



## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
**HPCL Biofuels Limited**

### Report on the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of **HPCL biofuels Limited ("the Company")**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2020, and its profit/loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Emphasis of matter

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

The scope, duration or outcome of this matter is uncertain.

Our opinion is not modified in respect of this matter.





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

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

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

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

We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Ind AS Financial Statements**

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

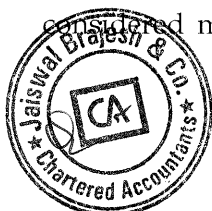
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments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

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

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

### **Auditor's Responsibility for the Standalone Ind AS Financial Statements**

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





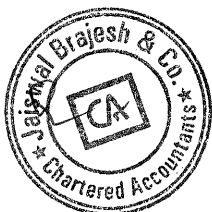
influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

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

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

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

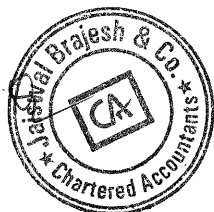




**Report on Other Legal and Regulatory Requirements**

1. As required by the Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

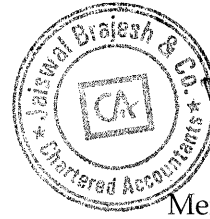
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; (refer **Note No. 57** to the Ind AS financial statements)
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - ii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.





2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **JAISWAL BRAJESH & CO**  
Chartered Accountants



*Nirmal Kumar Sah*

**(NIRMAL KUMAR SAH)**

Partner

Membership Number- 015500

Firm Registration Number- 007915C

Place: Patna

Date: 10<sup>th</sup> June, 2020



**"ANNEXURE-A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **HPCL Biofuels Limited** of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of HPCL Biofuels Limited ("the Company") as of March 31st, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

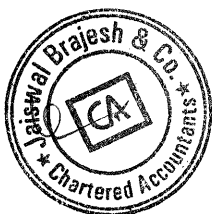
**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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





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

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

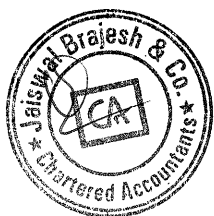
### **Meaning of Internal Financial Controls over Financial Reporting**

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

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

### **Limitations of Internal Financial Controls over Financial Reporting**

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




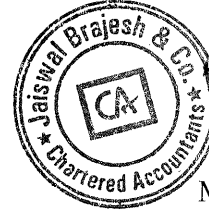


### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31<sup>st</sup>, 2020, 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.

Place: Patna  
Date: 10<sup>th</sup> June, 2020

For JAISWAL BRAJESH & CO  
Chartered Accountants  
  
(NIRMAL KUMAR SAH)  
Partner  
Membership Number- 015500  
Firm Registration Number- 007915C







**"ANNEXURE-B" TO THE INDEPENDENT AUDITORS' REPORT**

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

- (i) In respect of the Company's fixed assets:
  - (a) The company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets.
  - (b) Physical verification of these fixed assets has been conducted during the year, the periodicity of which appears reasonable. No material discrepancy was reportedly noticed on such physical verification.
  - (c) The title deeds of immovable properties are held in the name of the company.
- (ii) Physical verification of inventory has been conducted by the management during the year, the periodicity of which appears reasonable. No material discrepancies have been noticed on such verification during the year.
- (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, GST, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities. There is no arrear of undisputed statutory dues as on the last day of the financial year which was outstanding for a period of more than 6 months from the date the same became payable.

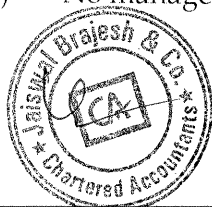




(b) According to the information and explanations given to us, the following amounts have not been deposited on account of any dispute:

Nature of Demand	Amount involved (in Lacs)	Forum where matter is Pending
Disallowance of input tax credit capital goods for 2010-11	698.44	Commercial Tax Tribunal, Bihar
Demand of Entry Tax for 2010-11 (Rs. 10.22 Lacs paid as advance tax under protest)	68.12	Commercial Tax Tribunal, Bihar
Demand for 2012-13 on account of denial of Input Tax Credit	93.81	Commercial Tax Commissioner, Bihar
Demand for 2013-14 on account of denial of Input Tax Credit	71.65	Commercial Tax Commissioner, Bihar
Demand for 2014-15 on account of denial of Input Tax Credit	38.76	Commercial Tax Commissioner, Bihar
Demand for 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 raised funds by way of term loans during the year under audit from HPCL, the terms and conditions subject to which the company has obtained the term loans have been complied by the company.
- (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 not 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



*(Signature)*

**(NIRMAL KUMAR SAH)**

Partner

Membership Number- 015500

Firm Registration Number- 007915C

Place: Patna

Date: 10<sup>th</sup> June, 2020



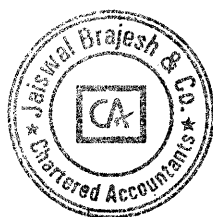
**"ANNEXURE-C" TO THE INDEPENDENT AUDITORS' REPORT**

Report on matters covered by directions and sub-directions of C&AG, to the extent applicable, as referred to under "Report on Other Legal and Regulatory Matters" paragraph of our report of even date on standalone Ind AS financial statements of HPCL Biofuels Limited for the year ended on 31st March, 2020.

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

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

For **JAISWAL BRAJESH & CO**  
Chartered Accountants



*Nirmal Kumar Sah*  
(NIRMAL KUMAR SAH)  
Partner


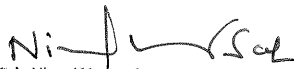
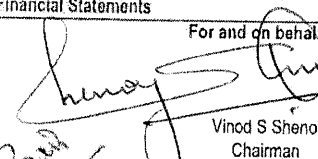


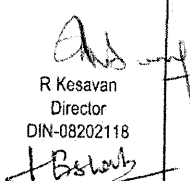
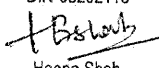
Membership Number- 015500

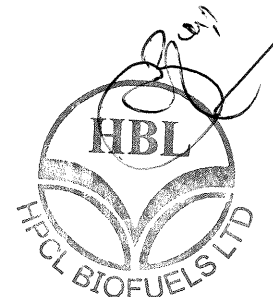
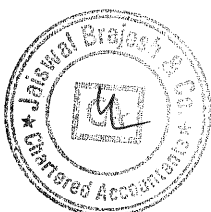
Firm Registration Number- 007915C



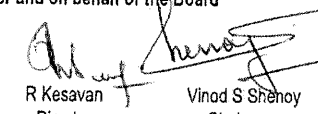
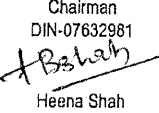


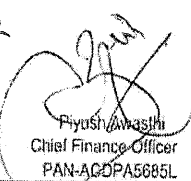
Place: Patna  
Date: 10<sup>th</sup> June, 2020

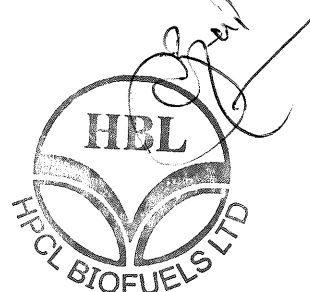
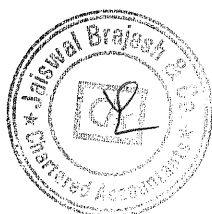
**HPCL BIOFUELS LTD**  
Balance Sheet as at 31st March, 2020

(Amount in ₹ Lacs)

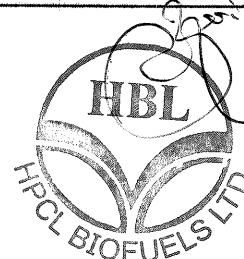
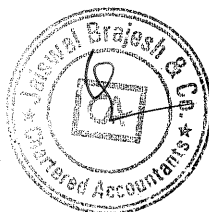
	Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
<b>I ASSETS</b>				
<b>Non-Current Assets</b>				
	(a) Property, Plant and Equipment	3	50,920.52	47,269.88
	(b) Capital work in progress	4	31.48	2.83
	(c) Other Intangible Assets	3	4.89	7.40
	(d) Financial Assets			
	(i) Investments		-	-
	(ii) Long-Term Loans	5	-	-
	(e) Deferred Tax Assets (Net)		-	-
	(f) Other Non-Current Assets	6	9.70	7,350.12
<b>Current Assets</b>				
	(a) Inventories	7	18,126.82	24,592.33
	(b) Financial Assets			
	(i) Investments		-	-
	(ii) Trade Receivable	8	448.42	873.94
	(iii) Cash & Cash Equivalents	9	31.90	41.59
	(iv) Short-Term Loans	10	4.13	30.46
	(v) Others	11	3,206.40	1,121.15
	(c) Current Tax Assets (Net)		-	-
	(d) Other Current Assets	12	983.88	1,504.28
	(e) Assets Held for Sale			
<b>TOTAL</b>			<b>73,768.14</b>	<b>82,793.98</b>
<b>II EQUITY AND LIABILITIES</b>				
<b>1. EQUITY</b>				
	(a) Equity Share Capital	13	62,517.15	62,517.15
	(b) Other Equity	14	(65,967.17)	(58,053.99)
<b>2. Non-Current Liabilities</b>				
	(a) Financial Liabilities			
	(i) Borrowings	16	28,474.65	24,656.63
	(b) Provisions	17	417.04	290.55
	(c) Deferred tax liabilities (net)		-	-
	(d) Other non-current liabilities	18	2,830.29	2,926.39
<b>3. Current Liabilities</b>				
	(a) Financial Liabilities			
	(i) Borrowings	19	13,032.07	20,556.89
	(ii) Trade Payables :-			
	(a) Total outstanding dues of micro & small enterprises	20	819.01	181.55
	(b) Total outstanding dues of creditors other than micro & small enterprises	20	17,807.12	18,271.80
	(iii) Other Financial Liabilities	21	10,947.92	8,173.78
	(b) Other Current Liabilities	22	2,880.93	3,267.03
	(c) Provisions	23	9.13	6.20
	(d) Current tax liabilities (net)			
<b>TOTAL</b>			<b>73,768.14</b>	<b>82,793.98</b>
The accompanying notes are Integral Part of the Financial Statements				
As per our report of even date attached				
For Jaiswal Brajesh & Co. Chartered Accountants			For and on behalf of the Board	
 C.A. Nirmal Kumar Sah Partner Membership No. 015500 Firm's ICAI Reg.No. 007915C Place : Mumbai Date : 10/06/2020			 Vinod S Shenoy Chairman DIN-07632981  Raja Kishor Barik CEO & Manager PAN-AAHPB1838J	
 Piyush Awasthi Chief Finance Officer PAN-ACDPA5685L			 R Kesavan Director DIN-08202118  Heena Shah Company Secretary ACS-13736	



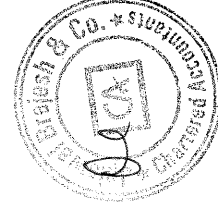
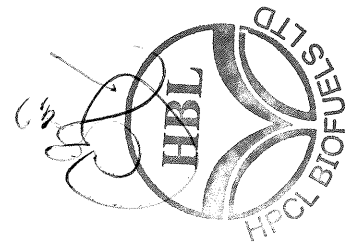
HPCL BIOFUELS LTD				
Statement of Profit and Loss for the Year Ended 31st March 2020				
(Amount in ₹ Lacs)				
	Particulars	Note No.	Year Ended 31st March 2020	Year Ended 31st March 2019
<b>Income</b>				
	I. Revenue from Operations (Gross)	24	30,023.13	23,298.16
	II. Other Income	25	282.53	223.96
	<b>Total Revenue (I+II)</b>		<b>30,305.66</b>	<b>23,522.12</b>
<b>Expenses</b>				
	Cost of Materials Consumed	26	18,577.36	21,295.98
	Consumption of Stores & Consumables		442.86	487.77
	Packing Expenses		226.14	272.83
	Power & Fuels	27	807.15	572.96
	Changes in Inventories of Finished Goods, WIP & Stock in Trade	28	6,334.70	(5,709.19)
	Employee Benefits Expense	29	2,875.65	2,658.18
	Chemicals Consumed		300.69	387.58
	Finance Costs	30	4,687.34	5,711.92
	Depreciation & Amortization Expense		2,592.90	2,736.24
	Other Expenses	31	2,013.51	1,862.75
	<b>Total Expenses</b>		<b>38,858.30</b>	<b>30,277.02</b>
	<b>Profit / (Loss) Before Exceptional Items and Tax</b>		<b>(8,552.64)</b>	<b>(6,754.90)</b>
<b>Exceptional Items</b>				
	Provision for Gain/(Loss) on Inventory Variation	32	(2.16)	(0.26)
	<b>Profit / (Loss) Before Tax</b>		<b>(8,554.80)</b>	<b>(6,755.16)</b>
<b>Tax Expense</b>				
	(1) Current Tax		-	-
	(2) Deferred Tax		-	-
	<b>Profit / (Loss) from Continuing Operations</b>		<b>(8,554.80)</b>	<b>(6,755.16)</b>
<b>Discontinuing Operations</b>				
	Profit / (Loss) from Discontinuing Operations (Before Tax)		-	-
	<b>Total Operations</b>		-	-
	Tax Expense on Discontinuing Operations		-	-
	<b>Profit/(Loss) from Discontinuing Operations (After Tax)</b>		-	-
	<b>Profit / (Loss) for the Year</b>		<b>(8,554.80)</b>	<b>(6,755.16)</b>
<b>Other Comprehensive Income</b>				
	A (i) Items that will not be reclassified to profit or loss		(51.99)	(11.00)
	(ii) Income tax on above		-	-
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax on above		-	-
	<b>Total Other Comprehensive Income for the period</b>		<b>(51.99)</b>	<b>(11.00)</b>
	<b>Total Comprehensive Income for the period</b>		<b>(8,606.79)</b>	<b>(6,766.16)</b>
<b>Earnings Per Equity Share (Face Value of ₹10/- each) :-</b>				
	(1) Basic (Amount in ₹)		(1.37)	(1.08)
	(2) Diluted (Amount in ₹)		(1.37)	(1.08)
The accompanying notes are Integral Part of the Financial Statements				
For Jaiswal Brajesh & Co. Chartered Accountants			For and on behalf of the Board	
 C.A. Nirmal Kumar Sah Partner Membership No. 015500 Firm's ICAI Reg.No. 007915C Place : Mumbai Date : 10/06/2020			 R Kesavan Director DIN-08202118  Vinod S Shenoy Chairman DIN-07632981  Raja Kishor Barik CEO & Manager PAN-AAHPB1838J  Heena Shah Company Secretary ACS-13736	
 Piyush Awasthi Chief Finance Officer PAN-ACDPA5685L				




HPCL BIOFUELS LTD		
Cash Flow Statement For The Year Ended 31st March, 2020		
	Year Ended 31st March 2020	Year Ended 31st March 2019
	Amount in ₹ Lacs	
<b>A. Cash Flow From Operating Activities</b>		
Net Profit/(Loss) Before Tax	(8,554.80)	(6,755.16)
<b>Adjustments to Reconcile Profit Before tax to net cash used in operating activities:</b>		
Depreciation of Property, Plant and Equipment	2,834.65	2,736.24
(Gain)/loss on sale of property, plant and equipment	(140.64)	38.69
Actuarial Gain / (Loss) from OCI	(51.99)	(11.00)
Amortisation of Capital Grant	(90.45)	(80.42)
Amortisation of Lease Premium	-	150.45
Deferred Lease Rental Income	(30.75)	(30.75)
Finance Costs	4,687.34	5,711.92
Provision for Doubtful Debts & Receivables	422.89	-
<b>Operating Profit before Changes in Assets &amp; Liabilities (Sub Total - (i))</b>	<b>(923.75)</b>	<b>1,759.97</b>
<b>(Increase) / Decrease in Assets and Liabilities :</b>		
Trade Receivables	425.52	(111.46)
Loans and Advances and Other Assets	(2,111.88)	(1,658.70)
Inventories	6,465.51	(5,755.03)
Liabilities and Other Payables	(2,125.74)	3,963.76
<b>Sub Total - (ii)</b>	<b>2,653.43</b>	<b>(3,561.43)</b>
<b>Cash Generated from Operations (i) + (ii)</b>	<b>1,729.68</b>	<b>(1,801.46)</b>
Less : Direct Taxes / refund / (paid) - Net	-	-
<b>Net Cash from Operating Activities ( A )</b>	<b>1,729.68</b>	<b>(1,801.46)</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Property, Plant & Equipment (incl. Capital Work in Progress)	(246.39)	(179.46)
Adjustment/Derecognition of Property, Plant & Equipment	1,368.26	651.61
Other Non- Current Assets	(1.80)	1,137.71
<b>Net Cash Flow generated from / (used in) Investing Activities ( B )</b>	<b>1,120.07</b>	<b>1,609.86</b>
<b>C. Cash Flow From Financing Activities</b>		
Long term Provisions	126.49	102.32
Long term Loans raised/(repaid)	8,912.26	(4,394.00)
Short term Loans raised / (repaid)	(7,524.82)	8,832.68
Finance Cost paid	(4,373.37)	(4,317.42)
<b>Net Cash Flow generated from / (used in) Financing Activities ( C )</b>	<b>(2,859.44)</b>	<b>223.58</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(9.69)</b>	<b>31.98</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>41.59</b>	<b>9.61</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>31.90</b>	<b>41.59</b>
<b>Details of cash and cash equivalents at the end of the year:</b>		
<b>Cash and cash equivalents as on</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Balances with Banks:		
- on current accounts	31.90	41.59
- on non-operative current accounts	-	-
Cash on hand	-	-
<b>Less : Cash Credits</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>31.90</b>	<b>41.59</b>
As per our report of even date attached		
For Jaiswal Brajesh & Co.		
Chartered Accountants		
<p>C.A. Nirmal Kumar Sah Partner Membership No. 015500 Firm's ICAI Reg.No. 007915C Place : Mumbai Date : 10/06/2020</p> <p>Piyush Awasthi Chief Finance Officer PAN-ACDPA5685L</p>		
<p>For and on behalf of the Board</p> <p>R Kesavan Director DIN-08202118</p> <p>Vinod S Shenoy Chairman DIN-07632981</p> <p>Raja Kishor Barik CEO &amp; Manager PAN-AAHPB1838J</p> <p>Heena Shah Company Secretary ACS-K3736</p>		

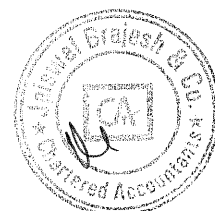
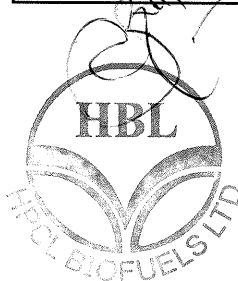



NOTE 3 - Property Plant & Equipment									
(Amount in ₹ Lacs)									
Cost or Value	Tangible Assets						Tangible Assets	Intangible Assets	Total
	Leasehold- Right to Use Assets	Freehold Land	Plant & Machinery	Furniture & Fixtures	Computers & Printers	Building	Total (₹)	Computer Software	
<b>01.04.19</b>	-	20.36	53,612.43	84.61	37.71	4,439.67	58,194.78	34.13	58,228.91
Additions/Reclassifications	7,530.91	-	160.60	-	3.54	15.36	7,710.41	-	7,710.41
Deductions/Reclassifications	-	-	(1,469.18)	-	(0.20)	-	(1,469.38)	-	(1,469.38)
<b>As on 31.03.20</b>	<b>7,530.91</b>	<b>20.36</b>	<b>52,303.85</b>	<b>84.61</b>	<b>41.05</b>	<b>4,455.03</b>	<b>64,435.81</b>	<b>34.13</b>	<b>64,469.94</b>
<b>Depreciation</b>									
<b>As on 31.03.19</b>	-	-	10,157.79	53.46	23.62	690.03	10,924.90	26.73	10,951.63
Charge for the Year	154.61	-	2,489.35	12.08	3.04	173.07	2,832.15	2.51	2,834.66
Deductions/Reclassifications	-	-	(241.76)	-	-	-	(241.76)	-	(241.76)
<b>As on 31.03.20</b>	<b>154.61</b>	<b>-</b>	<b>12,405.38</b>	<b>65.54</b>	<b>26.66</b>	<b>863.10</b>	<b>13,515.29</b>	<b>29.24</b>	<b>13,544.53</b>
<b>Impairment Loss</b>									
<b>As on 01.04.19</b>	-	-	-	-	-	-	-	-	-
Charge for the Year	-	-	-	-	-	-	-	-	-
<b>As on 31.03.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Block (Gross Value-Depreciation-Impairment Loss)</b>									
<b>As on 31.03.19</b>	-	20.36	43,454.64	31.15	14.09	3,749.64	47,269.88	7.40	47,277.28
<b>As on 31.03.20</b>	<b>7,376.30</b>	<b>20.36</b>	<b>39,898.47</b>	<b>19.07</b>	<b>14.39</b>	<b>3,591.93</b>	<b>50,920.52</b>	<b>4.89</b>	<b>50,925.41</b>
(Rounding off errors have been adjusted)									

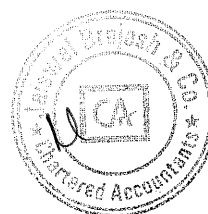
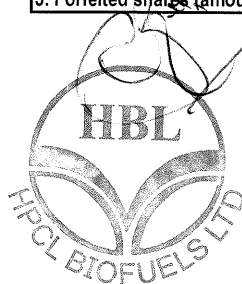





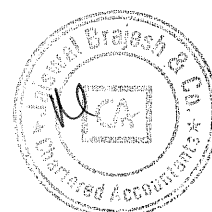
Notes Forming Part of the Financial Statements				
(Amount in ₹ Lacs)				
	Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
	<b>Capital Work-In-Progress</b>	4		
	Unallocated Capital Expenditure and Materials at Site		31.48	2.83
	<b>Total</b>		<b>31.48</b>	<b>2.83</b>
	<b>Non-Current Investments</b>			
	<b>Total Non - Current Investments</b>		-	-
	<b>Long-Term Loans</b>	5		
	Unsecured, Considered Good			
	Capital Advances		-	-
	<b>Total</b>		-	-
	<b>Other Non-Current Financial Assets</b>			
	Other Non-Current Financial Assets		-	-
	<b>Total</b>		-	-
	<b>Other Non-Current Assets</b>	6		
	Capital Advances		-	-
	Other Deposits		9.70	7.90
	Balances with Excise, Customs, Port Trust etc.		-	-
	Prepaid Operating Lease Premium		-	7,342.22
	<b>Total</b>		<b>9.70</b>	<b>7,350.12</b>
	<b>Current Investments</b>			
	Non - Trade Investments (Quoted)		-	-
	<b>Total</b>		-	-
	<b>Inventories</b>	7		
	<b>A. Inventories as per books</b>			
	(Inventory Taken, Valued & Certified by the Management)			
	Raw Materials (Including in Transit - Raw Materials)		-	-
	Finished Products		16,970.12	23,497.52
	Finished Products (In-Transit)		59.31	28.70
	Bio-Compost		35.04	46.17
	Work in Progress		766.04	592.82
	Packages		36.27	44.49
	Process Materials & Lubes		95.07	136.70
	Stores & Spares		237.52	316.32
	<b>Total</b>		<b>18,199.37</b>	<b>24,662.72</b>
	<b>B. Provision for Gain/(Loss) on Inventory Variation</b>			
	Finished Products		(72.66)	(70.65)
	Work in Progress		0.11	0.26
	Stores & Spares		-	-
	<b>Total</b>		<b>(72.55)</b>	<b>(70.39)</b>
	<b>C. Net Inventories</b>			
	Raw Materials (Including in Transit - Raw Materials)		-	-
	Finished Products		16,897.46	23,426.87
	Finished Products (In-Transit)		59.31	28.70
	Bio-Compost		35.04	46.17
	Work in Progress		766.15	593.08
	Packages		36.27	44.49
	Process Materials & Lubes		95.07	136.70
	Stores & Spares		237.52	316.32
	<b>Total</b>		<b>18,126.82</b>	<b>24,592.33</b>
	<b>Trade Receivables</b>	8		
	- Considered Good - Secured		-	-
	- Considered Good - Unsecured		448.42	873.94
	Less: Provision for Doubtful Debts		-	-
	<b>Total</b>		<b>448.42</b>	<b>873.94</b>



 Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
<b>Cash and Cash Equivalents</b>	<b>9</b>		
<b>I. Cash &amp; Cash Equivalents</b>			
Cash on Hand		-	-
<b>II. Balances With Scheduled Banks:</b>			
On Current Accounts		1.90	11.59
<b>III. Other Bank Balances</b>			
With Scheduled Banks:			
Earmarked on Fixed Deposit Accounts		-	-
Against Bank Guarantee Issued to BSPCB		30.00	30.00
On Fixed Deposit Accounts (more than 12 months)		-	-
<b>Total</b>		<b>31.90</b>	<b>41.59</b>
<b>Short-Term Loans</b>	<b>10</b>		
<b>Unsecured</b>			
<b>Considered Good</b>			
Share Application Money Pending Allotment		-	-
Loans to Related Party		-	-
Receivable from Farmer for Cane Seed		4.13	10.46
Other Advances		-	20.00
Less: Provision against Penalty		-	-
<b>Total</b>		<b>4.13</b>	<b>30.46</b>
<b>Other Current Financial Assets</b>	<b>11</b>		
Other Recoverable		2.63	2.63
Employee Advance		1.10	2.16
Other Accounts Receivable		30.72	30.72
Less: Provision for Doubtful Other Account Receivable		(30.72)	(30.72)
Amounts Recoverable under Subsidy Schemes		3,202.67	1,116.36
<b>Total</b>		<b>3,206.40</b>	<b>1,121.15</b>
<b>Other Current Assets</b>	<b>12</b>		
Balances with Excise, Customs, Port Trust etc.		786.50	1,255.27
Vendor Advance		466.88	42.51
Less: Provision for Doubtful Vendor Advance		(440.46)	(17.57)
Prepaid Operating Lease Premium		-	150.45
Prepaid Expenses		170.96	73.62
<b>Total</b>		<b>983.88</b>	<b>1,504.28</b>
<b>Share Capital</b>	<b>13</b>		
<b>A. Authorised:</b>			
115,00,00,000 Equity Shares of ₹10 each		115,000.00	115,000.00
Total		<b>115,000.00</b>	<b>115,000.00</b>
<b>B. Issued, Subscribed, Called up &amp; Fully Paid:</b>			
62,51,71,511 Equity Shares of ₹10 each Fully Paid up (100% Held by HPCL)		62,517.15	62,517.15
Total		<b>62,517.15</b>	<b>62,517.15</b>
<b>C. Rights, preferences and restrictions attaching to Equity Shares</b>			
All equity shares are allotted to the holding company "Hindustan Petroleum Corporation Ltd" except 10 equity shares which were allotted to 10 nominees of the holding company.			
<b>D. Shares held by Holding Company - Hindustan Petroleum Corporation Ltd</b>			
Equity Shares		625,171,511	625,171,511
<b>E. Share holding pattern</b>			
Hindustan Petroleum Corporation Ltd			
Equity Shares		100%	100%
<b>F. Shares Reserved</b>			
Nil		Nil	Nil
<b>G. Details of shares, which in the last 5 years, were</b>			
issued for other than cash consideration		Nil	Nil
issued as bonus shares		Nil	Nil
bought back		Nil	Nil
<b>H. Terms of any securities convertible into equity issued</b>			
Nil		Nil	Nil
<b>I. Calls unpaid</b>			
Nil		Nil	Nil
<b>J. Forfeited shares (amount originally paid-up)</b>			
Nil		Nil	Nil



 Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
<b>Other Equity</b>	<b>14</b>		
Capital Reserve		1,272.74	579.13
Capital Redemption Reserve		-	-
Share Premium Account		-	-
Debenture Redemption Reserve		-	-
Revaluation Reserve		-	-
General Reserve		-	-
<b>Total</b>		<b>1,272.74</b>	<b>579.13</b>
Capital Grant		-	-
Surplus / (Deficit) in Statement of Profit and Loss		-	-
Opening Balance		(58,633.12)	(25,039.80)
Add: Conversion Impact of Preference share to Equity		-	(26,827.16)
Add: Profit / (Loss) for the Year		(8,606.79)	(6,766.16)
<b>Closing Balance</b>		<b>(67,239.91)</b>	<b>(58,633.12)</b>
Other Reserve		-	-
<b>Total</b>		<b>(65,967.17)</b>	<b>(58,053.99)</b>
<b>Long-Term Borrowings</b>	<b>16</b>		
<b>Secured Loans (Against Hypothecation of Fixed &amp; Current Assets)</b>			
Bank Term Loan (Repayable in 48 Structured Quarterly Instalments Starting from Q2 of 2016-17) (Rate of Interest @ 1 Year MCLR + 1% Fixed Spread)		24,342.80	26,568.75
Less: 4 Installments totalling ₹ 2470 Lacs (PY ₹ 2239 Lacs) due in next 12 Months		(2,470.00)	(2,239.00)
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)		306.06	656.88
Less: 4 Installments totalling ₹ 306 Lacs (PY ₹ 330 Lacs) due in next 12 Months		(306.06)	(330.00)
<b>Total (A)</b>		<b>21,872.80</b>	<b>24,656.63</b>
<b>Un-Secured Loans</b>			
Loans & Advances from Related Parties :			
1. Bridge loan from HPCL repayable in 10 quarterly installments starting from June 2017)		-	2,567.34
Less: 3 Installments totalling ₹ 2567 Lacs due in next 12 Months		-	(2,567.34)
2. Bridge loan from HPCL 2019-20 repayable in 9 quarterly installments starting from Dec 2019.		6,558.14	-
Less: 4 Installments totalling ₹ 3050 Lacs (PY- Nil) due in next 12 Months		(3,050.00)	-
3. Bridge loan from HPCL 2018-19 repayable in 15 quarterly installments starting from Apr 2019.)		7,093.71	-
Less: 4 Installments totalling ₹ 4000 Lacs (PY- Nil) due in next 12 Months		(4,000.00)	-
<b>Total (B)</b>		<b>6,601.85</b>	<b>-</b>
<b>Total (A+B)</b>		<b>28,474.65</b>	<b>24,656.63</b>
<b>Long Term Provisions</b>	<b>17</b>		
Provision for Gratuity		313.11	213.34
Provision for Leave Encashment		103.93	77.21
<b>Total</b>		<b>417.04</b>	<b>290.55</b>
<b>Other Non Current Liabilities</b>	<b>18</b>		
Deferred Government Grant		1,334.44	1,424.66
Deferred Lease Rental Premium		1,470.98	1,501.73
Lease Liability for HBL HQO		24.87	-
<b>Total</b>		<b>2,830.29</b>	<b>2,926.39</b>



**HPCL Biofuels Limited**

**Note No. 15- Statement of changes in equity**

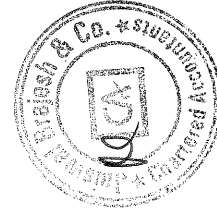
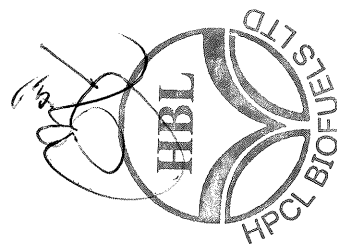
(All amounts in ₹ Lacs)


**A. Equity Share Capital**

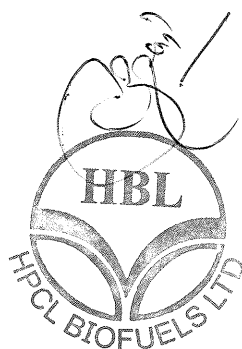
	Balance at 1st April 2019	Changes during the Period	Balance at 31st March 2020
	62,517.15	-	62,517.15


**B. Other Equity**

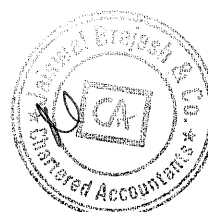
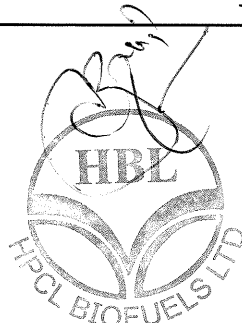
	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus					Debt instruments through OCI	Equity instruments through OCI	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI (specify nature)	Money received against share warrants	Total
			General Reserve	Securities Premium	Capital Reserve	FCMI TDA	Retained Earnings								
Balance at 1 April 2019					579.13	-	(58,633.12)								(58,053.99)
Changes in accounting policy or prior period errors					-	-	-								-
Restated balance as at 1 April 2019	-	-	-	-	579.13	-	(58,633.12)	-	-	-	-	-	-	-	(58,053.99)
Profit for the Year					-	-	(8,554.80)								(8,554.80)
Other comprehensive income for the Year					-	-	(51.99)								(51.99)
Dividends					-	-	-								-
Transfer to retained earnings					-	-	-								-
Any other change (to be specified)					693.61	-	-								693.61
Balance at 31st March 2020	-	-	-	-	1,272.74	-	(67,239.91)	-	-	-	-	-	-	-	(65,967.17)




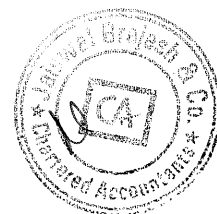
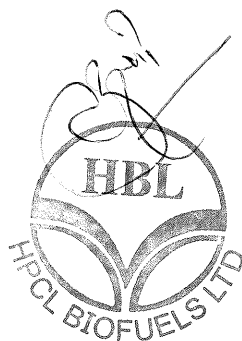
 Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
<b>Short Term Borrowings</b>	<b>19</b>		
<b>Secured Loans</b>			
Cash Credit (Hypothecation of Debtors & Inventory) (Rate of Interest @ 1 year MCLR+0.35% Fixed Spread)		11,532.07	11,556.89
Overdrafts from Banks (Secured by Hypothecation of Stock-in-Trade)		-	-
<b>Un-Secured Loans</b>			
Loans & Advances from Related Parties (Bridge loan from HPCL)		-	9,000.00
WCSTL from ICICI Bank (Repayable on or before 18/06/2020) (Rate of Interest @ 1-MCLR 1Y+0.70% Fixed Spread)		1,500.00	-
<b>Total</b>		<b>13,032.07</b>	<b>20,556.89</b>
<b>Trade Payables</b>	<b>20</b>		
(i) Total Outstanding dues of Micro, Small & Medium Enterprises (Refer Note no. 49)		819.01	181.55
(ii) Total outstanding dues of creditors other than above Creditors			
Operating Expenses Payable to HPCL		1,619.56	1,342.01
Accrued Expense - Payable		1,189.61	907.24
Payable to Cane Growers		14,298.38	15,441.74
Payable to Trade Vendors		699.57	580.81
<b>Total</b>		<b>18,626.13</b>	<b>18,453.35</b>
<b>Other Current Financial Liabilities</b>	<b>21</b>		
Payable to Contractor/Vendor (Capital Assets)		104.55	1,394.84
Retention from Vendors		158.09	235.40
Security Deposit from Contractors		113.96	99.27
Accrued Liability-EPCC Vendor		107.11	648.30
Unclaimed Cheque		10.43	10.45
Interest Accrued but not due		434.60	404.30
Current Maturities of Long Term Debt :			
-Bank Term Loan (4 Installments totalling ₹ 2470 Lacs due in next 12 months), (P.Y- 2239 Lacs)		2,470.00	2,239.00
-GoB Soft Loan (4 Installments totalling ₹ 306 Lacs due in next 12 Months), (P.Y- 330 Lacs)		306.06	330.00
-HPCL Bridge Loan 2019-20 (4 Installments totalling ₹ 3050 Lacs due in next 12 Months), (P.Y- Nil)		3,050.00	-
-HPCL Bridge Loan 2018-19 (4 Installments totalling ₹ 4000 Lacs due in next 12 Months), (P.Y- Nil)		4,000.00	-
-Bridge loan from HPCL repayable in 10 quarterly installments starting from June 2017), (P.Y- 2567 lacs)		-	2,567.34
Lease Liability for HBL HQO (Due in next 12 months)		9.96	-
Payable To Employee		183.16	244.88
<b>Total</b>		<b>10,947.92</b>	<b>8,173.78</b>
<b>Other Current Liabilities</b>	<b>22</b>		
TDS Payable		34.21	35.44
SGST Payable		33.59	47.44
CGST/IGST Payable		51.23	81.29
Payable to Zone Development Council		32.00	38.49
PF Contribution Employee		36.21	89.36
Misc Other Current Liabilities		-	4.92
Deferred Lease Rental Premium Current		30.75	30.75
Advance From Customers		2,572.49	2,848.66
Deferred government grant		90.45	90.68
<b>Total</b>		<b>2,880.93</b>	<b>3,267.03</b>
<b>Short-Term Provisions</b>	<b>23</b>		
Provision for Other Employee Benefits		9.13	6.20
<b>Total</b>		<b>9.13</b>	<b>6.20</b>



 Particulars	Note No.	Year Ended 31st March 2020	Year Ended 31st March 2019
<b>Revenue from Operations</b>	<b>24</b>		
<b>Gross Sales</b>			
Sale of Products		27,072.61	22,175.18
Sale of Services		-	-
Other Operating Income		-	109.88
Recovery under Subsidy Schemes		2,950.52	1,013.10
<b>Total</b>		<b>30,023.13</b>	<b>23,298.16</b>
<b>Other Income</b>	<b>25</b>		
Rent Recoveries		111.48	56.21
Interest (Gross) On Others		1.42	2.23
Miscellaneous Income		169.63	165.52
<b>Total</b>		<b>282.53</b>	<b>223.96</b>
<b>Cost of Materials Consumed</b>	<b>26</b>		
Cane Purchase		18,309.75	20,906.62
Cane Transportation		126.91	184.58
ZDC Commission		36.54	41.82
Cost of Molasses Bought Out		32.56	72.24
Cane-Other Procurement Cost		71.60	90.72
<b>Total</b>		<b>18,577.36</b>	<b>21,295.98</b>
<b>Power &amp; Fuels</b>	<b>27</b>		
Baggasse Cost, Fuels & Handling		401.69	283.81
Rice Husk & Firewood		3.24	3.01
Power Import		402.22	286.14
<b>Total</b>		<b>807.15</b>	<b>572.96</b>
<b>Changes in Inventories of Finished Goods Work-in-Progress &amp; Stock in Trade</b>	<b>28</b>		
<b>Inventories at the end of the period (as per books)</b>			
Work in Progress		766.04	592.82
Finished Products		17,029.43	23,526.22
Bio Compost		35.04	46.17
<b>Total A</b>		<b>17,830.51</b>	<b>24,165.21</b>
<b>Inventories at the beginning of the period</b>			
Work in Progress		592.82	421.27
Finished Products		23,526.22	17,969.42
Bio Compost		46.17	65.33
<b>Total B</b>		<b>24,165.21</b>	<b>18,456.02</b>
<b>Total (B-A)</b>		<b>6,334.70</b>	<b>(5,709.19)</b>
<b>Employee Benefits Expense</b>	<b>29</b>		
Salaries, Wages, Bonus, etc.		1,789.04	1,833.00
Employees Allowances & Other Benefits		603.78	532.63
Employees Recruitment & Training		5.11	12.25
Contribution to Provident Fund		394.69	175.33
Gratuity & Leave Encashment		79.83	95.53
Employee Welfare Expenses		3.20	9.44
<b>Total</b>		<b>2,875.65</b>	<b>2,658.18</b>
<b>Finance Costs</b>	<b>30</b>		
<b>Interest Expense on Instruments Carried at Amortised Cost</b>			
-On Cash Credit and Term loan		3,726.08	3,655.92
-On Non-cumulative Redeemable Preference Shares		-	1,259.03
-On Bridge Loan		959.28	796.97
-On Lease Liability		1.98	-
<b>Total</b>		<b>4,687.34</b>	<b>5,711.92</b>



	Particulars	Note No.	Year Ended 31st March 2020	Year Ended 31st March 2019
<b>Other Expenses</b>		<b>31</b>		
	Ethanol Transportation		116.42	60.01
	Repairs & Maintenance - Buildings		32.81	16.73
	Repairs & Maintenance - Plant & Machinery		586.35	721.14
	Repairs & Maintenance - Other Assets		59.82	40.94
	Insurance		114.49	82.40
	Rates & Taxes		46.80	11.08
	Lease Premium on Land		-	150.45
	Rent		5.18	9.01
	Travelling & Conveyance		73.29	96.34
	Contract Labour		40.56	46.48
	Printing & Stationery		18.21	19.14
	Electricity & Water		4.86	4.31
	Cane Development Expense		0.09	1.78
	Discount on Cogen		15.21	50.69
	Other Supplies		0.63	0.94
	Telephone & Fax		9.54	6.77
	Postage & Telegram		4.14	3.24
	Provision for Doubtful Debts(After Adjusting Provision no Longer Required)		422.89	-
	Other Manufacturing Expenses		45.97	59.65
	Security Charges		204.96	174.87
	Advertisement & Publicity		6.07	2.71
	(Gain)/Loss on Adjustments/Derecognition of Fixed Asset		(140.64)	38.69
	Sundry Expenses & Charges (Not Otherwise Classified)		310.62	212.83
	Consultancy & Technical Services		33.24	50.65
<b>Auditor Expenses</b>				
	-Statutory Audit Fees		1.50	1.50
	-Other Services		0.33	-
	-Other Expenses		0.17	0.40
<b>Exchange Rate Variation (Net)</b>			-	-
<b>Total</b>			<b>2,013.51</b>	<b>1,862.75</b>
<b>Provision for Gain/(Loss) on Inventory Variation</b>		<b>32</b>		
	Reversal of Last Year Provision on Inventory Variation		-	-
	Provision for Gain/(Loss) Current Year		(2.16)	(0.26)
<b>Total</b>			<b>(2.16)</b>	<b>(0.26)</b>





## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2019-2020**

### **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 10<sup>th</sup> June 2020.

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

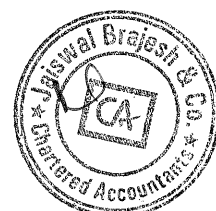
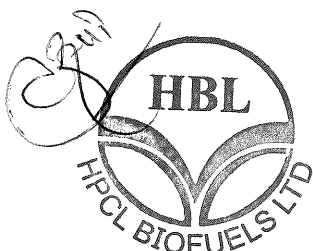
The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015; and the other relevant Provisions of Companies Act, 2013 and Rules thereunder.

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

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

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

While preparing financial statements in conformity with Ind AS, we make certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Financial reporting results rely on our estimate of the effect of certain matters that are inherently uncertain. Future events rarely







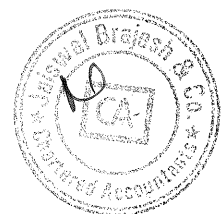
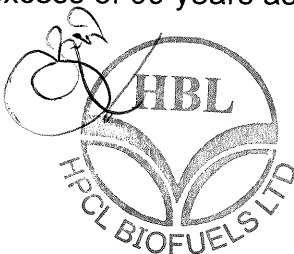
develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. We continually evaluate these estimates and assumptions based on the most recently available information.

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

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

#### **D. Property, Plant and Equipment**

- Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.
- An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net realizable value and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.
- The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted prospectively.
- Lease arrangements for land are identified as finance lease in case such arrangements result in transfer of the related risks and rewards to the Company. Accordingly, the Company identifies any land lease arrangement with a term in excess of 99 years as a finance lease.



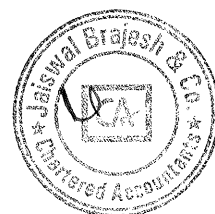
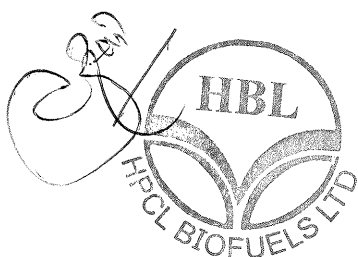


- Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- Depreciation on Fixed Assets is provided on the Straight Line method on the basis of useful life determined, in the manner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

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

#### **E. Intangible assets**

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





## **F. Cash Flow Statement**

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

## **G. Borrowing Cost**

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

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

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

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

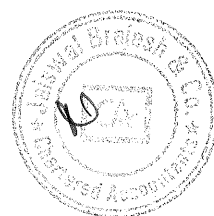
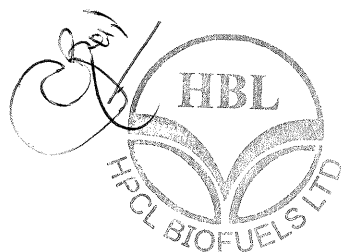
If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount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

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

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

## **I. Inventories**

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





- Work In Progress is valued at lower of cost or estimated realizable value. Cost includes Material Cost & conversion cost as applicable.
- By products are valued at estimated realizable value.
- Stock in trade is valued at cost on weighted average basis or net realizable value whichever is lower.
- Stores and spares which do not meet the recognition criteria under Property, Plant and Equipment are valued at weighted average cost.

**J. Government Grants**

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

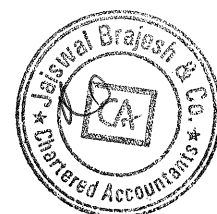
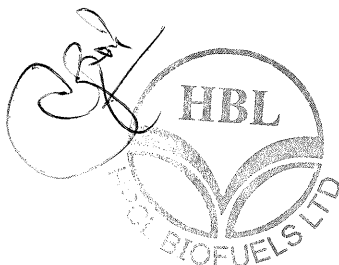
**K. Employee benefits**

- **Short-term employee benefits**

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

- **Post-employment benefits**

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





- **Other long-term employee benefits**

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

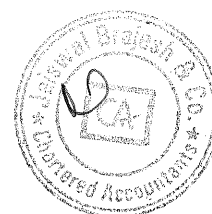
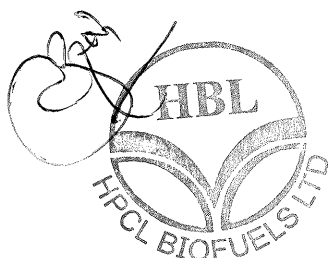
**L. Revenue recognition -**

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

**Disaggregate Revenue Information:**

(₹ in lacs)	
Particulars	Year ended March 31, 2020
<b>Revenue by offerings</b>	
- Sugar	21,750.25
<b>Revenue by contract type</b>	
- Ethanol	3,501.17
- Cogen	1,770.79

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





## **M. Taxes on income**

- **Current Tax**

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

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

- **Deferred tax**

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

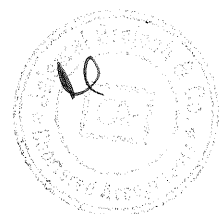
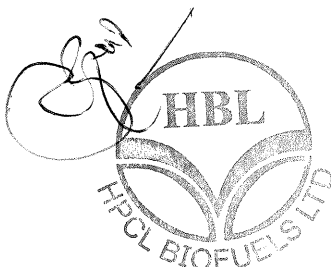
Deferred tax liabilities are recognized for all taxable temporary differences.

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

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

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

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





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

#### **N. Provisions and contingent liabilities**

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

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

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

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

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

#### **O. Financial Instruments**

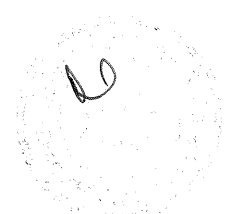
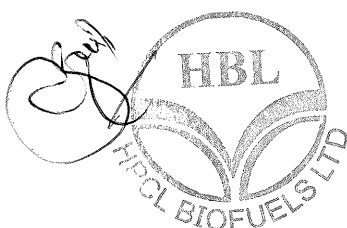
##### **1) Financial Assets**

- **Classification**

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

- **Initial recognition and measurement**

All financial assets (not measured subsequently at fair value through profit or loss) are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.





- **Debt instruments at amortized cost**

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

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

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

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

- **Equity investments**

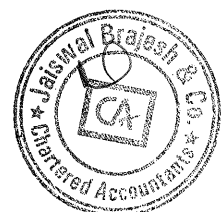
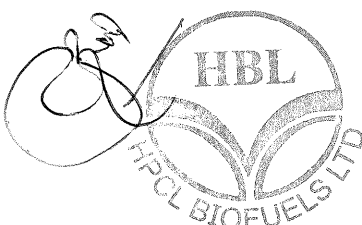
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL.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

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

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

- **De-recognition**

- A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:
- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:







- a) The Company has transferred substantially all the risks and rewards of the asset, or
- b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

- **Impairment of financial assets**

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

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

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

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

## ii. **Financial Liabilities**

- **Classification**

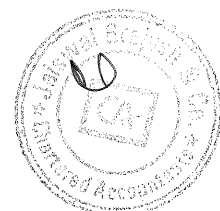
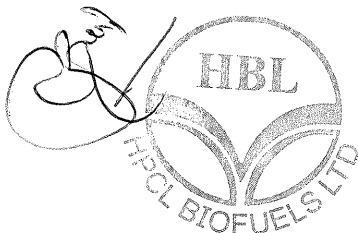
The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value

- **Initial recognition and measurement**

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

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

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





- **Loans and borrowings**

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

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

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

- **De recognition**

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

**P. Offsetting of financial instruments**

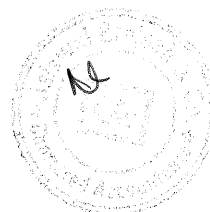
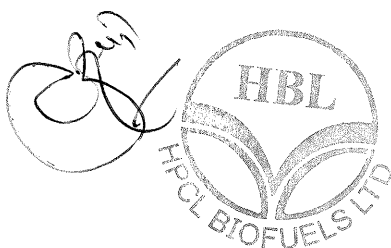
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**Q. Fair value Measurement**

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

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

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





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

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

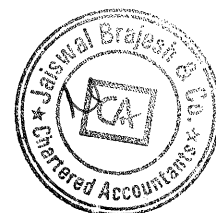
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

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

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

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

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



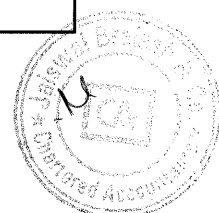
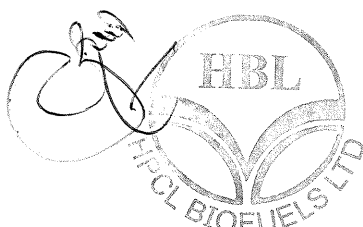
**33. Segment Reporting**

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

Sl. No.	Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>1</b>	<b>Segment Revenue</b>	₹	₹
	a) Sugar	30,417.58	21,282.65
	b) Ethanol	3,534.18	4,249.52
	c) Co-Gen	6,558.11	6,563.02
	d) Unallocated	213.50	237.96
	<b>Total</b>	<b>40,723.37</b>	<b>32,333.15</b>
	Less: Inter Segment	10,417.71	8,811.03
	<b>Net Segment Revenue</b>	<b>30,305.66</b>	<b>23,522.12</b>
<b>2</b>	<b>Segment Results</b>		
	a) Sugar	(4,455.14)	(803.25)
	b) Ethanol	622.77	(9.11)
	c) Co-Gen	(38.13)	108.72
	d) Unallocated	13.85	175.97
	<b>Total</b>	<b>(3,856.65)</b>	<b>(527.67)</b>
	Less: Interest	4,687.34	5,775.31
	Less: Other Unallocable Exp.	10.81	452.18
	<b>Total Profit After Tax</b>	<b>(8,554.80)</b>	<b>(6,755.16)</b>
<b>3</b>	<b>Segment Assets</b>		
	a) Sugar	39,736.10	46,438.16
	b) Ethanol	8,893.20	9,811.40
	c) Co-Gen	16,697.65	17,925.51
	d) Unallocated	8,441.19	8,618.91
	<b>Total</b>	<b>73,768.14</b>	<b>82,793.98</b>
<b>4</b>	<b>Segment Liability</b>		
	a) Sugar	73,325.52	70,136.65
	b) Ethanol	2,061.47	2,115.75
	c) Co-Gen	1,287.29	1,375.63
	d) Unallocated	543.87	4,702.79
	<b>Total</b>	<b>77,218.16</b>	<b>78,330.82</b>
<b>5</b>	<b>Capital Employed [Segment Assets-Segment Liability]</b>	<b>(3,450.02)</b>	<b>4,463.16</b>
<b>6</b>	<b>Capital Expenditure incl. Change in CWIP</b>		
	a) Sugar	44.93	314.87
	b) Ethanol	40.28	168.65
	c) Co-Gen	70.97	1.42
	d) Unallocated	23.31	55.46
	<b>Total</b>	<b>179.50</b>	<b>540.40</b>
<b>7</b>	<b>Depreciation</b>		
	a) Sugar	1,099.43	1,159.29
	b) Ethanol	441.89	495.54
	c) Co-Gen	954.71	987.54
	d) Unallocated	96.87	93.87
	<b>Total</b>	<b>2,592.90</b>	<b>2,736.24</b>
<b>8</b>	<b>Non Cash Expenditure Other Than Depreciation</b>	<b>877.49</b>	<b>1,544.95</b>

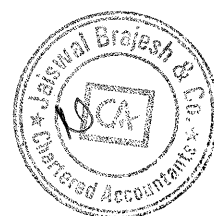
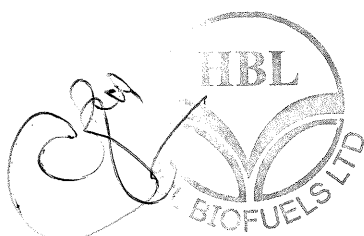
**Other Disclosures:**

2. Segments have been identified in line with the Indian Accounting Standard (Ind AS) 108 "Operating Segment" taking into account the organisation structure as well as differing risks and returns.
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.



**34. DEFERRED TAX LIABILITY FOR THE YEAR ENDED MARCH 31,2020**

SI No	Timing differences	Amount (₹ Lacs)	DTA @ 26%	DTL @ 26%
1	<b>Differences in Book &amp; Tax Depreciation</b> WDV as per books of accounts as at March 31,2020 Less : WDV as per Income Tax Act as at March 31,2020 Difference ( If WDV as per IT is more than the WDV as per books then DTA is created, othrwise DTL)	50,925.41 15,383.64 (35,541.84)		9,240.88
2	<b>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</b> Employer's contribution to PF, superannuation fund, annuity fund or other fund for the welfare of the employees Leave Encashment Gratuity Bonus Debtors Rent equalisation reserve CENVAT Customs Duty Service Tax/ provision for contingencies Any other tax, duty, cess or fee payable to government Interest payable on loan or borrowing from a public financial institution or schedule bank			
3	Assets acquired for scientific research for which 100% deduction is given in the year of purchase but capitalised in the books			
4	Expenditures disallowed for non deduction of tax at source ( to be recognised if there is certainty that the company will deduct tax on the expenditure disallowed in the next year ) Sec 40(a)(I) & (ia)			
5	Expenditures disallowed for Payment of Penalty (Sec.37)	114.18		29.69
6	Losses available for set off	82,163.46	21,362.50	
	<b>Total as on March 31,2020</b>		<b>21,362.50</b>	<b>9,270.57</b>
	Net Deferred tax asset as on March 31,2020		12,091.94	-
	Net Deferred tax asset as on March 31 of the previous year		15,220.38	-
	<b>Amount to be debited / credited to statement of profit and loss</b>		-	-



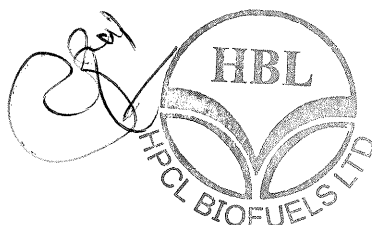


### 35. Defined Benefit Plan

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

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

Particulars	Gratuity (2019-20)	Gratuity (2018-19)
<b><u>Present value of projected benefit obligation</u></b>		
Present value of Benefit Obligation at the beginning of the period	217.57	163.91
Interest Cost	16.95	12.90
Current Service Cost	35.65	31.51
Benefit paid	(2.19)	(1.75)
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	44.77	2.73
Actuarial (gains)/ losses on obligations - due to experience	7.22	8.27
<b>Present value of Benefit Obligation at the end of the period</b>	<b>319.97</b>	<b>217.57</b>
<b><u>Changes in fair value of plan assets</u></b>		
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		
<b>Fair value of Plan Assets at the end of the period</b>		
<b><u>Included in profit and loss account</u></b>		
Current Service Cost	35.65	31.51
Net interest cost	16.95	12.90
Past Service Cost		
<b>Total amount recognized in profit and loss account</b>	<b>52.60</b>	<b>44.41</b>
<b><u>Re-measurements</u></b>		
Return on plan assets, excluding interest income		
(Gain)/loss from change in demographic assumptions		
(Gain)/loss from change in financial assumptions	44.77	2.73
Experience (gains)/losses	7.22	8.27
Change in asset ceiling, excluding amounts included in interest expense		
<b>Total amount recognized in other comprehensive income</b>	<b>51.99</b>	<b>11.00</b>





### **Amount recognized in the Balance Sheet**

(₹ in Lacs)

Particulars	Gratuity (31 <sup>st</sup> March 2020)	Gratuity (31 <sup>st</sup> March 2019)
Present value of benefit obligation at the end of the period	319.97	217.57
Fair value of plan assets at the end of the period		
Net Liability / (Asset) recognised in the Balance Sheet	319.97	217.57

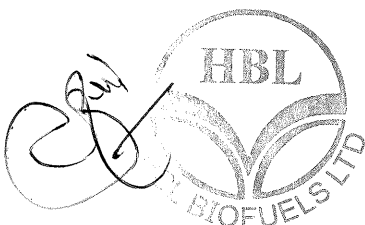
### **Plan Assets:**

Particulars	Gratuity (2019-20)	Gratuity (2018-19)
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 (2019-20)	Gratuity (2018-19)
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	6.82%	7.79%
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:**

(₹ in Lacs)

Particulars	Gratuity (2019-20)	Gratuity (2018-19)
Delta effect of +1% Change in Rate of Discounting	(46.01)	(31.09)
Delta effect of -1% Change in Rate of Discounting	56.75	38.41
Delta effect of +1% Change in Rate of Salary Increase	56.07	38.33
Delta effect of -1% Change in Rate of Salary Increase	(46.33)	(31.56)
Delta effect of +1% Change in Rate of Employee Turnover	(0.96)	2.44
Delta effect of -1% Change in Rate of Employee Turnover	1.12	(2.97)

The expected maturity analysis of undiscounted benefits is as follows:

(₹ in Lacs)

Particulars	Gratuity (2019-20)	Gratuity (2018-19)
Less than a year	6.86	4.24
Between 1 - 2 year	7.23	5.74
Between 2 - 5 year	25.00	19.61
Over 5 years	1,104.88	936.63
<b>Total</b>	<b>1,143.97</b>	<b>966.22</b>

### **36. Fair value measurements**

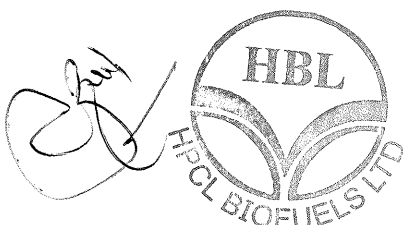
#### **Accounting classification and fair value**

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 31<sup>st</sup> March, 2020**

(₹ in Lacs)

	Carrying amount				Fair Value		
	FVT PL	FVT OCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b><u>Financial assets</u></b>							
Trade receivables			448.42	448.42			
Cash & Cash equivalents			31.90	31.90			
Short-term loans			4.13	4.13			





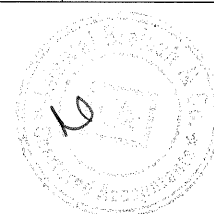
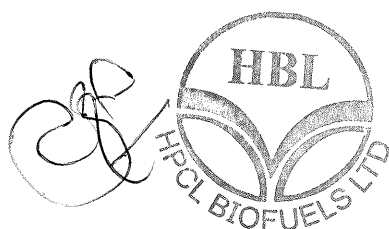


Other current financial assets			3,206.40	3,206.40			
<b>Financial liabilities</b>							
Bank term loan			24,342.80	24,342.80			
GOB soft loan			306.06	306.06			
ICICI Bank Soft Loan			1500.00	1500.00			
Bridge loan from HPCL 2018-19			7,093.71	7,093.71		7,001.43	
Bridge loan from HPCL 2019-20			6,558.14	6,558.14		6,583.57	
Cash credit			11,532.07	11,532.07			
Trade payables			18,625.30	18,625.30			
Other current financial liabilities			1,121.86	1,121.86			

**As at 31<sup>st</sup> March, 2019**

(₹ in Lacs)

	Carrying amount				Fair Value		
	FVT PL	FVT OCI	Amortised Cost	Total	Level 1	Level 2	Level 3
<b>Financial assets</b>							
Trade receivables			873.94	873.94			
Cash & Cash equivalents			41.59	41.59			
Short-term loans			30.46	30.46			
Other current financial assets			1,121.15	1,121.15			
<b>Financial liabilities</b>							
Bank term loan			26,568.75	26,568.75			
GOB soft loan			656.88	656.88			
Bridge loan from HPCL 2015-16			2,567.34	2,567.34		2,507.23	
Bridge loan from HPCL 2018-19			9,000.00	9,000.00			
Cash credit			11,556.89	11,556.89			
Trade payables			18,453.35	18,453.35			
Other current financial liabilities			3,037.44	3,037.44			





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

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

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

#### **Valuation techniques used to determine Fair value**

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

#### **37. Credit risk**

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

#### **38. Liquidity Risk**

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

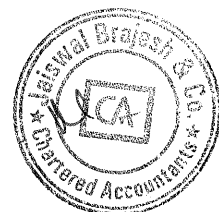
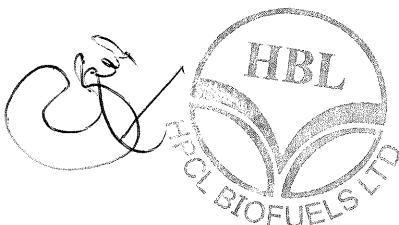
In the management of liquidity risk, the Company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flow

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

#### **As at 31<sup>st</sup> March 2020**

(₹ in Lacs)

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





**As at 31<sup>st</sup> March 2019**

(₹ in Lacs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and estimated interest payable thereon	28,532.07	9,397.81	10,155.87	14,434.07	65,304.82
Trade payables	18,453.35				18,453.35
Other financial liabilities	3,037.44				3,037.44
<b>Total undiscounted financial liabilities</b>	<b>50,022.86</b>	<b>9,397.81</b>	<b>10,155.87</b>	<b>14,434.07</b>	<b>86,795.61</b>

### **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 amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

#### **• Exposure to interest rate risk**

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

(₹ in Lacs)

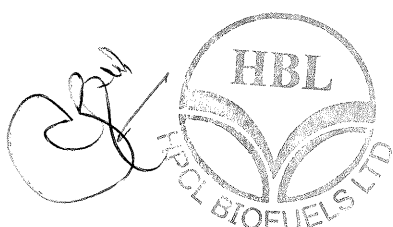
Particulars	Carrying amount	
	31-Mar-20	31-Mar-19
Variable rate borrowings	51,332.78	50,349.86
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>51,332.78</b>	<b>50,349.86</b>

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

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

(₹ in Lacs)

Particulars	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 <sup>st</sup> March 2020	(524.87)	524.87	-	-
31 <sup>st</sup> March 2019	(475.50)	475.50	-	-





#### 40. Capital Management

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

The Company does not have any externally imposed capital requirements for the financial period ended 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019.

#### 41. Lease Hold Land

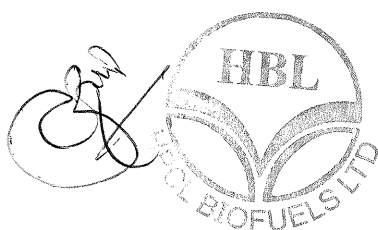
Leasehold Land is being amortized over a period of 60 years on SLM basis. ₹150.45 Lacs has been amortized for the year 2019-20 (P.Y.18-19 - ₹ 150.45 Lacs). The details of leasehold land (location wise) is as follows-

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

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

#### 42. Sub-Lease of Land to HPCL

During the FY 17-18, possession of Leasehold land measuring 29.34 acres was transferred to Hindustan Petroleum Corporation Ltd. on 31<sup>st</sup> March for a consideration of ₹1,594.07 Lacs on same terms and conditions as applicable to HBL for the remaining period of lease. The amount received is recognized as income over the period of Lease. Lease Rental Premium amount so received has been shown as Deferred Lease Rental Premium and classified under Other Current Liabilities (Note no.22) and Other Non- Current Liabilities (Note no. 18) respectively. Further, we have given a small piece of land admeasuring 1,600 sqmtr, which is part of Sugauli Plant premises to HPCL Beghusarai RRO for outlet, which is up, and running since Sep 2013. Since lease agreement remains under finalization, no lease rental income has been recognized by HBL during Financial Year 2019-20.





#### **43. Plant Capacity**

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

#### **44. Excise Claim with GOB**

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

#### **45. Consumption of Raw Materials**

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

#### **46. SLDC**

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

#### **47. Cane Development Expenditure**

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

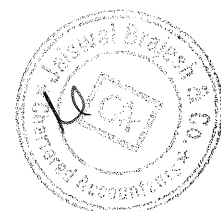
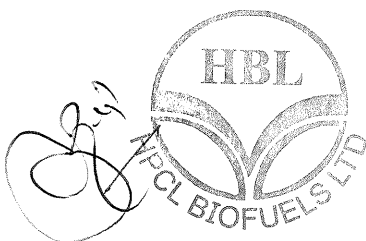
#### **48. Renewable Energy Certificates**

RECs earned for the captive consumption of power generated from renewable sources are not valued as stock on hand on the Balance Sheet dates, since the cost of obtaining them is very negligible and their realization is not certain. The income from the sale of RECs is accounted as revenue in the year of sales. The RECs on hand on 31<sup>st</sup> March 2020 was 27,024 nos.

#### **49. Micro, Small & Medium Creditors –**

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

(₹ In Lacs)





Sr	Particulars	2019-20	2018-19
1.	Amounts payable to “suppliers” under MSMED Act, as on 31/03/20: -	819.01	181.55
	- Principal	819.01	181.55
	- Interest	-	-
2.	Amounts paid to “suppliers” under MSMED Act, beyond appointed day during F.Y.2019–20 (irrespective of whether it pertains to current year or earlier years) –	-	-
	- Principal	-	-
	- Interest	-	-
3.	Amount of interest due / payable on delayed principal which has already been paid during the current year (without interest or with part interest)	-	-
4.	Amount accrued and remaining unpaid at the end of Accounting Year	-	-
5.	Amount of interest which is due and payable, which is carried forward from last year	-	-

#### **50. Secured Loan**

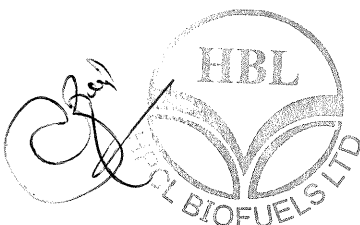
GoB Soft Loan of ₹1,648.00 Lacs availed through SBI during F.Y.15-16 with interest subvention to the extent of 10%. Four Installments amounting to ₹ 351.62 Lacs was paid during F.Y. 2019-20 (P.Y.18-19 – ₹330.00 Lacs). The Balance of GoB Soft Loan as on 31.03.2020 was ₹ 306.06 Lacs (₹ 656.88 Lacs as on 31.03.2019).

Term Loan of ₹30,880.00 Lacs was availed through SBI during F.Y. 2014-15. Four installments amounting to ₹1,544.00 Lacs was paid during the current F.Y. 2019-20 (P.Y. 18-19 – ₹1,544.00 Lacs). The Balance of Term loan as on 31.03.2020 was ₹ 24,342.80 Lacs (₹ 26,568.75 Lacs as on 31.03.2019). 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 + 0.35% fixed spread, and the limit is ₹12,500 Lacs. The working capital loan is secured by hypothecation of Stocks & Debtors of the company. The Working Capital Loan balance as on 31.03.2020 was ₹ 11,532.07 Lacs (₹ 11,556.89 Lacs as on 31.03.2019).

#### **51. Unsecured loan**

An unsecured bridge loan of ₹ 7,000.00 Lacs was obtained from the holding company during FY 2019-20 to meet the working capital requirements, which carries interest at the average borrowing cost of the holding company and is repayable in 9 quarterly installments starting from December 2019. The balance of the loan as on 31.03.2020 was ₹ 6,558.14 lacs.





The unsecured bridge loan of Rs 9,000 Lacs which was obtained during FY 2018-19 to meet the working capital requirements, carries interest at the average borrowing cost of the holding company was classified under note no. 19 Unsecured Short Term Borrowings as on 31.03.2019. However, after finalization of repayment schedule with HPCL on 30<sup>th</sup> September 2019, the same has been reclassified under note no 16 Unsecured Long Term Loan owing to longer repayment schedule of more than 12 months.

The Unsecured soft loan of ₹ 2,400.00 Lacs was obtained from ICICI Bank limited during FY 2019-20 under Sugar sector incentive/ Interest subvention scheme by GOI to facilitate payment of cane dues to the farmers for the Sugar season 2018-19. Out of the total loan of ₹ 2,400.00 lacs, ₹ 1,905.00 lacs is eligible for Interest subvention scheme and ₹ 495.00 lacs was taken for working capital loan with the repayment tenure of 1 year. The balance of the loan as on 31.03.2020 was ₹ 1,500.00 lacs.

## **52. Provision for Gratuity & Leave Encashment**

Provision for gratuity of ₹ 319.97 Lacs (P.Y. 18-19 - ₹ 217.57 Lacs) has been made towards retirement benefits for employees during the year based on Actuarial Valuation as of 31.3.2020. Provision for Leave Encashment of ₹106.20 Lacs (P.Y.18-19 – ₹ 79.17 Lacs) has been made based on Actuarial Valuation as of 31.03.2020.

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

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

## **53. Income Tax**

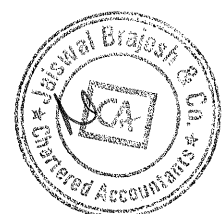
As company has incurred losses during the current financial year, hence no provision for income tax has been made.

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

## **54. Revenue from sale of power**

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

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





#### **55. Income from Export Subsidy and Buffer Subsidy:**

Two consecutive years of record sugar production in India led to announcement of Minimum Indicative Export Quota (MIEQ) by the Indian Government with substantial financial assistance to mills for export. The company recognizes income based on the export obligation fulfilled.

For the year ended 31<sup>st</sup> March 2020, Export subsidy income of ₹ 2,555.30 lacs is recognized as per the relevant circulars and notifications issued by GOI with regard to the subsidy policies.

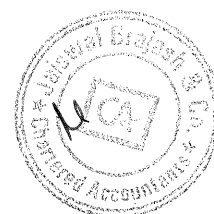
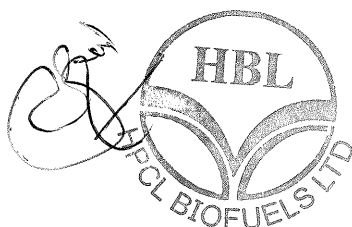
Further ₹ 289.45 lacs has been booked as Buffer Subsidy Income for the Buffer stock maintained as per relevant notifications issued by the Central Government with the view to improve liquidity in the sugar Industry for the Scheme of Creation and Maintenance of Buffer Stock.

#### **56. Provision for inventory variation**

The company is conducting regular physical verification of inventory. The cumulative inventory variation provision is ₹ 72.55 Lacs (P.Y. ₹ 70.39 Lacs) the said variation shall be dealt properly after obtaining appropriate approvals.

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

(₹ in Lacs)			
Sr	Description	2019-20	2018-19
A.	Estimated amount of contracts remaining to be executed on capital account not provided for.	177.13	59.00
B.	<b>Claims against the company not acknowledged as debts</b>		
	Claim by an EPCC contractor for which appeal is lying with NCLAT	1990.12	-
	*Wrong disallowance of Input Tax Credit claimed on capital goods for 2010-11. Appeal lying before Sales Tax Tribunal, Bihar	698.44	698.44
	Erroneous demand for 2010-11 of Entry Tax based on proportional amounts, ignoring the actual tax paid. (₹ 10.22 Lacs paid as advance tax under protest)	68.12	68.12
	Erroneous demand for 2012-13 on account of denial of Input Tax Credit	93.81	93.81
	Erroneous demand for 2013-14 on account of denial of Input Tax Credit	71.65	71.65
	Erroneous demand for 2014-15 on account of denial of Input Tax Credit	38.76	38.76





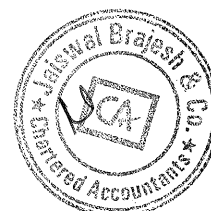
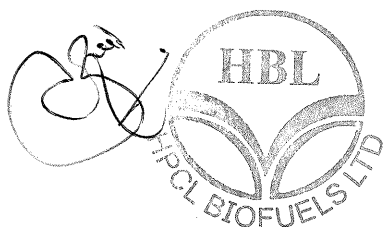


	Erroneous demand for 2014-15 on account of differential tax due to non-submission of C form at the time of order	315.52	315.52
	Erroneous demand for 2013-14 on account of suppression of purchase turnover ignoring the actual facts	92.09	92.09
	Erroneous demand for on account of bio compost from October 2013 to June 2017	-	2.77
	Claim by a vendor for outstanding payments of Bagasse.	10.14	10.14
	Claims for scrap disposal by a Vendor.	-	11.28
C.	<b>Guarantees given to others</b>		
	Bank Guarantee given to the Bihar State Pollution Control Board as Security Deposit	10.00	30.00
D.	<b>Managerial Remuneration</b>		
	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 )	46.82	60.09
E.	Expenditure in Foreign Currency	Nil	Nil
F.	Earning in Foreign Currency	Nil	Nil
G.	C I F Value of imports during the year	Nil	Nil

\*The EPCC contract was placed for the setup of a new plant for which the company was eligible to get Commercial Input Tax Credit (ITC) of ₹ 6.98 Cr suffered by capital goods which was claimed as ITC in sales tax return in the year 2010-11 eligible for set-off of future VAT liabilities, but actually never adjusted. Department wrongly construed that since this ITC credit is shown as eligible in return, ITC benefit must have been availed by HBL and levied the demand of taxing the ITC at 100% tax rate which is inconsistent. After the demand was raised, an appeal was filed accordingly. Basis the sound legal footing, in considered view of the management and Expert, any provision is not required at this point of time. Being aggrieved by the order of Tax authority, appeal was filed in Bihar commercial Tax tribunal, which was turned down on ground of non-deposit of 20%, our appeal for restoration, is pending as next date is not declared due to Covid-19 and the same is disclosed as a contingent liability in the above Note no. 57 of the audited accounts.

#### **58. EPCC Vendors – NCLT case**

In the month of Oct 2018, one of the EPCC vendor has filed petition against HBL in NCLT, Kolkata Bench under IBC Code 2016 in which party has raised a claim of ₹ 1,990.12 lacs in lieu of unpaid operational debt, interest on alleged debt and legal expenses. On 12.02.2020, order against HBL was passed by NCLT, Kolkata accepting application/ petition of our Vendor and thereby NCLT appointed





Insolvency resolution Professional (IRP). However, being aggrieved, against the NCLT Kolkata Order, HPCL Management sought stay against execution of NCLT Kolkata order and Hon'ble Supreme court granted interim stay against the impugned order on 06.03.2020. The next date of hearing in the matter was 05.05.2020. However, the hearing was adjourned due to Covid-19 and next date is yet to be fixed.

#### 59. CPCB Compliance:

Both of our integrated plants at Sugauli and Lauriya has environmental clearance by MoEF & CC, Govt of India. Our projects is the State of Art Technology Plant which works on the Zero Liquid Discharge Methodology as per norms laid by CPCB and Ministry of Environment, Forest & Climate Change, Govt. of India. Central Pollution Control Board (CPCB) has vide their letter dated 28.05.2019 to HBL Sugauli unit imposed penalty of ₹ 91.50 lacs for the period 07.03.2018 to 04.04.2018 and 05.12.2018 to 21.04. 2019 in lieu of Environmental Compensation under section 5 of Environmental (Protection) Act 1986 as per the recent directives of National Green Tribunal. The Management had given various representation to CPCB for seeking waiver from the said charges, however no reprieve was allowed therefore after obtaining relevant legal opinion, the company has paid the penalty ₹ 94.17 lacs and the same is reflected under Note no 31 Other Expenses.

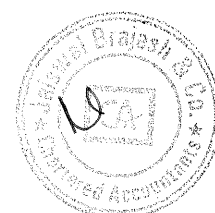
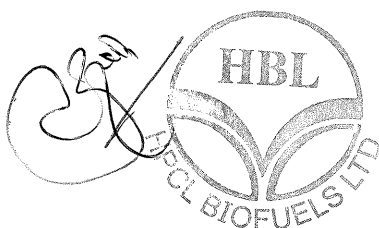
#### 60. Related Party

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

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

(₹ in Lacs)

Nature of Transaction	2019-20	2018-19
Advance taken against supply of Ethanol (Advance Approved during 2019-20, ₹ 3,970 lacs, after adjustment of previous loan of 2018-19 ₹ 792.08 lacs, balance amount has been received)	3,970.00	6,000.00
Balance Ethanol Advance as on 31 <sup>st</sup> March	2,572.49	2,848.66
Interest Paid during the year to HPCL on Ethanol Advance	243.84	104.96
Sale of Ethanol to HPCL (Excl. In-Transit sales on 31.03.20 for ₹ 71.03 Lacs , P.Y. ₹ 33.10 Lacs)	3,673.55	4,687.80
Purchase of Lubes from HPCL	46.53	29.93
Purchase of Sulphur from HPCL	16.78	49.10
Bridge Loan taken from HPCL	7,000.00	9,000.00
Bridge Loan balance as on 31.03.2020	13,651.85	11,567.34
Interest paid to HPCL on Bridge Loan	661.15	676.73





Manpower cost of employees on deputation and establishment expenses	303.24	274.06
Payable to HPCL Corporate on account of Manpower Cost, Bridge Loan interest and Other Expenses	1,784.50	1,521.22
Payable on account of Lubes and Sulphur Purchases	16.02	10.87

## **62. Payment to Auditors**

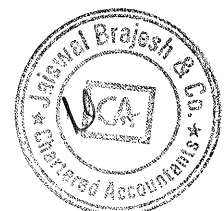
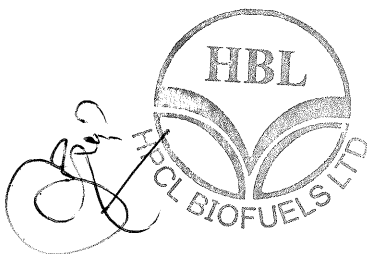
Expenses incurred towards statutory auditor's remuneration during the year are as under:

(₹ in Lacs)		
Particulars	2019-20	2018-19
For Statutory Audit	1.50	1.50
For management services	0.33	Nil
For expenses	0.17	0.40
<b>Total</b>	<b>2.00</b>	<b>1.90</b>

## **63. COVID-19 Impacts:**

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and revenues as on 31<sup>st</sup> March 2020 and consider impact to be marginal. Our plant operation for season 2019-20 was already closed within 7 days of the lockdown. Therefore, until the start of the next crushing season the production process is not affected. Ethanol supplies were temporarily disrupted due to restriction in vehicle movement, but after sometime, the issue was resolved. However, the preparation of Plant for next season may get impacted due to the temporary halt in the business all over the country. This delay might affect the production capability and affect the financial position of HBL although to a small extent only as the lockdown and spread of COVID-19 has happened mainly after our crushing season 2019-20 was over.

Further due to the impact of temporary lockdown in the country, it is likely that the sales of Sugar and Ethanol will be affected which in turn will be impacting the cash flow. Thus there is a likelihood that there will be strain on the cash flows of the company, however the management is taking all necessary measures through constantly reviewing all areas of cash generation and usage and trying to re-evaluate all costs in the prevailing circumstances.

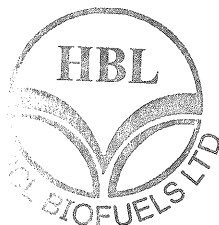




#### 64. Foreign Exchange Information

(₹ in Lacs)

Sr	Particulars	2019-20	2018-19
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	18,577.36	21,295.98
	Spare Parts and components		
	Imported in %	Nil	Nil
	Imported in Value	Nil	Nil
	Indigenous in %	100%	100%
	Indigenous in Value	442.86	487.77
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. Advances to the Suppliers/Contractors**

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

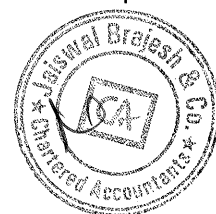
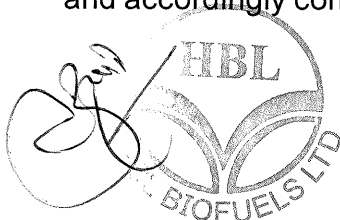
In the opinion of management, the value of the assets, other than fixed assets, on realization in the ordinary course of business, will not be less than the value at which they are stated in the Balance Sheet.

**66. Property Plant and Equipment:**

Out of the total value of Property, Plant and Equipment, ₹ 386 lacs in Sugauli Plant and ₹ 374 lacs in Lauriya plant pertains towards the cost of capitalization against Modification in 20 MWTG set by replacing rotor & other parts w.e.f. 03.12.2015 and 19.12.2015 in the books of Sugauli and Lauriya respectively during the year 2015-16. The procurement of spare rotor for the turbines was made as generally an operational requirement considering the long lead time to procuring a rotor at short notice in case of an emergency. On advice of our OEM, Management has decided to go for a modified rotor for these turbines during FY 2015-16 to meet the increased requirements and keep the earlier rotor as a critical spare to meet any emergency, which can be used by putting back into the turbines and would work to its design capacity. As per confirmation from OEM and Expert, replaced rotor need to be kept in safe storage away from damages and putting it back in turbine is to be done by authorized technicians after inspection and cleaning as necessary. The rotors are having life equal to that of main turbine of which they are part. In recent past no such emergency related to Rotor has aroused warranting the replacement with the existing rotor. In future as and when any situation arises, the spare rotor will be suitably used with the existing turbine under the expert supervision of OEM.

**67. Transition impact of Ind AS 116 “Leases”:**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases, replacing the existing Standard Ind AS 17, to be effective from Accounting Period beginning with April 01, 2019. The adoption of Standard calls for recognition of ‘Lease Liability’ & ‘Right to Use Assets’, wherever the term of lease is in excess of 12 months, unless the underlying Asset is of low value. Applicable for Lessees, this Standard removes distinctive recognition, measurement and disclosure requirements between Operating Lease & Finance lease, hitherto prevalent. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of sales) are excluded from measurement. On transition to the new Standard, usage of either a full retrospective or a modified retrospective approach is permitted with options to use certain practical expedients. The Company has entered into lease arrangements for underlying assets such as land, and office premise. The Company had chosen modified retrospective approach and accordingly comparatives for the year ending March 31, 2019 are not separately





presented. Further, measurement of 'Lease Liability' & 'Right to Use Assets' have been made prospective as though the lease term is deemed to begin with the current accounting period.

The Company has used the following practical expedients:

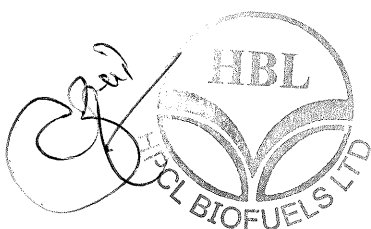
1. Applying a single discount rate to a portfolio of leases with similar remaining lease term.
2. Not applying the transition requirements to leases for which the lease term ends within 12 months of the date of initial application i.e. April 01, 2019.
3. Not applying this Standard to contracts that were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

#### A. Maturity Analysis of lease liabilities:

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

	(₹ /Lacs)
	<b>31.03.2020</b>
Less than one year	9.96
Between one and three years	19.92
More than three years	19.92
<b>Total</b>	<b>49.44</b>

<b>B. Disclosures:</b>	(₹ /Lacs)
<b>Particulars</b>	<b>31.03.2020</b>
a) Expense relating to short-term leases	-
b) Expense relating to leases of low-value assets	-
c) Expense relating to variable lease payments not included in the measurement of lease liabilities	-
d) income from sub-leasing of 'right-of-use'	30.75
e) Interest expense on lease liabilities	1.97
f) Total cash outflow for leases	3.73





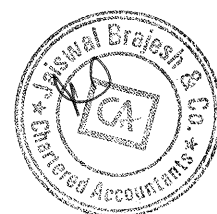
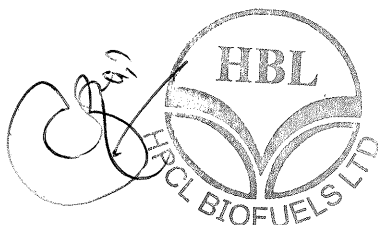
C. The following are the carrying values of Right of use ("ROU") assets: (₹ /Lacs)			
	Class of Underlying Asset		
Particulars	Land - Freehold	Buildings	Total
Gross Block	-	-	
Right Of Use asset recognised on initial application of Standard *			
Additions/ Reclassifications	7,492.67	38.24	7,530.91
Deductions/ Reclassifications			-
As on 31.03.2020	7,492.67	38.24	7,530.91
Depreciation/ Amortisation			
For the year	150.45	4.16	154.61
Deductions/ Reclassifications			-
As on 31.03.2020	-	-	-
Net Block as on 31.03.2020	7,342.22	34.08	7,376.30
* See, 'D. Transition Impact', below.			

#### D. Transition impact

As on transition date i.e. April 01, 2019, the Company has recognized 'Right of Use assets' of ₹ 7,492.67 lacs towards:

-The prepaid operating lease rental of ₹ 7492.67 lacs (Non-Current: ₹ 7342.22 lacs; Current ₹ 150.45 lacs) with respect to leases recognized in the Balance Sheet as on March 31, 2019; and

-The lease liability of Nil (Non-Current: Nil ; Current Nil ) is recognised on transition date for leases previously classified as operating lease with the exception of short-term leases and leases of low-value underlying assets as under:





	(₹ /Lacs)
<b>Operating lease commitments at March 31, 2019</b>	<b>Nil</b>
<u>Adjustment for:</u>	<b>Nil</b>
Effect of discounting (using weighted average incremental borrowing rate at 8.54%)	-
Low value leases	-
Short-term leases	-
Variable Lease Payments	-
Others (Please specify)	-
<b>Total lease liabilities at April 1, 2019</b>	<b>Nil</b>

The nature of expenses in respect of certain leases hitherto classified under "Lease Rental" has been rechristen to "Depreciation and amortisation expense" and "Finance Cost", thus, not comparable with the previous year.

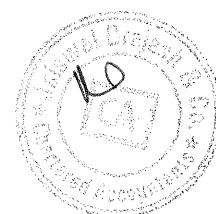
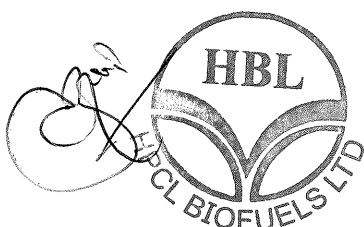
But for adoption of this standard, the 'Depreciation and amortisation Expenses' would be lower by ₹ 154.61 Lacs, 'Finance Cost' would be lower by ₹ 1.97 Lacs and 'Other Expenditure' would be higher by ₹ 154.61 Lacs.

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

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

#### **69. Previous year figures**

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

Vinod S Shenoy  
Chairman  
Din: 07632981

R Kesavan  
Director  
Din: 08202118

Piyush Awasthi  
CFO  
PAN: ACDPA5685L

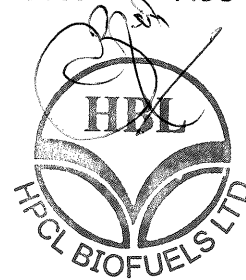
R K Barik  
CEO and Manager  
PAN: AAHPB1838J

Heena Shah  
Company Secretary  
ACS-13736

Place: Mumbai  
Date: 10/06/2020

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

