balances with Excise, Customs, Port Trust etc.		76,887,059	107,733,198
Prepaid Expenses		6,309,066	5,527,957
Amounts Recoverable under Subsidy Schemes		93,519,526	79,236,254
Share Application Money Pending Allotment		-	-
Loans to Related Party		-	-
Employee Advance		434,042	326,090
Vendor Advance		3,354,169	9,041,254
LD Recoverable		-	-
Receivable from Farmer for Cane Seed		999,338	1,018,020
Other Accounts Receivable		2,872,000	2,872,000
Provision for Doubtful Receivables		(416,059)	(416,059)
Other Advances		-	-
Total A		183,959,141	205,338,714
Unsecured, Considered Doubtful			
Accounts Receivable & Deposits		-	-
Provision for Doubtful Receivables		-	-
Total B		-	-
Total (A+B)		**183,959,141**	**205,338,714**
Other Current Assets	22		
Interest Accrued on Bank Deposits/Investments		-	-
Rent Receivable		-	-
LD Recoverable		-	-
Other Recoverable		6,131,150	6,131,150
Instalment of BSEB Advance Receivable		11,346,923	11,346,923
Total		**17,478,073**	**17,478,073**

Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As at 31st March 2016	As at 31st March 2015
Revenue from Operations	23		
Gross Sales			
Sale of Products		1,593,259,185	1,883,985,719
Sale of Services		-	-
Other Operating Income		89,145,234	93,075,663
Excise Duty		(75,719,919)	(103,311,294)
Recovery under Subsidy Schemes		-	444,708
Total		**1,606,684,500**	**1,874,194,796**
Other Income			
Other Operating Revenue	24		
Rent Recoveries		2,666,461	3,149,368
Interest on Working Capital Loan		-	-
Net Recovery from IPA		-	-
Miscellaneous Income		6,996,896	6,370,849
Total A		9,663,357	9,520,217
Other Income			
Interest On Deposits		-	-
Interest On Staff Loans		-	-
Interest On Customers' Accounts		-	-
Interest (Gross) Long Term Investments		-	-
Interest (Gross) Current Investments		-	-
Interest (Gross) On Others		3,592	11,584
Total B		3,592	11,584
Total (A+B)		**9,666,949**	**9,531,801**
Cost of Materials Consumed	25		
Cane Purchase		1,224,267,127	1,463,156,024
Cane Transportation		26,518,344	17,253,384
ZDC Commission		2,450,346	2,893,941
Cane-Other Procurement cost		9,551,851	9,656,433
Total		**1,262,787,668**	**1,492,959,782**
Power & Fuels	26		
Baggasse Cost ,Fuels & Handling		5,360,790	16,750,587
Rice Husk & Firewood		16,075,368	-
Power Import		13,442,435	35,564,569
Other Raw Material/Components		-	-
Total		**34,878,593**	**52,315,156**

S.K. Jha & Associates Chartered Accountants PATNA

Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As at 31st March 2016	As at 31st March 2015
Changes in Inventories of Finished Goods Work-in-Progress & Stock in Trade	27		
Inventories at the end of the period (as per books)			
Work in Progress		50,690,276	76,964,571
Finished Products		1,321,534,613	1,017,347,275
Bio Compost		4,191,247	3,500,000
Stock-In-Trade		41,724	11,313
Total A		1,376,457,860	1,097,823,159
Inventories at the begining of the period			
Work in Progress		76,964,571	139,315,125
Finished Products		1,017,347,275	944,368,880
Bio Compost		3,500,000	4,550,000
Stock-In-Trade		11,313	50,148
Total B		1,097,823,159	1,088,284,153
Total (B-A)		**(278,634,701)**	**(9,539,006)**
Employee Benefits Expense	28		
Salaries, Wages, Bonus, etc.		105,207,988	115,043,629
Employees Allowances & Other Benefits		26,835,488	29,457,347
Employees Recruitment & Training		712,998	38,818
Contribution to Provident Fund		7,023,539	7,356,985
Pension, Gratuity etc.		1,874,729	2,303,896
Employee Welfare Expenses		-	355,050
Total		**141,654,742**	**154,555,725**
Finance Costs	29		
(a) Interest Expense		473,675,933	435,995,940
(b) Other Borrowing Costs		-	-
(c) Applicable Net Gain/Loss on Foreign Currency Transactions & Translation		-	-
Total		**473,675,933**	**435,995,940**

Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As at 31st March 2016	As at 31st March 2015
Other Expenses	**30**		
Ethanol Transportation		4,663,287	79,060,960
Repairs & Maintenance - Buildings		2,238,102	2,316,455
Repairs & Maintenance - Plant & Machinery		16,572,674	26,692,726
Repairs & Maintenance - Other Assets		1,184,052	5,637,988
Insurance		6,291,129	5,965,276
Rates & Taxes		775,504	500,848
Rent		524,400	524,420
Travelling & Conveyance		7,028,891	9,250,473
Contract Labour		4,124,181	12,725,582
Printing & Stationery		630,251	669,672
Electricity & Water		316,924	277,856
Advisor Fees		-	-
Cane Development Expense		1,127,543	1,180,054
Discount on Cogen		212,878	1,161,226
Other Supplies		13,770	436,507
Telephone & Fax		580,554	498,341
Postage & Telegram		183,240	220,298
Provision for Doubtful Debts (After Adjusting Provision no Longer Required)		-	416,059
Other Manufacturing Expenses		3,270,012	7,672,598
Additional Depreciation (as per note no. 55)		-	1,161,428
Security Charges		10,485,302	12,388,097
Bagasse Transportation & Handling		-	-
Advertisement & Publicity		89,914	135,537
Sundry Expenses & Charges (Not otherwise classified)		15,538,161	18,755,517
Consultancy & Technical Services		3,876,116	25,208,423
Auditor Expenses			
- Statutory Audit Fees		150,000	120,000
- Other Services		-	-
- Other Expenses		27,431	76,306
Exchange Rate Variation (Net)		-	-
Total		**79,904,316**	**213,052,647**
Prior Period Income/(Expenses)	**31**		
Freight Outward		(7,877,640)	(238,046)
Total		**(7,877,640)**	**(238,046)**
Provision for Gain/(Loss) on Inventory Variation (Refer Note no. 50)	**32**		
Reversal of Last Year Provision on Inventory Variation		-	9,649,027
Provision for Gain/(Loss) Current Year		(8,957,800)	(948,363)
Total		**(8,957,800)**	**8,700,664**

33 (a) Disclosures for a Manufacturing Company

Particulars	2015-16			2014-15		
	Book Stock	Provision for Gain/(Loss)	Net Inventory	Book Stock	Provision for Gain/(Loss)	Net Inventory
Work In Progress	Rs	Rs	Rs	Rs	Rs	Rs
Stock in Process	-	-	-	-	-	-
Sugar in Process	-	-	-	-	-	-
Rectified Spirit	-	-	-	1,417,045	-	1,417,045
Molasses	50,690,275	11,041	50,701,316	75,547,525	-	75,547,525
Syrup	-	-	-	-	-	-
Total	**50,690,275**	**11,041**	**50,701,316**	**76,964,570**	**-**	**76,964,570**

(b) Raw Material

Raw Material	Consumption (2015-16)		Consumption (2014-15)	
Particulars	Quantity MT	Amount Rs	Quantity MT	Amount Rs
Purchase of Cane	479,877	1,224,267,127	588,619	1,463,156,024
Other costs incidental to cane purchase		38,520,541		29,803,758
Total	**479,877**	**1,262,787,668**	**588,619**	**1,492,959,782**

(c) Manufactured Goods

Finished Goods	Opening Stock		Production	Sales			Provision for Gain/(Loss)		Closing Stock	
	Qty	Amount Rs.	Qty	Qty	Gross Turnover Rs.	Net Turnover Rs.	Qty	Amount Rs.	Qty	Amount Rs.
Sugar (MT)*	35,125	924,594,470	44,236	45,112	1,202,204,364	1,151,934,416	(230.00)	(7,917,934.00)	33,903	1,139,816,091
	(22,769)	(740,669,255)	(46,211)	(33,740)	(976,907,460)	(944,135,409)	(37.40)	(948,363)	(35,125)	(924,594,473)
Ethanol (KL)	2,200	91,804,439	8,534	4,920	234,537,391	209,087,420	0.03	730.00	5,814	173,801,317
	(5,273)	(203,699,625)	(13,117)	(16,190)	(706,673,423)	(636,134,180)	-	-	(2,200)	(91,804,439)
Power (MWH)	-	-	48,628	28,794	152,609,260	152,609,260	-	-	-	-
	-	-	(54,042)	(31,185)	(197,091,638)	(197,091,638)	-	-	-	-

Note: Figures in brackets represent previous year figures.

Note: Figures in brackets represent previous year figures except in column of "Provision for Gain/(loss) where loss of current year also is shown within brackets.
*The sugar production figure includes 102.5 MT produced by reprocessing 153.40MT of old stock. Closing stock of sugar has, therefore, been adjusted down for the same by 153.4 MT.

S.K. Jha & Associates Chartered Accountants PATNA

34. DEFERRED TAX LIABILITY FOR THE YEAR ENDED MARCH 31,2016				
Sl No	**Timing differences**	**Amount (Rs)**	**DTA @ 30.90%**	**DTL @ 30.90%**
1	**Differences in book & tax depreciation**			
	WDV as per books of accounts as at March 31,2016	6,157,331,871		
	Less : WDV as per Income Tax Act as at March 31,2016	3,114,166,717		
	Difference	(3,043,165,154)		940,338,033
	(If WDV as per IT is more than the WDV as per books then DTA is created, othrwise 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**			
	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			
4	Losses available for set off	5,508,243,830	1,702,047,343	
	Total as on March 31,2016		**1,702,047,343**	**940,338,033**
	Net Deferred tax asset as on March 31,2016		761,709,311	-
	Net Deferred tax asset as on March 31 of the previous year		983,169,005	
	Amount to be debited / credited to statement of profit and loss			-

35. Segment Reporting

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, 2016	Year Ended March 31, 2015
1	**Segment Revenue**	Rs.	Rs.
	a) Sugar	1,642,504,571	1,572,402,724
	b) Ethanol	216,332,937	645,821,521
	c) Co-Gen	548,959,714	578,264,080
	d) Unallocated	12,030,502	13,575,887
	Total	**2,419,827,723**	**2,810,064,213**
	Less: Inter Segment	803,476,274	926,337,616
	Net Segment Revenue	**1,616,351,449**	**1,883,726,597**
2	**Segment Results**		
	a) Sugar	(1,315,439)	(361,175,269)
	b) Ethanol	8,107,273	74,192,892
	c) Co-Gen	302,883	(41,689,631)
	d) Unallocated	(343,211)	(43,027,606)
	Total	**6,751,506**	**(371,699,614)**
	Less: Interest	473,675,933	435,995,940
	Less: Other Unallocabale Exp.	30,798,927	35,990,421
	Total Profit Before Tax	**(497,723,354)**	**(843,685,975)**
3	**Segment Assets**		
	a) Sugar	3,841,140,489	3,770,113,509
	b) Ethanol	1,269,798,739	1,272,600,769
	c) Co-Gen	1,985,696,669	1,906,237,539
	d) Unallocated	1,066,255,571	1,008,675,727
	Total	**8,162,891,468**	**7,957,627,543**
4	**Segment Liability**		
	a) Sugar	1,763,790,582	1,034,288,955
	b) Ethanol	387,049,800	633,764,851
	c) Co-Gen	103,100,935	119,905,094
	d) Unallocated	4,164,353,454	3,927,348,591
	Total	**6,418,294,770**	**5,715,307,491**
5	**Capital Employed [Segment Assets-Segment Liability]**	**1,744,596,698**	**2,242,320,052**
6	**Capital Expenditure incl. Change in CWIP**		
	a) Sugar	-	-
	b) Ethanol	-	-
	c) Co-Gen	-	-
	d) Unallocated	-	-
	Total	**-**	**-**
7	**Depreciation**		
	a) Sugar	113,148,212	114,425,526
	b) Ethanol	50,609,917	44,280,948
	c) Co-Gen	106,672,710	92,061,436
	d) Unallocated	9,321,042	33,111,372
	Total	**279,751,882**	**283,879,282**
8	**Non Cash Expenditure Other Than Depreciation**	**Nil**	**Nil**

Other Disclosures:

2. Segments have been identified in line with the Accounting Standard - 17 "Segment Reporting" taking into account the organisation structure as well as differing risks and returns.
3. The Segment revenue, results, assets and liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.
4. The segment performance has been worked out after attributing the realisable value of inter segment transfer of material.
5. 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.
6. Previous year figures have been regrouped/reclassified wherever necessary.

36. Lease Hold Land

Leasehold Land is being amortized over a period of 60 years on SLM. Amortization value corresponding to pre-capitalization period has been capitalized. Rs.15,044,688/- being amortization for the year 2015-16 (Rs. 15,044,688/- for 2014-15) is being charged to Statement of Profit & Loss. 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 (Rs.)	450,000,000	500,000,000	950,000,000
Acquisition Cost Rs. (Net of Scrap Sale)	408,443,952	494,237,312	902,681,264

37. Plant Capacity

Sl No	Plant Name	Capacity (Sugauli)	Capacity (Lauirya)
1	Sugar Plant	3500 TCD	3500 TCD
2	Ethanol Plant	60 KLPD	60 KLPD
3	Co-gen Plant	20MW	20MW

38. 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.

39. Consumption of Raw Materials

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

40. 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.

41. 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.

42. 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 2016 was 18,666 units (PY 13,738 units) and their value at the floor price of Rs.1,500/- stood at Rs. 27,999,000/- (PY Rs. 20,607,000 /-).

43. Micro, Small & Medium Creditors

The company has no sundry creditors falling under the Micro, Small &Medium Enterprises Development Act 2006.

44. Accounting of Cane Subsidy

Considering the difficult financial condition of the sugar mills, state governments are continuing the subsidy in the current year and are likely to extend similar support in the future years too. Hence the subsidy for has been shown as 'Other Operating Income' under the head Revenue from Operations.

45. CENVAT / Input Tax Credit:

The CENVAT credit available for set-off against liability for excise duty has been shown separately from provisions made for excise duty against inventory and have not been netted off against each other. The unadjusted CENVAT / ITC credit is shown under the head Short Term Loans and Advances to the extent of expected clearance in the next 12 months and the balance is shown under the head Long Term Loans and Advances. Provision for excise duty on closing stock is shown under the head Other Current Liability.

CENVAT credit utilized during the year on sale of ethanol and sugar is Rs. 57072977/- (Rs. 97,668,684/- in 2014-15) and Input Tax credit utilized on sale of ethanol is Rs.Nil/-(Rs. 14,974,859 in 2014-15).

46. Secured Loan

As announced by Government of India, a soft loan of Rs.101,400,000 was availed through SBI with interest subvention to the extent of 10%. The amount is repayable at 12 months, ie in September 2016,

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HPCL Biofuels Limited PATNA

Soft loan from announced by Government of Bihar to the extent of Rs.164,800,000 cr was also availed through SBI with interest subvention to the extent of 10%.The loan carries a moratorium of one year and then repayable in five annual instalments.

Term loan of Rs.3,088,000,000/- is from State Bank of India who have granted a two year moratorium on repayment and a further 12 year repayment period. The loan is repayable in 48 structured instalments starting from end of Q2 of FY 2016-17 carrying interest @ base rate + 1.70% fixed spread. The Balance of Term loan as on 31.03.2016 was Rs. 3,088,000,000/- (as on 31.03.2015, Rs 3,088,003,607/-)

The term loan as well as the soft loans under GOI and GOB schemes are secured by equitable mortgage of Land, Building & Fixed Assets.

Working capital loan is from State Bank of India with interest @ base rate + 1.25% fixed spread, where the limit was increased from Rs.700,000,000/ to Rs.1,000,000,000 during the year. The working capital loan is secured by hypothecation of Stocks & Debtors of the company. The Working Capital Loan balance as on 31.03.2016 was Rs. 93,78,72,469 /- (Rs. 641,832,431/- as on 31.03.2015)

47. Unsecured loan

During the year, an unsecured bridge loan of Rs.84 Cr has been obtained from the holding company to meet the requirements of payment to cane growers and other working capital requirements. The loan carries interest at the average cost of capital of the holding company and is repayable in 10 quarterly instalments starting from 30th June 2017.

48. Provision for Gratuity & Leave Encashment

Provision for gratuity of Rs. 5,600,691/- (PY- Rs. 4,190,171/-) has been made towards Retirement benefits for employees during the year based on Actuarial Valuation as of 31.3.2016. Provision for Leave Encashment of Rs. 1,399,508/- (PY –Rs. 1,435,299) has been made based on Actuarial Valuation as of 31.03.2016.

49. Provision for Income Tax

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

50. Provision for inventory variation

A reversal of net provision of Rs.8,700,664 relating to differences observed in physical verification of inventory during financial year 2013-14 was made during the previous year. During this year, the company has conducted regular monthly inventory verification. As a result, inventory variation to the extent of Rs.(69,57,800) has been observed which has been provided for on 31st March 2016. It was found that these errors have cropped up due to mistake in recording of manufacturing details in production records and the same relates to the period relevant to season 2013-14. The said variation shall be dealt with properly after obtaining appropriate approvals.

Another provision of Rs. 20,00,000/= (Pr. Year Nil) has been created this year to offset the diminution in value of stock of slow-moving/non-moving stores.

51. Penalty Recovered & Kept as Retention Money.

An amount of Rs.151,416,403/-was recovered through encashment of Bank Guarantees from one of the EPCC contractors. Out of this Rs.119,700,000/- is towards penalty for shortfall in performance and Rs.31,716,403/-is towards additional retention against defective supplies. The contractor had invoked the Arbitration Clause and the Arbitrator has since been appointed. Hence this amount has been accounted as retention money in 'Payable to Contractor / Vendor (Capital Assets)' in Other Current Liabilities (Note no 10). While Arbitration proceedings were in progress the party wanted an out court settlement. After series of discussions, there had been a mutual agreement on the issues and the amounts, which have been laid before the Arbitrator. Depending on the award being passed in the matter, necessary actions would be taken.

52. Liquidated Damages.

Liquidated Damages recovered from some vendors have not been taken to income, pending approval of the Board in the matter.

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

Sl.	Description	2015-16 Amount (Rs.)	2014-15 Amount (Rs.)
A.	Estimated amount of contracts remaining to be executed on capital account not provided for.	3,717,232	7,77,75,396
B.	**Claims against the company not acknowledged as debts**		
	Wrong disallowance of Input Tax Credit claimed on capital goods for 2010-11. Appeal lying before Sales Tax Tribunal, Bihar	69,844,013/-	69,844,013/-
	Erroneous demand for 2010-11 of Entry Tax based on proportional amounts, ignoring the actual tax paid	6,811,732/-	6,811,732/-
C.	**Other Contingent Liabilities**		
	Corporate Guarantee given to the State Bank of India for Agriculture financing arrangement with farmers	20,000,000	20,000,000
	ISGEC Heavy Engineering ltd claims against the three EPCC contracts which is being referred to arbitration as per the provisions of the contract	542,761,531	-
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)	40,43,225	40,28,495
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

54. Related parties

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

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

Nature of transaction	2015-16 (Amount in Rs)	2014-15 (Amount in Rs)
Advance Taken against supplies of Ethanol	-	746,500,000
Balance advance as at the end of the year	111,289,092	335,654,966
Interest Paid during the year to HPCL on Ethanol Advance	26,476,548	26,007,418
Sale of Ethanol to HPCL	246,093,100	740,188,160
Purchase of Lubes from HPCL	3,096,765	1,895,823
Purchase of Sulphur from HPCL	1,803,235	4,149,241
Other Expenditure incurred by HPCL on behalf of HBL		941,564
Bridge Loan Taken from HPCL	840,000,000	-
Interest paid to HPCL on Bridge Loan	11,929,333	-
Manpower cost of employees on deputation and establishment expenses including Service Tax	15,007,101	14,889,469

56. Payments to auditors

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

		2015-16	2014-15
As Auditors – Statutory audit	:	Rs.1,50,000/-	Rs 120,000/-
(a) For Taxation matters	:	-	-
(b) For Company law matters	:	-	-
(c) For management services	:	-	-
(d) For other services	:	-	-
(e) For expenses	:	Rs. 27,431 /-	Rs.76,306/-

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57. Power Report

Description	2015-16		2014-15	
	Quantity in KWH	Amount Rs.	Quantity in KWH	Amount Rs.
Generation	48,628,000	257,728,400	54,062,000	281,663,020
Export	28,794,200	152,609,260	31,184,638	162,471,963
Captive Consumption	22,379,459	118,561,518	22,867,472	119,139,528
Import	2,545,670	13,442,434	6,062,523	31,585,745
Energy Loss	0	56	9,924	51,702
Total Consumption	22,379,459	118,561,518	28,929,995	150,725,274

i. Power export and import figures are as per joint meter reading with Bihar State Electricity Board as provided in Power Purchase Agreement.

ii. Generation, consumption and captive consumption figures are as per company meter

iii. The figure stated as energy loss is a derived figure.

58. Independent Directors

In terms of the provisions of the Companies Act, 2013 the number of Independent Directors in the Board is required to be two (including a woman director) but at present there are no independent directors on the Board. The Company has approached the administrative ministry for appointment of requisite number of Directors for compliance of the provisions of the Companies Act, 2013 and the same is awaited. Pending such appointment, the financial results have been reviewed and recommended to the Board by the Audit Committee consisting of no Independent Director.

59. Statement of change in Equity

Section 2(40) of the Companies Act 2013 states that Financial Statement in relation to a company, includes inter alia, a statement of changes in equity, if applicable. There had been no increase or decrease in the equity or preference share capital of the company during the year and all other information required by Schedule III of the Companies Act 2013 has been disclosed in note 3 relating to the Share Capital. As the format for the statement of change in equity has not yet been prescribed by the Act, the same has not been prepared but all the relevant information is covered by the disclosure in the note 3 as abovementioned.

S.K. Jha & Associates Chartered Accountants PATNA

HBL HPCL BIOFUELS LTD

60. Foreign Exchange Information

Sl	Particulars	2015-16	2014-15
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		
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	1262787668	1492959782
	Spare Parts and components		
	Imported in %	Nil	Nil
	Imported in Value	Nil	Nil
	Indigenous in %	100%	100%
	Indigenous in Value	37503824	61506480
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

S.K. Jha & Associates Chartered Accountants PATNA

HPCL BIOFUELS LIMITED

HPCL BIOFUELS LTD

61. Previous year figures

Previous year figures have been rearranged / regrouped where ever necessary. Figures have been rounded off to nearest rupee.

62. 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 of even date attached **For S K Jha& Associates** **Chartered Accountants**	**For and on behalf of the Board**		
C A Ratendra Kumar Partner Membership No. 075813 Firm's ICAI Reg.No. 006189C	J Ramaswamy Director	B K Namdeo Director	P K Joshi Chairman
Place : Mumbai Date : 03/05/2016	R Sankaran CFO	Vinod Nehete CEO & Manager	Heena Shah Company Secretary

Place: Patna

27 MAY 2016

S. K. Jha & Associates Chartered Accountants PATNA

HPCL BIOFUELS LIMITED PATNA

HPCL BIOFUELS LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

Sl No	PARTICULARS	Year Ended 31st March 2016 AMOUNT (Rs)	Year Ended 31st March 2015 AMOUNT (Rs)
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
1	**NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS**	(497,723,354)	(843,685,975)
(i)	Depreciation	279,751,882	283,879,282
(ii)	Provision for Deferred Tax Liability	-	-
(iii)	Tax Payment of last year during Current Year	-	-
(iv)	Interest Income	-	-
2	OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	(217,971,472)	(559,806,693)
(a)	**Working Capital Changes**		-
(i)	Decrease in Current Assets (Except Cash & Cash Equivalents)	21,379,573	-
(ii)	Increase in Current Liabilities	394,972,284	445,543,445
(iii)	Decrease in Current Liabilities	(610,569,554)	(523,810,119)
(iv)	Increase in Current Assets (Except Cash & Cash Equivalents)	(373,521,084)	35,744,584
(b)	**Changes in Long Term Provisions**		
	Provision for Gratuity & Leave Encashment	1,258,874	2,305,482
3	CASH GENERATED FROM OPERATIONS BEFORE TAX	(784,451,379)	(600,023,301)
(i)	Income Tax Paid	-	-
(ii)	Tax Refund Received	-	-
4	CASH FLOW BEFORE EXTRAORDINARY ITEMS	(784,451,379)	(600,023,301)
	Less: Extraordinary Items- Cane Subsidy from GOB	-	
5	MISC EXPENDITURE (LAST YEAR P&L BALANCE)		-
	NET CASH OUTFLOW FROM OPERATING ACTIVITIES AFTER TAX & EXTRAORDINARY ITEMS	(784,451,379)	(600,023,301)
(B)	CASH FLOW FROM INVESTING ACTIVITIES		
(i)	Interest Received		-
(ii)	Purchase of Fixed Assets & Investments	(95,671,983)	45,174,219
(iii)	Capital Work in Progress - Project Management Expenses	-	42,691,747
(iv)	Inventory from Trial Production		-
	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(95,671,983)	87,865,966
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
(i)	Proceeds from Issue of Shares	-	
(ii)	Loan Taken	848,214,698	461,015,339
(iii)	Advance against Equity pending Allotment		-
	NET CASH INFLOW FROM FINACING ACTIVITIES	848,214,698	461,015,339
(D)	NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(31,908,664)	(51,141,996)
(E)	Add: Cash & Cash Equivalent as at Beginning of the Year	35,237,101	86,379,097
(F)	**Cash & Cash Equivalent as at End of the Year**	3,328,437	35,237,101

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As per our report of even date attached
For S K Jha & Associates
Chartered Accountants

For and on behalf of the Board

C A Ratendra Kumar
Partner
Membership No. 075813
Firm's ICAI Reg No. 006189C
Place : Mumbai
Date : 03/05/2016

Place: Patna
27 MAY 2016

B K Namdeo
Director

J Ramaswamy
Director

RK Joshi
Chairman

R Sankaran
Chief Finance Officer

Vinod Nehete
CEO & Manager

Heena Shah
Company Secretary

S. K. Jha & Associates Chartered Accountants PATNA

HPCL BIOFUELS LIMITED PATNA