


HPCL BIOFUELS LTD
Balance Sheet as at 31st March 2017

(Amount in Rs. Lacs)

 Particulars	Note No.	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
I ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	4	52,827.79	55,385.09	57,156.96
(b) Capital work in progress		-	-	-
(c) Other Intangible Assets		12.54	17.05	24.83
(d) Financial Assets		-	-	-
(i) Investments		-	-	-
(ii) Long-Term Loans	5	-	-	113.47
(e) Deferred Tax Assets (Net)		-	-	-
(f) Other Non-Current Assets	6	9,414.55	10,252.30	10,211.61
Current Assets				
(a) Inventories	7	4,937.31	13,993.49	11,394.35
(b) Financial Assets		-	-	-
(i) Investments		-	-	-
(ii) Trade Receivable	8	2,012.60	1,106.08	16.29
(iii) Cash & Cash Equivalents	9	10.41	33.28	352.37
(iv) Short-Term Loans	10	29.31	9.99	10.18
(v) Others	11	697.56	1,143.04	999.12
(c) Current Tax Assets (Net)		-	-	-
(d) Other Current Assets	12	519.80	1,011.79	1,369.31
(e) Assets Held for Sale		-	-	-
TOTAL		70,461.87	82,952.11	81,648.49
II EQUITY AND LIABILITIES				
1. EQUITY				
(a) Equity Share Capital	13	20,552.00	20,552.00	20,552.00
(b) Other Equity	14	(16,672.07)	(13,603.88)	(8,044.65)
2. Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	16	46,225.07	49,905.87	40,713.82
(b) Provisions	17	80.34	68.26	55.68
(c) Deferred tax liabilities (net)		-	-	-
(d) Other non-current liabilities	18	3,157.81	1,683.59	1,772.85
3. Current Liabilities				
(a) Financial Liabilities				
(a) Borrowings	19	2,197.59	10,366.89	6,418.32
(b) Trade Payables	20	3,731.13	4,231.80	9,967.97
(c) Other Financial Liabilities	21	10,602.70	7,635.63	6,224.16
(b) Other Current Liabilities	22	585.32	2,110.21	3,987.76
(c) Provisions	23	1.98	1.74	0.58
(d) Current tax liabilities (net)		-	-	-
TOTAL		70,461.87	82,952.11	81,648.49

The accompanying notes are Integral Part of the Financial Statements

As per our report of even date attached
For Jaiswal Brajesh & Co.
Chartered Accountants

C. A. Nirmal Kumar Sah
Partner
Membership No. 015500
Firm's ICAI Reg.No. 007915C

Place : Mumbai
Date : 08/05/2017



Piyush Awasthi
Chief Finance Officer

J Ramaswamy
Director

D K Saxena
CEO & Manager

Prakash
Chairman

Heena Shah
Company Secretary





HPCL BIOFUELS LTD
Statement of Profit and Loss for the Year Ended 31st March 2017

(Amount in Rs. Lacs)

Particulars	Note No.	Year Ended 31st March 2017	Year Ended 31st March 2016
Income			
I. Revenue from Operations (Gross)	24	38,252.01	16,873.76
II. Other Income	25	342.67	185.92
Total Revenue (I+II)		38,594.68	17,059.68
Expenses			
Cost of Materials Consumed	26	17,031.16	12,627.87
Excise Duty		1,647.32	1,090.02
Consumption of Stores & Consumables		501.30	268.61
Packing Expenses		174.48	190.09
Power & Fuels	27	519.21	348.78
Changes in Inventories of Finished Goods, WIP & Stock in Trade	28	9,154.70	(2,740.06)
Employee Benefits Expense	29	1,891.56	1,415.99
Chemicals Consumed		342.39	240.69
Finance Costs	30	6,247.32	5,987.64
Depreciation & Amortization Expense		2,758.56	2,736.34
Other Expenses	31	1,399.34	941.93
Total Expenses		41,667.34	23,107.90
Profit / (Loss) Before Exceptional Items and Tax		(3,072.66)	(6,048.22)
Exceptional Items			
Provision for Gain/(Loss) on Inventory Variation	32	0.18	(89.58)
Profit / (Loss) Before Tax		(3,072.48)	(6,137.80)
Tax Expense			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
Profit / (Loss) from Continuing Operations		(3,072.48)	(6,137.80)
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		(3,072.48)	(6,137.80)
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		4.27	(0.56)
(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		4.27	(0.56)
Total Comprehensive Income for the period		(3,068.21)	(6,138.36)
Earnings Per Equity Share (of Rs 10/- each) :-			
(1) Basic before extraordinary items		(1.49)	(2.99)
(2) Diluted before extraordinary items		(1.49)	(2.99)
(3) Basic after extraordinary items		(1.49)	(2.99)
(4) Diluted after extraordinary items		(1.49)	(2.99)

The accompanying notes are Integral Part of the Financial Statements

For Jaiswal Brajesh & Co.
Chartered Accountants

C.A. Nirmal Kumar Sah
Partner

Membership No. 015500
Firm's ICAI Reg.No. 007915C

Place : Mumbai
Date : 08/05/2017

Piyush Awasthi
Chief Finance Officer

J Ramaswamy
Director

PK Joshi
Chairman

Heena Shah
Company Secretary





HPCL BIOFUELS LTD

Cash Flow Statement For The Year Ended 31st March, 2017

	2016 - 17	2015 - 16
	Amount in Rs. Lacs	
A. Cash Flow From Operating Activities		
Net Profit/(Loss) Before Tax	(3,068.17)	(6,138.34)
Adjustments to Reconcile Profit Before tax to net cash used in operating activities:		
Depreciation and impairment of property, plant and equipment	2,758.56	2,736.33
Amortisation of Capital Grant	(89.26)	(89.26)
Amortisation of Lease Premium	150.45	150.45
Finance Costs	1,553.21	1,211.36
Sub-Total	4,372.96	4,008.88
Operating Profit before Changes in Assets & Liabilities (i)	1,304.79	(2,129.46)
(Increase) / Decrease in Assets and Liabilities :		
Trade Receivables	(906.52)	(1,089.79)
Loans and Advances and Other Assets	918.16	213.80
Inventories	9,056.19	(2,599.15)
Liabilities and Other Payables	941.75	(6,201.07)
Sub Total - (ii)	10,009.58	(9,676.21)
Cash Generated from Operations (i) + (ii)	11,314.37	(11,805.67)
Less : Direct Taxes / refund / (paid) - Net	-	-
Net Cash from Operating Activities (A)	11,314.37	(11,805.67)
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment (incl. Capital Work in Progress)	(196.79)	(956.72)
Sale of Property, Plant & Equipment	1,563.47	-
Other Non- Current Assets	687.30	(77.66)
Net Cash Flow generated from / (used in) Investing Activities (B)	2,053.98	(1,034.38)
C. Cash Flow From Financing Activities		
Long term Provisions	12.07	12.59
Long term Loans raised/(repaid)	(5,234.00)	8,559.81
Short term Loans raised / (repaid)	(8,169.29)	3,948.56
Net Cash Flow generated from / (used in) Financing Activities (C)	(13,391.22)	12,520.96
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	(22.87)	(319.09)
Cash and cash equivalents at the beginning of the year	33.28	352.37
Cash and cash equivalents at the end of the year	10.41	33.28
Details of cash and cash equivalents at the end of the year:		
Cash and cash equivalents as on	31-Mar-17	31-Mar-16
Balances with Banks:		
- on current accounts	10.39	33.26
- on non-operative current accounts	-	-
Cash on hand	0.02	0.02
Less : Cash Credits	-	-
Cash and cash equivalents at the end of the year	10.41	33.28

As per our report of even date attached

For Jaiswal Brajesh & Co.

Chartered Accountants

C A. Nirmal Kumar Sah
Partner

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Heena Shah
Company Secretary

For and on behalf of the Board



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2016-2017

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 8th May 2017.

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 INR 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 realisable 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.
- 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.

- On the date of transition to IND AS i.e. 1st April, 2015, the Company has elected to continue with the carrying value of Property, Plant and Equipment existing as per previous IGAAP and use that as its deemed cost.

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 amortised 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 recognised 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 unit's (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.
- 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 recognised 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 recognised 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

- Revenue is recognised 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 recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.
- Revenue from the sale of goods includes excise duty 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, sales tax and applicable trade discounts and allowances.





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. 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.

Current Tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the statement of Profit or Loss (either in other comprehensive income or in equity). Current Tax items are recognised 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 recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 recognised 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised 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.

O. 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.

P. Financial Instruments

i. Financial Assets

• Classification

The Company classifies financial assets as subsequently measured at amortised 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 recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales 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 recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.





- **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised 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 amortised cost using the effective interest rate (EIR) method. Amortised 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 recognised 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.

- **Derecognition**

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 amortised 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 amortised cost, except for financial 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 recognised 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 amortised cost using the EIR method. Gains and losses are recognised in Consolidated Statement of Profit and Loss when the liabilities are derecognized.

Amortised 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.

- **Derecognition**

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 recognised in the Consolidated Statement of Profit and Loss.

Q. 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 recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

R. 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.

3. Explanation of transition to IND AS

Optional exemptions availed and Mandatory exceptions

- a. For the purposes of reporting as set out in Note no. 2, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in Note no. 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Following are the exemptions opted by the Company.

- i. Property, plant and equipment and intangibles exemption: The Company has elected to apply the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment and intangibles as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (April 1, 2015).
- ii. Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts





and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Reconciliation of total equity as at 31 March 2016 and 1 April 2015

(Rs. In Lacs)

Particulars	Foot Note reference	31 March 2016	1 April 2015
Net worth under IGAAP		17,445.97	22,423.20
Summary of Ind AS adjustments			
Reclassification of preference shares to liability	2	(41,965.15)	(41,965.15)
Fair valuation and amortization of preference shares carried at amortized cost upto 1 April 2015	2	32,006.56	32,006.57
Interest expense on preference shares carried at amortized cost	2	(1,165.15)	-
HPCL Bridge loan subsequently carried at amortized cost	3	542.02	-
Transaction cost on borrowings carried at amortized cost	4	115.85	124.95
Timing of revenue recognition	5	-	(3.44)
Prior period adjustment	6	(31.96)	(78.78)
Total Ind AS adjustments		(10,497.83)	(9,915.85)
Net worth under Ind AS		6,948.12	12,507.35





Profit reconciliation

(Amt in Lacs)

Particulars	Foot Note reference	31 March 2016
Profit for the year as per IGAAP		(4,977.23)
Summary of Ind AS adjustments		
Interest expense on preference shares carried at amortized cost	2	(1,165.15)
Interest expense on HPCL bridge loan	3	(37.10)
Transaction cost on borrowings carried at amortized cost	4	(9.14)
Timing of revenue recognition	5	3.44
Actuarial gain/loss recognised in other comprehensive income	9	0.56
Prior period adjustments	6	46.82
Total Ind AS adjustments		(1,160.57)
Profit for the year as per Ind AS		(6,137.80)

Foot Notes to the Reconciliation

1. Figures as per IGAAP as on 01.04.2015 and 31.03.2016 have been re-classified / re-grouped / re-stated wherever necessary.

2. Preference shares subsequently measured at amortized cost

Under IGAAP, preference shares were treated as part of equity share capital. However, under Ind AS the same shall be treated as financial liability based on the criteria laid down in Ind AS 109. Hence, preference shares issued need to be fair valued on initial recognition and shall be subsequently measured at amortized cost. Finance cost on such instrument has been recognized using effective interest rate (EIR) method.

3 HPCL bridge loan subsequently measured at amortized cost

The Company has taken a bridge loan from its parent company. Interest rate charged on the loan is the parent's weighted average borrowing rate. Under IGAAP, bridge loan has been recorded at the nominal amount at which the loan has been received.





Under Ind AS, bridge loan from HPCL has been fair valued on initial recognition and is subsequently carried at amortized cost. Finance cost on such instrument has been recognized using effective interest rate method.

4 Adjustment for transaction costs on borrowings carried at amortized cost:

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in profit or loss over the tenure of borrowing as part of the interest expense by applying the effective interest rate method.

Under IGAAP, transaction costs incurred on borrowing were charged off to profit and loss account in the year of incurrence. However, under Ind AS, the same shall be reduced from borrowings and amortized based on effective interest rate method and presented as part of interest cost.

5 Timing of revenue recognition:

Under IGAAP, revenue from sale of goods is recognised when the same leave the Company's premises. However, under Ind AS, revenue shall be recognised when significant risks and rewards have been transferred.

Accordingly, in situations where goods have left Company's premises but Company continues to exercise effective managerial control on such goods till the time the goods reach the customer's premises, revenue is deferred and recognised when goods are accepted by the customer.

6 Prior period adjustments:

Under IGAAP, prior period adjustments were recognized in the year in which error is identified. Under Ind AS, prior period errors are required to be corrected retrospectively by restating the comparative amounts for the prior period presented in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Error relating to prior period has been recognized in 2015-16 in statement of profit and loss account under IGAAP. Such amount needs to be pushed back to earlier periods by restating the opening balances of asset, liability and equity under Ind AS.

Similarly, the prior period errors pertaining to 2015-16 identified in 2016-17 have been recorded in financial statements of 2015-16 under Ind AS.

7 Government grant received against purchase of asset

Under IGAAP, the Company had deducted the grant received from government from the cost of fixed assets. Under Ind AS, asset related government grant need to be recognised





as deferred income in accordance with the requirements of Ind AS 20. Deducting the amount of grant from the value of related asset is not permitted under Ind AS.

As a consequence, to recognize the amount of unamortized deferred income as at the date of the transition, the Company has made the corresponding adjustment to the carrying amount of property, plant and equipment (net of cumulative depreciation impact) as the grant is directly linked to the property, plant and equipment.

8 Excise duty

Under IGAAP, revenue from sale of goods was presented net of the excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty.

The excise duty has been presented in the Statement of Profit and Loss as an expense.

This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2016.

9 Actuarial gains/(losses)

Under Ind AS, the Company's accounting policy is to recognize all actuarial gains and losses on post-employment benefit plans in other comprehensive income.

Under IGAAP the Group recognised actuarial gains and losses in the statement of profit and loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2015 as well as 31 March 2016.

10 Reclassification of leasehold land into operating leases

Under IGAAP, the Company has classified leasehold land with a lease period of less than 99 years as leasehold land under tangible fixed assets. The same was amortized over the tenure of lease and presented understatement of profit and loss as depreciation and amortization expense.


Under Ind AS, land leases with long tenure of lease are required to be classified as finance lease. Hence, Corporation has decided to consider leasehold lands with lease period of more than 99 years as finance lease. Also, land with a lease tenure of 99 years or less is treated as operating lease and amortized over the tenure of lease as rent expense. The amortization of prepaid operating lease rentals is presented under rent expense.



NOTE 4 - Property Plant & Equipment						
Cost or Value	(Amount in Rs. Lacs)					
	Tangible Assets			Intangible Assets		Total
	Freehold Land	Plant & Machinery	Furniture & Fixtures	Computers & Printers	Building	Total (Rs.)
As on 01.04.15	20.36	52,594.14	83.67	30.98	4,427.78	57,156.93
Additions	-	956.72	-	-	-	956.72
Disposals	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
Borrowing Cost	-	-	-	-	-	-
01.04.16	20.36	53,550.86	83.67	30.98	4,427.78	58,113.65
Additions	-	191.15	0.26	1.77	-	193.18
Disposals	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
Exchange Difference	-	-	-	-	-	-
Borrowing Cost	-	-	-	-	-	-
At 31.03.17	20.36	53,742.01	83.93	32.75	4,427.78	58,306.83
58,335.23						
Depreciation						
As on 01.04.15	-	-	-	-	-	-
Charge for the Year	-	2,530.69	13.38	11.16	173.33	2,728.56
Disposal/Adjustments	-	-	-	-	-	-
As on 31.03.16	-	2,530.69	13.38	11.16	173.33	2,728.56
Charge for the Year	-	2,560.08	13.35	4.90	172.15	2,750.48
Disposal/Adjustments	-	-	-	-	-	-
As on 31.03.17	-	5,090.77	26.73	16.06	345.48	5,479.04
15.86						
Impairment Loss						
As on 01.04.15	-	-	-	-	-	-
At 31.03.16	-	-	-	-	-	-
Charge for the Year	-	-	-	-	-	-
As on 31.03.17	-	-	-	-	-	-
Net Block (Gross Value-Depreciation-Impairment Loss)						
As on 31.03.16	20.36	51,020.17	70.29	19.82	4,254.45	55,385.09
As on 31.03.17	20.36	48,651.24	57.20	16.69	4,082.30	52,827.79
17.05						
55,402.14						
52,840.33						
The Company has availed the deemed cost exemption in relation to the property, plant and equipment and intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on April 1, 2015 under the previous GAAP						
Particulars	Tangible Assets					Total
	Freehold Land	Plant & Machinery	Furniture & Fixtures	Computers & Printers	Building	Total (Rs.)
Gross block	20.36	63,621.50	121.51	165.98	4,860.16	68,789.51
Accumulated depreciation	-	11,027.33	37.84	135.00	432.38	11,632.55
Net block	20.36	52,594.17	83.67	30.98	4,427.78	57,156.96
(Rounding off errors have been adjusted)						24.83
						57,181.79




Notes Forming Part of the Financial Statements

	Particulars	Note No	As at 31st March 2017	As at 31st March 2016	(Amount in Rs. Lacs) As at 1st April 2015
Non-Current Investments					
Total Non - Current Investments					
Long-Term Loans					
Unsecured, Considered Good					
Capital Advances			-	-	-
Advances Recoverable in Cash or for Value to be Received (BSEB)			-	-	113.47
Total			-	-	113.47
Other Non-Current Financial Assets					
Other Non-Current Financial Assets			-	-	-
Total			-	-	-
Other Non-Current Assets					
Capital Advances			88.64	400.11	390.44
Other Deposits			7.92	9.60	7.98
Balances with Excise, Customs, Port Trust etc.			1,674.87	2,049.03	1,869.18
Prepaid Operating Lease Premium			7,643.12	7,793.56	7,944.01
Total			9,414.55	10,252.30	10,211.61
Current Investments					
Non - Trade Investments (Quoted)			-	-	-
Total			-	-	-
Inventories					
A. Inventories as per books					
(Inventory Taken, Valued & Certified by the Management)					
Raw Materials (Including in Transit - Raw Materials)			-	-	-
Finished Products			4,331.27	13,215.35	10,173.47
Finished Products (In-Transit)			55.71	-	46.28
Bio-Compost			81.39	41.91	35.00
Stock-in-Trade			-	0.42	0.11
Work in Progress			141.51	506.90	769.65
Packages			16.57	25.43	57.14
Process Materials & Lubes			102.55	85.90	59.95
Stores & Spares			307.18	216.65	262.23
Total			5,036.18	14,092.56	11,403.83
B. Provision for Gain/(Loss) on Inventory Variation					
Finished Products			(79.24)	(79.17)	(9.48)
Work in Progress			0.36	0.11	-
Stores & Spares			(20.00)	(20.00)	-
Total			(98.88)	(99.06)	(9.48)
C. Net Inventories					
Raw Materials (Including in Transit - Raw Materials)			-	-	-
Finished Products			4,252.03	13,136.17	10,163.99
Finished Products (In-Transit)			55.71	-	46.28
Bio-Compost			81.39	41.91	35.00
Stock-in-Trade			-	0.42	0.11
Work in Progress			141.88	507.01	769.65
Packages			16.57	25.43	57.14
Process Materials & Lubes			102.55	85.90	59.95
Stores & Spares			287.18	196.65	262.23
Total			4,937.31	13,993.49	11,394.35




Notes Forming Part of the Financial Statements

	Particulars	Note No	As at 31st March 2017	As at 31st March 2016	(Amount in Rs. Lacs) As at 1st April 2015	
Trade Receivables		8				
Un - Secured Considered Good			2,012.60	1,106.08	16.29	
Considered Doubtful			-	-	-	
Less: Provision for Doubtful Debts			-	-	-	
			2,012.60	1,106.08	16.29	
Cash and Cash Equivalents		9				
i. Cash & Cash Equivalents						
Cash on Hand			0.02	0.02	0.02	
Cheques Awaiting Deposit			-	-	-	
Balances With Scheduled Banks:						
- On Current Accounts			10.39	33.26	352.35	
- 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				10.41	33.28	352.37
Short-Term Loans			10			
Unsecured						
Considered Good						
Share Application Money Pending Allotment		-		-	-	
Loans to Related Party		-		-	-	
Receivable from Farmer for Cane Seed		10.05		9.99	10.18	
Other Advances		19.26	-	-		
Total			29.31	9.99	10.18	
Other Current Financial Assets		11				
Other Recoverable			4.63	61.31	61.31	
Employee Advance			0.28	4.34	3.26	
Other Accounts Receivable			28.72	28.72	28.72	
Less:Provision for Doubtful Other Account Receivable			(28.72)	-	-	
Amounts Recoverable under Subsidy Schemes			692.65	935.20	792.36	
Instalment of BSEB Advance Receivable			-	113.47	113.47	
Total			697.56	1,143.04	999.12	
Other Current Assets		12				
Balances with Excise, Customs, Port Trust etc.			273.77	768.87	1,077.33	
Vendor Advance			31.15	33.54	90.41	
Less: Provision for Doubtful Vendor Advance			(4.16)	(4.16)	(4.16)	
Prepaid Operating Lease Premium			150.45	150.45	150.45	
Prepaid Expenses			68.59	63.09	55.28	
Total				519.80	1,011.79	1,369.31



Notes Forming Part of the Financial Statements

		(Amount in Rs. Lacs)			
Particulars	Note No	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015	
Share Capital	13				
A. Authorised:					
25,00,00,000 Equity Shares of Rs.10 each		25,000.00	25,000.00	25,000.00	
45,00,00,000 Preference Shares of Rs. 10 Each		45,000.00	45,000.00	45,000.00	
Total		70,000.00	70,000.00	70,000.00	
B. Issued, Subscribed, Called up & Fully Paid:					
20,55,20,000 Equity Shares of Rs.10 each Fully Paid up (100% Held by HPCL)		20,552.00	20,552.00	20,552.00	
Total		20,552.00	20,552.00	20,552.00	
C. Rights, preferences and restrictions attaching to Equity 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.					
D. Shares held by Holding Company - Hindustan Petroleum Corporation Ltd					
Equity Shares		20,552.00	20,552.00	20,552.00	
E. Share holding pattern					
Hindustan Petroleum Corporation Ltd					
Equity Shares		100%	100%	100%	
F. Shares Reserved		Nil	Nil	Nil	
G. Details of shares, which in the last 5 years, were					
issued for other than cash consideration		Nil	Nil	Nil	
issued as bonus shares		Nil	Nil	Nil	
bought back		Nil	Nil	Nil	
H. Terms of any securities convertible into equity issued		Nil	Nil	Nil	
I. Calls unpaid		Nil	Nil	Nil	
J. Forfeited shares (amount originally paid-up)		Nil	Nil	Nil	
Reserves & Surplus	14				
Capital Reserve		579.13	579.13	-	
Total		579.13	579.13	-	
Capital Grant		-	-	-	
Surplus / (Deficit) in Statement of Profit and Loss					
Opening Balance		(14,182.99)	(8,044.65)	(8,044.65)	
Add: Profit / (Loss) for the Year		(3,068.21)	(6,138.36)	-	
Profit Appropriated to General Reserve		-	-	-	
Closing Balance		(17,251.20)	(14,183.01)	(8,044.65)	
Other Reserve		-	-	-	
Total		(16,672.07)	(13,603.88)	(8,044.65)	




HPCL Biofuels Limited

Note No. 15- Statement of changes in equity
(All amounts in Indian Rupees Lacs)

A. Equity Share Capital		Changes during the year	Balance at 31 March 2017															
Balance at 1 April 2016	20,552.00	-	20,552.00															
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	FCMI TDA	Retained Earnings 31.03.17	Retained earnings 31.03.16	Retained earnings 01.04.15									
Balance at 1 April 2016					579.13	-	(14,183.01)	(8,044.65)	(8,044.65)									(13,603.88)
Changes in accounting policy or prior period errors																		
Restated balance as at 1 April 2016					579.13	-	(14,182.99)	(8,044.65)	(8,044.65)									(13,603.88)
Profit for the year							(3,072.46)	(6,137.80)	-									(3,072.46)
Other comprehensive income for the year																		
Dividends																		
Transfer to retained earnings							4.27	(0.56)										4.27
Any other change (to be specified)																		
Balance at 31 March 2017					579.13	-	(17,251.20)	(14,183.01)	(8,044.65)									(16,672.07)




Notes Forming Part of the Financial Statements


(Amount in Rs. Lacs)					
	Particulars	Note No	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Long-Term Borrowings		16			
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 @ 1 Year MCLR + 1.95% Fixed Spread)			29,628.11 (1,544.00)	30,770.67 (1,158.00)	30,755.24
Less: 4 Installments totalling Rs. 1544 Lacs due in FY 2017-18					
GOB Soft Loan (Repayable in 20 equal Quarterly Instalments starting from Q1 of 2016-17) (Rate of Interest @ 1 Year MCLR + 2.95% Fixed Spread)			1,313.78 (330.00)	1,641.48 (330.00)	-
Less: 4 Installments totalling Rs. 330 Lacs					-
TOTAL A			29,067.89	30,924.15	30,755.24
Un-Secured Loans					
41,96,51,511 nos 5 % Non Cumulative 14 year redeemable Preference Shares @ Rs.10/- each (100 % held by HPCL)			12,425.21	11,123.74	9,958.58
Rights, Preferences and Restrictions attaching to Preference shares					
All preference shares are allotted to the holding company "Hindustan Petroleum Corporation Ltd". They carry preference dividend of 5%, are non cumulative and are redeemable at the end of 14 years from issue, i.e. in March 2028					
Loans & Advances from Related Parties (Bridge loan from HPCL repayable in 10 quarterly installments starting from June 2017)			8,091.97 (3,360.00)	7,857.98 -	-
Less: 4 Installments totalling Rs. 3360 Lacs due in FY 2017-18					-
TOTAL B			17,157.18	18,981.72	9,958.58
TOTAL (A+B)			46,225.07	49,905.87	40,713.82
Other Financial Liabilities					
Other Deposits			-	-	-
Accrued Charges/Credits			-	-	-
Other Liabilities			-	-	-
Total			-	-	-
Long Term Provisions		17			
Provision for Gratuity			65.38	54.62	41.69
Provision for Leave Encashment			14.96	13.64	13.99
Total			80.34	68.26	55.68
Other Non Current Liabilities		18			
Deferred Government Grant			1,594.34	1,683.59	1,772.85
Deferred Lease Rental Premium			1,563.47	-	-
Total			3,157.81	1,683.59	1,772.85
Short Term Borrowings		19			
Secured Loans					
Cash Credit (Hypothecation of Debtors & Inventory) (Rate of Interest @ 1 year MCLR+1.25% Fixed Spread)			2,197.59	10,366.89	6,418.32
Overdrafts from Banks (Secured by Hypothecation of Stock-in-Trade)			-	-	-
TOTAL			2,197.59	10,366.89	6,418.32
Trade Payables		20			
Operating Expenses Payable to HPCL			895.48	774.25	637.34
Accrued Expense - Payable			675.44	468.73	1,136.52
Payable to Cane Growers			1,731.22	2,429.18	7,084.46
Payable to Trade Vendors			428.99	559.64	1,109.65
Total			3,731.13	4,231.80	9,967.97




Notes Forming Part of the Financial Statements

		(Amount in Rs. Lacs)			
Particulars	Note No	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015	
Other Current Financial Liabilities	21				
Payable to Contractor/Vendor (Capital Assets)		3,397.82	4,064.29	4,184.86	
Retention from Vendors		229.99	197.98	142.40	
Security Deposit from Contractors		95.22	87.00	143.96	
Road Map Scheme - Lauriya		0.12	0.12	0.12	
Farmer Loan		0.37	0.37	0.86	
Accrued Liability-EPCC Vendor		1,155.10	1,278.91	1,354.59	
Unclaimed Cheque		13.71	16.01	11.07	
Interest Accrued but not due		291.40	412.66	306.86	
Current Maturities of Long Term Debt		-	-	-	
- Bank Term Loan (4 Installments totalling Rs. 15.44 Cr. due in FY 2017-18), (P.Y- 11.58Cr)		1,544.00	1,158.00	-	
- GoB Soft Loan (4 Installments totalling Rs. 3.30 Cr. due in FY 2017-18), (P.Y- 3.30 Cr)		330.00	330.00	-	
- HPCL Bridge Loan (4 Installments totalling Rs. 33.60 Cr. due in FY 2017-18), (P.Y- Nil)		3,360.00	-	-	
Payable To Employee		184.97	90.29	79.44	
Total		10,602.70	7,635.63	6,224.16	
Other Current Liabilities	22				
WCT Payable		1.95	0.73	3.08	
TDS Payable		28.37	20.48	13.07	
Sales Tax Payable		15.11	23.44	-	
Excise Payable		352.02	821.61	442.08	
Payable to Zone Development Council		33.18	24.49	23.08	
PF Contribution Employee		24.06	10.48	9.18	
Inter Office Balance		-	-	-	
Payable To Govt (Others)		-	0.03	-	
Misc Other Current Liabilities		10.76	1.17	1.64	
Deferred Lease Rental Premium Current		30.61	-	-	
Advance From Customers		-	1,118.52	3,406.37	
Deferred government grant		89.26	89.26	89.26	
Total		585.32	2,110.21	3,987.76	
Short-Term Provisions	23				
Provision for Other Employee Benefits		1.98	1.74	0.58	
Total		1.98	1.74	0.58	



	Particulars	Note No.	Year Ended 31st March 2017	Year Ended 31st March 2016
	Revenue from Operations	24		
	Gross Sales			
	Sale of Products		38,123.38	15,982.31
	Sale of Services		-	-
	Other Operating Income		128.63	891.45
	Recovery under Subsidy Schemes		-	-
	Total		38,252.01	16,873.76
	Other Income	25		
	Rent Recoveries		22.27	26.66
	Interest (Gross) On Others		-	0.04
	Miscellaneous Income		320.40	159.22
	Total (A+B)		342.67	185.92
	Cost of Materials Consumed	26		
	Cane Purchase		16,591.34	12,242.67
	Cane Transportation		271.36	265.18
	ZDC Commission		33.18	24.50
	Cane-Other Procurement Cost		135.28	95.52
	Total		17,031.16	12,627.87
	Power & Fuels	27		
	Bagasse Cost ,Fuels & Handling		96.92	53.61
	Rice Husk & Firewood		246.54	160.75
	Power Import		175.75	134.42
	Total		519.21	348.78
	Changes in Inventories of Finished Goods Work-in-Progress & Stock in Trade	28		
	Inventories at the end of the period (as per books)			
	Work in Progress		141.51	506.90
	Finished Products		4,386.98	13,169.06
	Bio Compost		81.39	41.91
	Stock-In-Trade		-	0.42
	Total A		4,609.88	13,718.29
	Inventories at the beginning of the period			
	Work in Progress		506.90	769.65
	Finished Products		13,215.35	10,173.47
	Bio Compost		41.91	35.00
	Stock-In-Trade		0.42	0.11
	Total B		13,764.58	10,978.23
	Total (B-A)		9,154.70	(2,740.06)
	Employee Benefits Expense	29		
	Salaries, Wages, Bonus, etc.		1,330.11	1,052.08
	Employees Allowances & Other Benefits		439.42	268.35
	Employees Recruitment & Training		3.04	7.13
	Contribution to Provident Fund		97.63	70.24
	Pension, Gratuity etc.		19.21	18.19
	Employee Welfare Expenses		2.15	-
	Total		1,891.56	1,415.99
	Finance Costs	30		
	Interest Expense on Instruments Carried at Amortised Cost			
	- On Term loan		4,711.84	4,785.39
	- On Non-cumulative Redeemable Preference Shares		1,301.48	1,165.15
	- On Bridge Loan		234.00	37.10
	Total		6,247.32	5,987.64



 Particulars	Note No.	Year Ended 31st March 2017	Year Ended 31st March 2016
Other Expenses	31		
Ethanol Transportation		96.76	46.63
Repairs & Maintenance - Buildings		18.43	22.38
Repairs & Maintenance - Plant & Machinery		344.54	165.73
Repairs & Maintenance - Other Assets		50.60	11.84
Insurance		67.64	62.91
Rates & Taxes		15.98	7.76
Lease Premium on Land		150.45	150.45
Rent		11.02	5.24
Travelling & Conveyance		92.66	70.29
Contract Labour		68.80	41.24
Printing & Stationery		5.82	6.30
Electricity & Water		4.32	3.17
Cane Development Expense		(26.45)	11.28
Discount on Cogen		8.29	2.13
Other Supplies		1.76	0.14
Telephone & Fax		6.67	5.81
Postage & Telegram		2.23	1.83
Provision for Doubtful Debts (After Adjusting Provision no Longer Required)		28.72	-
Other Manufacturing Expenses		78.12	32.70
Security Charges		106.20	104.85
Advertisement & Publicity		9.50	0.90
Sundry Expenses & Charges (Not otherwise classified)		217.74	147.82
Consultancy & Technical Services		37.68	38.76
Auditor Expenses		-	-
- Statutory Audit Fees		1.50	1.50
- Other Services		-	-
- Other Expenses		0.36	0.27
Exchange Rate Variation (Net)		-	-
Total		1,399.34	941.93
Provision for Gain/(Loss) on Inventory Variation (Refer Note no. 56)	32		
Reversal of Last Year Provision on Inventory Variation		-	-
Provision for Gain/(Loss) Current Year		0.18	(89.58)
Total		0.18	(89.58)



33. DEFERRED TAX LIABILITY FOR THE YEAR ENDED MARCH 31,2017

Sl No	Timing differences	Amount (Rs. Lacs)	DTA @ 30.90%	DTL @ 30.90%
1	Differences in Book & Tax Depreciation WDV as per books of accounts as at March 31,2017 Less : WDV as per Income Tax Act as at March 31,2017 Difference (If WDV as per IT is more than the WDV as per books then DTA is created, othrwise DTL)	52,840.33 26,768.66 26,071.67		8,056.15
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 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 finacial institution or schedule bank		- -	
3	Assets acquired for secientific research for which 100% deduction is given in the year of purchase but capitalised in the books			-
3	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)			
4	Losses available for set off	66,536.87	20,559.89	
	Total as on March 31,2017		20,559.89	8,056.15
	Net Deferred tax asset as on March 31,2017.		12,503.74	-
	Net Deferred tax asset as on March 31 of the previous year		7,617.09	
	Amount to be debited / credited to statement of profit and loss			-



34. 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, 2017	Year Ended March 31, 2016
1	Segment Revenue	Rs. in Lacs	Rs. in Lacs
	a) Sugar	36,246.98	16,927.75
	b) Ethanol	4,165.07	2,417.83
	c) Co-Gen	6,705.29	5,489.60
	d) Unallocated	266.09	259.26
	Total	47,383.43	25,094.44
	Less: Inter Segment	8,788.75	8,034.76
	Net Segment Revenue	38,594.68	17,059.68
2	Segment Results		
	a) Sugar	2,577.67	(13.15)
	b) Ethanol	1,038.31	111.19
	c) Co-Gen	656.23	63.25
	d) Unallocated	(820.32)	(3.43)
	Total	3,451.89	157.86
	Less: Interest	6,247.32	5,987.65
	Less: Other Unallocable Exp.	272.78	308.57
	Total Profit Before Tax	(3,068.21)	(6,138.36)
3	Segment Assets		
	a) Sugar	32,282.35	38,004.80
	b) Ethanol	12,278.55	14,455.07
	c) Co-Gen	24,008.06	28,263.78
	d) Unallocated	1,892.91	2,228.45
	Total	70,461.87	82,952.10
4	Segment Liability		
	a) Sugar	30,504.75	34,821.49
	b) Ethanol	11,602.44	13,244.31
	c) Co-Gen	22,686.07	25,896.39
	d) Unallocated	1,788.68	2,041.79
	Total	66,581.94	76,003.98
5	Capital Employed [Segment Assets-Segment Liability]	3,879.93	6,948.12
6	Capital Expenditure incl. Change in CWIP		
	a) Sugar	-	-
	b) Ethanol	-	-
	c) Co-Gen	-	-
	d) Unallocated	-	-
	Total	-	-
7	Depreciation		
	a) Sugar	1,063.39	1,131.48
	b) Ethanol	432.23	506.10
	c) Co-Gen	936.31	1,066.73
	d) Unallocated	326.63	32.03
	Total	2,758.56	2,736.34

Other Disclosures:

2. Segments have been identified in line with the IND AS - 108 "Operating Segments" 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.





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 recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(Rs. in Lacs)

Particulars	Gratuity (2016-17)	Gratuity (2015-16)
<u>Present value of projected benefit obligation</u>		
Present value of Benefit Obligation at the beginning of the period	56.00	41.90
Interest Cost	4.45	3.35
Current Service Cost	10.80	10.19
Benefit paid		
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	3.21	0.48
Actuarial (gains)/ losses on obligations - due to experience	(7.48)	0.08
Present value of Benefit Obligation at the end of the period	66.99	56.00
<u>Changes in fair value of plan assets</u>		
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		-
Fair value of Plan Assets at the end of the period		-
<u>Included in profit and loss account</u>		
Current Service Cost	10.80	10.19
Net interest cost	4.45	3.35
Past Service Cost		
Total amount recognised in profit and loss account	15.25	13.54
<u>Remeasurements</u>		
Return on plan assets, excluding interest income		-
(Gain)/loss from change in demographic assumptions		
(Gain)/loss from change in financial assumptions	3.21	0.48
Experience (gains)/losses	(7.48)	0.08
Change in asset ceiling, excluding amounts included in interest expense		-
Total amount recognised in other comprehensive income	(4.27)	0.56





Amount recognised in the Balance Sheet

(Rs. in Lacs)

Particulars	Gratuity (31 st March 2017)	Gratuity (31 st March 2016)	Gratuity (1st April 2015)
Present value of benefit obligation as on 1 April 2015	66.99	56.00	41.90
Fair value of plan assets as on 1 April 2015	-	-	-
Net Liability / (Asset) recognised in the Balance Sheet	66.99	56.00	41.90

Plan Assets:

Particulars	Gratuity (2016-17)	Gratuity (2015-16)
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 (2016-17)	Gratuity(2015-16)
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.66%	7.95%
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.

Sensitivity analysis:

(Rs. in Lacs)

Particulars	Gratuity (2016-17)	Gratuity (2015-16)
Delta effect of +1% Change in Rate of Discounting	(10.24)	(8.64)
Delta effect of -1% Change in Rate of Discounting	12.81	10.85
Delta effect of +1% Change in Rate of Salary Increase	12.76	10.85





Delta effect of -1% Change in Rate of Salary Increase	(10.38)	(8.78)
Delta effect of +1% Change in Rate of Employee Turnover	0.91	1.14
Delta effect of -1% Change in Rate of Employee Turnover	(1.07)	(1.35)

The expected maturity analysis of undiscounted benefits is as follows:

(Rs. in Lacs)

Particulars	Gratuity (2016-17)	Gratuity(2015-16)
Less than a year	1.60	1.38
Between 1 - 2 year	1.69	1.49
Between 2 - 5 year	5.63	4.94
Over 5 years	11.64	10.19
Total	20.56	18.00

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, 2017

(Rs in Lacs)

	Carrying amount				Fair Value		
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Trade receivables			2,012.60	2,012.60			
Cash & Cash equivalents			10.41	10.41			
Short-term loans			29.31	29.31			
Other current financial assets			697.56	697.56			
Financial liabilities							
Bank term loan			29,628.11	29,628.11			
GOB soft loan			1,313.78	1,313.78			
Bridge loan from HPCL			8,091.97	8,091.97		8,060.53	





5% Non-cumulative redeemable preference shares			12,425.21	12,425.21		12,243.14	
Cash credit			2,197.59	2,197.59			
Trade payables			3,731.13	3,731.13			
Other current financial liabilities			10,602.70	10,602.70			

As at March 31, 2016

	Carrying amount				(Rs in Lacs) Fair Value		
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Trade receivables			1,106.08	1,106.08			
Cash & Cash Equivalents			33.28	33.28			
Short-term loans			9.99	9.99			
Other current financial assets			1,143.04	1,143.04			
Financial liabilities							
Bank term loan			30,770.67	30,770.67			
GOB soft loan			1,641.48	1,641.48			
Bridge loan from HPCL			7,857.98	7,857.98		7,850.32	
5% Non-cumulative redeemable preference shares			11,123.74	11,123.74		11,995.35	
Cash credit			10,366.89	10,366.89			
Trade payables			4,231.80	4,231.80			
Other current financial liabilities			7,635.63	7,635.63			





As at 1st April, 2015

(Rs in Lacs)

Particulars	Carrying amount				Fair value		
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3
Financial assets							
Trade receivables			16.29	16.29			
Cash & cash Equivalent			352.37	352.37			
Short-term loans			10.18	10.18			
Other current financial assets			999.12	999.12			
Financial liabilities							
Bank term loan			30,755.24	30,755.24			
GOB soft loan			-	-			
Bridge loan from HPCL			-	-			
5% Non-cumulative redeemable preference shares			9,958.58	9,958.58		9,958.58	
Cash credit			6,418.32	6,418.32			
Trade payables			9,967.97	9,967.97			
Other current financial liabilities			6,224.16	6,224.16			

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
5% Non-cumulative redeemable preference shares	Discounted Cash Flows: The valuation model considers the present value of expected payments using an appropriate discount rate.
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 and 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 2017

(Rs. in Lacs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	11,236.61	15,744.99	10,114.88	67,812.51	1,04,908.99
Trade payables	3,731.20				3,731.20
Other financial liabilities	10,655.26				10,655.26
Total undiscounted financial liabilities	25,623.07	15,744.99	10,114.88	67,812.51	1,19,295.45

As at 31st March 2016

(Rs. in Lacs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	16,111.71	17,878.29	12,607.73	72,680.75	1,19,278.48
Trade payables	4,231.81				4,231.81
Other financial liabilities	7,603.66				7,603.66





Total undiscounted financial liabilities	27,947.19	17,878.29	12,607.73	72,680.75	1,31,113.96
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As at 1st April, 2015

(Rs. in Lacs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	10,031.28	9,690.82	10,030.02	78,455.99	1,08,208.12
Trade payables	9,967.96	-	-		9,967.96
Other financial liabilities	6,224.15	-	-		6,224.15
Total undiscounted financial liabilities	26,233.40	9,690.82	10,030.02	78,455.99	1,24,400.23

39. Interest rate risk

The Company has 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 amortised 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 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.

(Rs. in Lacs)

Particulars	Carrying amount		
	31-Mar-17	31-Mar-16	31-Mar-15
Variable rate borrowings	41,231.51	50,637.02	37,173.56
Fixed rate borrowings	12,425.21	11,123.73	9,958.58
Total borrowings	53,656.73	61,760.76	47,132.14





• **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.

(Rs. in Lacs)

Particulars	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 st March 2017	(427.12)	427.12	-	-
31 st March 2016	(433.42)	433.42	-	-
1 st April 2015	-	-	-	-

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 so as 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 2017, 31st March 2016, and 1st April 2015.

41. Lease Hold Land

Leasehold Land is being amortized over a period of 60 years on SLM. Rs.150.45 Lacs has been amortised for the year 2016-17 (P.Y.- Rs. 150.45 Lacs) 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. in Lacs)	4,500.00	5,000.00	9,500.00
Acquisition Cost Rs.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 year, possession of Leasehold land measuring 28.47 acres was transferred to Hindustan Petroleum Corporation Ltd. for a consideration of Rs.1,594.07 Lacs on same terms and conditions as applicable to HBL for the remaining period of lease. The amount received will be recognised as income over the period of Lease. Lease Premium pertaining to the Current F.Y.16-17 has been recognised as income in Statement of Profit and Loss. Remaining Lease Rental Premium amount has been and shown as Deferred Lease Rental Premium and classified under Other Current Liabilities and Other Non- Current Liabilities respectively.

43. Plant Capacity

Sl. No.	Plant Name	Capacity (Sugauli)	Capacity (Lauriya)
1	Sugar Plant	3500 TCD	3500 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 2017 was 22,053 units (P.Y. 18,666 units) and their value at the floor price of Rs.1,000/- (P.Y. 15-16 – Rs. 1,500) stood at Rs. 220.53 Lacs (P.Y. -Rs. 279.99 Lacs).





49. Micro, Small & Medium Creditors

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

50. 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. 1,033.21 Lacs (P.Y. Rs. 570.73) and Input Tax credit utilized on sale of ethanol is Nil (P.Y. - Nil).

51. Secured Loan

Soft loan of Rs.1, 014 Lacs (which was availed through SBI during 2015-16 through SBI with interest subvention to the extent of 10%, as announced by Government of India) has been fully settled during the F.Y.16-17.

GoB Soft Loan of Rs.1,648 Lacs availed through SBI during F.Y.15-16 with interest subvention to the extent of 10%. Four Installments amounting to Rs. 330 Lacs was paid during F.Y. 2016-17 (P.Y. - Nil). The Balance of GoB Soft Loan as on 31.03.2017 was Rs.1,313.78 (Rs. 1,641.48 Lacs as on 31.03.2016).

Term Loan of Rs.30,880 Lacs was availed through SBI during F.Y. 2014-15. Three installments amounting to Rs.1,158 Lacs was paid during the current F.Y. 2016-17 (P.Y. 15-16 - Nil). The Balance of Term loan as on 31.03.2017 was Rs. 29,628.11 (Rs. 30,770.67 Lacs as on 31.03.2016).

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 @ one year MCLR + 1.25% fixed spread, and the limit is Rs.10,000. The working capital loan is secured by hypothecation of Stocks & Debtors of the company. The Working Capital Loan balance as on 31.03.2017 was Rs.2,197.59 (Rs. 9,378.72 Lacs as on 31.03.2016).

52. Unsecured loan

An unsecured bridge loan of Rs.8,400 Lacs which was obtained from the holding company during P.Y. 2015-16 to meet the requirements of payment to cane growers and other working capital requirements, which carries interest at the average borrowing cost of the holding company and is repayable in 10 quarterly installments starting from 30th June 2017.





53. Provision for Gratuity & Leave Encashment

Provision for gratuity of Rs. 66.99 Lacs (P.Y. 2015-16 - Rs. 56 Lacs) has been made towards retirement benefits for employees during the year based on Actuarial Valuation as of 31.3.2017. Provision for Leave Encashment of Rs. 15.32 Lacs (P.Y. – Rs. 13.99 Lacs) has been made based on Actuarial Valuation as of 31.03.2017.

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).

54. 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.33).

55. 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 recognised once the electricity has been delivered to the customer and is measured through meters.

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

56. Provision for inventory variation

The company is conducting regular physical verification of inventory. The cumulative inventory variation provision is Rs. 98.88 Lacs (P.Y. 99.06 Lacs) the said variation shall be dealt properly after obtaining appropriate approvals.

57. Arbitration Award received during the year

In case of an EPCC vendor, Rs. 1514.16 Lacs was recovered through encashment of two Bank Guarantees, against which the contractor invoked arbitration clause and the arbitrator was appointed. As per the arbitration award, Rs 1534.84 Lacs is payable to the contractor as detailed hereunder:

<u>Payable to Vendor</u>	<u>Sugauli</u>	<u>Lauriya</u>	<u>Total</u>
Against LD for delay	161.47	155.70	317.17





Against PG Test failure	513.37	521.06	1,034.43
Outstanding Bills	277.09	321.07	598.16
Total (A)	951.93	997.83	1,949.76
Payable to HBL	0.00	0.00	0.00
Modification in Juice & molasses storage	100.00	100.00	200.00
Replacement of vacuum filter	57.40	57.00	114.40
For PCC work Bio compost	0.26	0.26	0.52
Repair of CPU	100.00		100.00
Total (B)	257.66	157.26	414.92
Net Payable to Vendor (A-B)	694.26	840.57	1,534.84

After due approval of the Board w.r.t. the award amount of Rs. 1534.84 Lacs, one installment of Rs. 383.71 Lacs has been paid to the vendor in the month of January 2017. Balance amount payable Rs. 1,151.13 Lacs (Three installments at the rate of Rs. 383.71 Lacs each) is in the books of account as on 31.03.17 to be paid in the due course (Refer Note No. 21 – Other Current Financial Liabilities).

58. Liquidated Damages

Liquidated Damages recovered from some vendors have not been taken to income which shall be dealt with properly after resolution from the appropriate forums.

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

Sl.	Description	2016-17 Amount (Rs.in Lacs)	2015-16 Amount (Rs.in Lacs)
A.	Estimated amount of contracts remaining to be executed on capital account not provided for.	1.69	37.17
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	698.44	698.44
	Erroneous demand for 2010-11 of Entry Tax based on proportional amounts, ignoring the actual tax paid. (Rs. 10.22 Lacs paid as advance tax under protest during the year)	68.12	68.12
	Erroneous demand of Excise Duty for the period March 2013 to March 2015 by wrong application of Rule 6 of CENVAT Credit Rules, 2004.	2.32	-





	Erroneous demand for 2012-13 on account of denial of Input Tax Credit	93.81	-
	Erroneous demand for 2013-14 on account of denial of Input Tax Credit	71.65	-
	Erroneous demand for 2014-15 on account of denial of Input Tax Credit	38.76	-
	Erroneous demand for 2013-14 on account of differential tax due to non-submission of C form at the time of order	93.18	-
	Erroneous demand for 2014-15 on account of differential tax due to non-submission of C form at the time of order	315.52	-
	Erroneous demand for 2013-14 on account of suppression of purchase turnover ignoring the actual facts	92.09	-
C.	Other Contingent Liabilities		
	Bank Guarantee given to the Bihar State Pollution Control Board as Security Deposit	20.00	Nil
	Corporate Guarantee given to the State Bank of India for Agriculture financing arrangement with farmers	Nil	200.00
	ISGEC Heavy Engineering Ltd claims against the three EPCC contracts which is being referred to arbitration as per the provisions of the contract	Nil	5427.62
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)	36.63	40.43
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

60. Related Party

Nature of relationship	Name of related parties
Promoters	Hindustan Petroleum Corporation Ltd
Key Management personnel	Shri D.K Saxena (CEO)
Relative of key Management personnel	Nil





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

Nature of Transaction	2016-17 Amount (Rs. in Lacs)	2015-16 Amount Rs in Lacs)
Advance Taken against supplies of Ethanol	-	-
Balance advance as on 31 st March	-	1,112.89
Interest Paid during the year to HPCL on Ethanol Advance	24.14	264.77
Sale of Ethanol to HPCL (Excl. In-Transit sales on 31.03.17 for Rs. 94,78,765, P.Y. Nil)	4,412.06	2460.93
Purchase of Lubes from HPCL	15.48	30.97
Purchase of Sulphur from HPCL	21.98	18.03
Other Expenditure incurred by HPCL on behalf of HBL		
Bridge Loan Taken from HPCL	-	8400.00
Interest paid to HPCL on Bridge Loan	689.19	119.29
Manpower cost of employees on deputation and establishment expenses including Service Tax	132.78	150.07
One Time Lease premium received for land at Sugauli transferred to HPCL	1,594.07	Nil

62. Payment to Auditors

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

Particulars	(Rs in Lacs)	
	2016-17	2015-16
For Statutory Audit	1.50	1.50
For Taxation matters	-	-
For Company law matters	-	-
For management services	-	-
For other services	-	-
For expenses	0.36	0.27
Total	1.86	1.77

63. 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.





64. Foreign Exchange Information

(Rs. in Lacs)

Sl. No.	Particulars	2016-17	2015-16
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	17,031.16	12,627.87
	Spare Parts and components		
	Imported in %	Nil	Nil
	Imported in Value	Nil	Nil
	Indigenous in %	100%	100%
	Indigenous in Value	501.30	268.61
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





65. Specified Bank Notes

(Rs.in Lacs)

Particulars	SBN	Other Denomination Notes	Total
Closing cash in hand as on 08.11. 2016	-	0.02	0.02
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016 (Rs. 2,231/-)	-	0.02	0.02

66. Pay, Allowances, perquisites and other benefits of the Employees on deputation from HPCL is governed by their service conditions with Holding Company (HPCL). HPCL has made suitable provision for all its employees in their books towards salary revision (on account of 3rd pay revision for CPSE) for the period from 01/01/2017 to 31/03/2017.
67. 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.
68. 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.





69. Previous year figures

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

70. 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.

For and on behalf of the Board

J Ramaswamy
Director

P P Joshi
Chairman

Piyush Awasthi
CFO

D K Saxena
CEO & Manager

Heena Shah
Company Secretary

Place : **Mumbai**
Date : **08/05/2017**

As per our report of even date
attached

For Jaiswal Brajesh & Co.
Chartered Accountants

CA Nirmal Kumar Sah
Partner

Membership No. 015500
Firm Registration No. 007915C





INDEPENDENT AUDITOR'S REPORT

To,
The Members of
HPCL Biofuels Limited

Report on the Standalone Ind AS Financial Statements

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, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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.



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JAISWAL BRAJESH & CO.

CHARTERED ACCOUNTANTS

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. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

Opinion

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, 2017, 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.

Other Matters

Incoming auditor to audit comparative information for adjustments to transition to Ind AS

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2016 and 31st March 2015 dated 27th May 2016 and 7th May 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in this matter.



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Emphasis of Matter

Your attention is also hereby drawn to **Note No. 63** 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 modified in this matter.

Report on Other Legal and Regulatory Requirements

1. 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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, 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - (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 B".
 - (g) 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. 59 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.



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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.
- iv. The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and Disclosure are in accordance with the books of accounts maintained by the Company." (refer Note No. 65 to the Ind AS financial statements)

For **JAISWAL BRAJESH & CO**
Chartered Accountants



Nirmal Kumar Sah
(**NIRMAL KUMAR SAH**)

Partner

Membership Number- 015500

Firm Registration Number- 007915C

Place: Mumbai

Date: 8th May, 2017

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"ANNEXURE-A" TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE IND AS 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 Ind AS standalone financial statements of HPCL Biofuels Limited for the year ended on 31st March, 2017.

- (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.



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(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 where matter is Pending
Disallowance of input tax credit capital goods for 2010-11	698.44	Sales Tax Tribunal, Bihar
Demand of Entry Tax for 2010-11 (Rs. 10.22 Lacs paid as advance tax under protest)	68.12	Sales Tax Tribunal, Bihar
Demand of Excise Duty for the period March 2013 to March 2015 by wrong application of Rule 6 of CENVAT Credit Rules, 2004.	2.32	Commissioner Appeal, Central excise
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 differential tax due to non-submission of C form at the time of order	93.18	Commercial Tax Commissioner, Bihar
Demand for 2014-15 on account of differential tax due to non-submission of C form at the time of order	315.52	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

- (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 not raised any funds by way of term loans, during the year under audit.



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- (x) 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.
- (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 **JAISWAL BRAJESH & CO**
Chartered Accountants



Nirmal Kumar Sah
(NIRMAL KUMAR SAH)
Partner

Place: Mumbai
Date: 8th May, 2017

Membership Number- 015500
Firm Registration Number- 007915C



"ANNEXURE-B" TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATES ON THE IND AS 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 Ind AS financial statements of HPCL Biofuels Limited for the year ended on 31st March, 2017.

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

S.N.	Direction	Report	Impact
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.	Nil
2	Whether there are any cases of waiver / write off of debts / loans / interest etc; if yes, the reasons therefore and amount involved	Nil	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	Nil



For **JAISWAL BRAJESH & CO**
Chartered Accountants

Nirmal Kumar Sah
(NIRMAL KUMAR SAH)

Partner

Membership Number- 015500

Firm Registration Number- 007915C

Place: Mumbai

Date: 8th May, 2017

H.O. : Shop No. 5, Ground Floor, Dukhan Ram Plaza, Exhibition Road, **PATNA** - 800001 Mobile : 09451100277

B.O. : D-59/92, AJ, 15 Siddharth Complex, Sagra-Mahmoorganj Road, **VARANASI**-10 (U.P.) M. : 7851945566, 0542-2364006 E-mail : jbcvns1996@gmail.com

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• Flat No. 202, SFS Pocket II, DDA, Dwarka Sector-9, **NEW DELHI** - 110075 Ph. No. 011-45611976 Mobile : 09868390459

• Jaiswal Complex, 1st Floor, 19, J.J. Road, Upper Bazar, **RANCHI** (J.H.) 834001 Ph. No. 0651-2208563 M.No. 09935348500

• Shri Vimal Plaza Shop No. S-4, 2nd Floor, Shivaji Marg, **LUCKNOW** - 226018 Ph. : 0522-4069261 Mobile : 09838009777

• Plot no. 48, Bangali para, Behind Sai Mandir, Dubey Colony, Mowa, **RAIPUR** (C.G.)-492001 Ph.No.0771-4030329, 09407682833



"ANNEXURE-C" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS 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, 2017 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 judgement, 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.



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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 authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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.

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 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



For **JAISWAL BRAJESH & CO**
Chartered Accountants

Nirmal Kumar Sah
(NIRMAL KUMAR SAH)

Partner

Membership Number- 015500

Firm Registration Number- 007915C

Place: Mumbai

Date: 8th May, 2017

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