S.K. BAKLIWAL & CO.
Chartered Accountants

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Behind Rai Choudhary Hospital,
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INDEPENDENT AUDITORS' REPORT
To the Members of HPCL RAJASTHAN REFINERY LTD

Report on the Financial Statements

1 We have audited the accompanying IndAS financial statements of **HPCL RAJASTHAN REFINERY LTD** (the Company), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2 The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

S.K. BAKLIWAL & CO. JAIPUR CHARTERED ACCOUNTANTS

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

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

Opinion

8 In our opinion and to the best of our information and according to the explanations given to us, the 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 IndAS, of the state of affairs of the Company as at March 31, 2017; and its Loss and its Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

9 We draw attention to the following matters in the Notes to the financial statements:

a) Note number – 6 to the financial statements which, describes that As per Memorandum of Association (MoA) and Articles of Association (AoA) of the company, total number of shares subscribed by subscribers to MoA and AoA is 10,00,00,000 equity shares of Rs.10/- each amounting to Rs.100,00,00,000/-. However, the amount has been paid only for 50,000 shares amounting to Rs. 5,00,000/-. Amount of Rs. 99,95,00,000 towards the balance of 9,95,00,000 shares subscribed is yet to be paid by the subscribers of MoA. It was payable by the subscribers of MoA/AoA. Therefore sum of Rs 99,95,00,000 debt due from them to the company, as per Section 10(2) of the Companies Act, 2013.

b) **Note number -3** The land allotted by Government of Rajasthan (GoR), was not accounted pending execution of lease agreement. There is no change in the status in the current year. Consequently, lease rent has not been recognised.

Our opinion is not modified in respect of these matters.

S.K. BAKLIWAL & CO. JAIPUR CHARTERED ACCOUNTANTS

10 Report on other Legal and Regulatory Requirements

As required by "The Companies (Auditor's Report) Order,2016("the order)", issued by the Central Government of India in terms of sub-section143(11) of the Act, we give in the **Annexure-A,** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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

e) On the basis of the written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls system over financial reporting of the company & the operating effectiveness of such controls, we give our report in the **Annexure-B**

g) With respect to the other matters included in the Auditor's Report in accordance to Rule 11 of the companies (Audit & Auditors) Rule, 2014 in our and to the best of our information and according to the explanations given to us :

i. The company does not have any pending litigations which would impact in financial position.

ii. The company does not have any foreseeable losses on long-term contracts including derivative contracts requiring provision under the applicable law or accounting standard .

iii. There were no amounts which were required to be transferred to the investor education and protection fund by the company.

iv.The Company has provided requisite disclosures in the IndAS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based

on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 12.

(10) As required U/S 143(5) of the companies Act 2013, following are the observation on the Direction issued by the office of C&AG of India:

1. Govt . of Rajasthan (GOR) has allotted a Land measuring 12034.10 bigha at pachpadra village, Bamer District vide letter dated. 11.10.2013 pending execution of lease agreement, the same has not been considered in the books of account as such the clause relating to availability of title/lease deeds for freehold and lease hold land respectively not applicable.
2. As per books of accounts produced before us for verification we have not noticed waiver/write off of debts/loans/interest etc.
3. As informed by the management and as per books of accounts produced before us for verification, we observed that project activity yet to commence by the company, therefore no inventories lying with third parties & no asset received as gift from Govt. or other authorities.

Place: Jaipur
Dated: 19/05/2017

For S.K. Bakliwal & Co.
Chartered Accountants
(Registration No.001383C)

(S.K. Bakliwal)
Partner (Memb. No.070585)

S.K. BAKLIWAL & CO.
Chartered Accountants

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ANNEXURE A

STATEMENTS REFERRED TO IN PARAGRAPH (10) OF OUR INDEPENDENT AUDITORS'REPORT OF EVEN DATE TO THE MEMBERS OF **HPCL RAJASTHAN REFINERY LTD**.ON THE ACCOUNTS FOR THE PERIOD ENDED 31st MARCH, 2017

(I) (a)The Company has not purchased any fixed assets therefore the clause relating to maintenance of records showing full particulars, including quantitative details and situation of fixed assets is not applicable.

(b) The Company has not purchased any fixed assets therefore the clause relating to physical verification of fixed assets is not applicable.

(c) Govt . of Rajasthan (GOR) has allotted a Land measuring 12034.10 bigha at pachpadra village,Bamer District vide letter datd.11.10.2013.pending execution of lease agreement ,the same has not been considered in the books of account as such the clause relating to title deed of immovable properties is not applicable.

(II) The company has not so far made any purchase and does not possess any inventory therefore reporting requirements regarding inventory is not applicable to the company.

(III) The company has not granted any loans, secured or unsecured to companies firms, or other party covered by clause (76) of section 2 of the Companies Act, 2013. In view of clause (III) above, the clauses (III) (a), and (III) (b) & (III) (c) of sub para 3 of the order are not applicable to the company.

(IV)There are no loans, investments, guarantees and security to which provisions of section 185 and 186 of the Act are applicable. Accordingly the clause (iv) of paragraph 3 of the order is not applicable to the company

(V)According to the information and explanation given to us and the record of the company examined by us , the company has not accepted deposits, as such the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, are not applicable to the company.

(vi) In our opinion and according to the information and explanation given to us, the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the company under the companies(cost Record and Audit) rule,2014

(vii)(a) In our opinion and according to the information and explanation given to us and the record examined by us, Since the company has not started

business activity as such there are no undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and there are no such outstanding statutory dues as at 31.03.2017 for a period of more than six months from the date they became payable.

(b) In our opinion and according to the information and explanation given to us and the record examined by us, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax outstanding on account of any dispute,

(viii) The company does not have any dues on account of loans or borrowing to a financial institution, bank, Government or dues to debenture holders, hence the provisions of paragraph 3(viii) of the order are not applicable.

(ix) The company has not raised through initial public offer or further public offer (including debt instruments) and term loans hence the provisions of paragraph 3(ix) of the order are not applicable.

(x) During the course of our examination of the books of account and record of the company, and according to the information and explanation given to us no material fraud noticed by the company or on the Company by its officers or employees has been or reported during the year.

(xi) In our opinion and according to the information and explanation given to us and the record examined by us the company has not paid or provide managerial remuneration during the year, therefore the provisions of section 197 read with Schedule V to the Companies Act are not applicable

(xii) In our opinion and according to the information and explanation given to us, the company is not a Nidhi Company

(xiii) In our opinion and according to the information and explanation given to us and based on our examination of the record of the company by us transactions with the related parties are in compliance with sections 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) In our opinion and according to the information and explanation given to us and based on our examination of the record of the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year .

(xv) In our opinion and according to the information and explanation given to us and based on our examination of the record , the company has not entered into non-cash transactions with directors or persons connected with him .Hence the provision of section 192 of the Act are not applicable

(xvi)The company has not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence the provisions of paragraph 3(xvi) of the order are not applicable.

Place: Jaipur
Dated: 19/05/2017

For S.K. Bakliwal & Co.
Chartered Accountants
Firm Reg. No. 001383C

(S.K. Bakliwal)
Partner
(Memb. No.070585)

ANNEXURE-B

REFFERED TO IN PARAGRAPH 10(f) OFOUR INDEPENDENT AUDITORS'S REPORT OF EVEN DATE

1. We have audited the Internal financial controls over financial reporting of **HPCL RAJASTHAN REFINERY LTD** as of March 31, 2017 in conjunction with our audit of the financial; statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. 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 Control 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 Act, 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 ICAI. 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 al material respects.

4. 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.

5. 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

6. 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 control over financial reporting include 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) to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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 controls 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

8. In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note of Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place: Jaipur
Dated: 19/05/2017

For S.K. Bakliwal & Co.
Chartered Accountants
Firm Reg No. 001383C

(S.K. Bakliwal)
Partner
(Memb. No.070585)

S.K. BAKLIWAL & CO. JAIPUR CHARTERED ACCOUNTANTS

HPCL RAJASTHAN REFINERY LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

(Amount in Rs.)

PARTICULARS	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-Current Assets				
(a) Capital Work-In-Progress	3	283,380,020	276,883,070	275,998,458
		283,380,020	**276,883,070**	**275,998,458**
Current Assets				
(a) Financial Assets				
(i) Cash & Cash Equivalents	4	498,219	498,852	499,482
(b) Other Current Assets	5	969,116	-	884,612
		1,467,335	**498,852**	**1,384,094**
Total		**284,847,355**	**277,381,922**	**277,382,552**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	6	500,000	500,000	500,000
(b) Other Equity	7	(20,247,414)	(20,173,744)	(20,088,881)
		(19,747,414)	**(19,673,744)**	**(19,588,881)**
Liabilities				
Current Liabilities				
(a) Financial Liabilities				
(i) Other Financial Liabilities	8	304,594,769	297,055,666	296,971,433
		304,594,769	**297,055,666**	**296,971,433**
Total		**284,847,355**	**277,381,922**	**277,382,552**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For S. K. Bakliwal & Co.
Chartered Accountants
Registration No. 001383C

Partner : S.K.Bakliwal
M No : 070585

Place: Jaipur
Date : 19/05/, 2017

For and on behalf of the Board

M K Surana
Chairman
DIN - 07464675

J Ramaswamy
Director
DIN - 06627920

Manoj Gupta
Company Secretary

HPCL RAJASTHAN REFINERY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31,2017

(Amount in Rs.)

PARTICULARS	Note No.	For the year ended March 31,2017	For the Year ended March 31,2016
I **Revenue**			
Revenue from Operations		-	-
Other Income		-	-
Total Revenue		-	-
II **Expenses**			
Other Expenses	9	73,670	84,863
Total Expenses		**73,670**	**84,863**
III **Profit/ (Loss) Before Tax**		**(73,670)**	**(84,863)**
IV **Tax Expense**			
(i) Current Tax		-	-
(ii) Deferred Tax Charge/ (Credit)		-	-
V **Profit/ (Loss) for the Year**		**(73,670)**	**(84,863)**
VI **Other Comprehensive Income**			
A: (i) Items that will not be reclassified to profit or loss in subsequent periods		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B: (i) Items that will be reclassified to Profit & Loss		-	-
(ii) Income tax relating to items that will be reclassified to Profit & Loss		-	-
VII **Other Comprehensive Income for the Year**		-	-
VIII **Total Comprehensive Income for the Year**		**(73,670)**	**(84,863)**
IX **Earnings per Equity Share**			
Basic and Diluted Earnings Per Equity Share of Rs.10 each	10	**(1.47)**	**(1.70)**
Number of Equity Shares 50,000 (50,000)			

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For S. K. Bakliwal & Co.
Chartered Accountants
Registration No. 001383C

Partner : S.K.Bakliwal
M No : 070585

Place: Jaipur
Date : 19/05/2017

For and on behalf of the Board

M K Surana
Chairman
DIN - 07464675

J Ramaswamy
Director
DIN - 06627920

Manoj Gupta
Company Secretary

HPCL RAJASTHAN REFINERY LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs.)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax	(73,670)	(84,863)
Adjustments to reconcile net profit to net cash provided by operating activities	-	-
Changes in assets and liabilities		
(Increase)/Decrease in Other Current Assets	(969,116)	-
Increase/(Decrease) in Other Financial Liabilities	1,042,153	84,233
	73,037	84,233
Cash Generated from Operations	(633)	(630)
Income taxes refund / (paid)	-	-
Net Cash from Operating Activities (A)	**(633)**	**(630)**
B CASH FLOW FROM INVESTING ACTIVITIES:	-	-
Net Cash from Investing Activities (B)	-	-
C CASH FLOW FROM FINANCING ACTIVITIES:	-	-
Net Cash from Financing Activities (C)	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	**(633)**	**(630)**
Cash and Cash Equivalents As At Beginning of the Year	498,852	499,482
Cash and Cash Equivalents As At End of the Year	**498,219**	**498,852**

Notes

i) The above Cash Flow Statement has been prepared under the 'Indirect Method' in accordance with Ind AS - 7 Statement of Cash Flows

ii) Figures in brackets are outflows / deductions.

iii) Cash and cash equivalents represent bank balances.

As per our report of even date

For S. K. Bakliwal & Co.
Chartered Accountants
Registration No. 001383C

Partner : S.K.Bakliwal
M No : 070585

Place: Jaipur
Date : 19/05/..., 2017

For and on behalf of the Board

M K Surana
Chairman
DIN - 07464675

J Ramaswamy
Director
DIN - 06627920

Manoj Gupta
Company Secretary

HPCL RAJASTHAN REFINERY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(A) EQUITY SHARE CAPITAL

Particulars	For year ended March 31, 2017		For year ended March 31, 2016	
	No. of Shares	Amount in Rs	No. of Shares	Amount in Rs
Balance at the beginning of the reporting period	50,000	500,000	50,000	500,000
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	50,000	500,000	50,000	500,000

(B) OTHER EQUITY

Reserves and Surplus (Amount in Rs.)

Particulars	Retained Earnings	
	For the year ended 31st March 2017	For the year ended 31st March 2016
Balance at the beginning of the reporting period	(20,173,744)	(20,088,881)
Profit / (Loss) for the year	(73,670)	(84,863)
Other Comprehensive Income for the Year	-	-
Balance at the end of the reporting period	**(20,247,414)**	**(20,173,744)**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For S. K. Bakliwal & Co.
Chartered Accountants
Registration No. 001383C

Partner : S.K.Bakliwal
M No : 070585

Place: Jaipur
Date : 19/05/2017

For and on behalf of the Board

M K Surana
Chairman
DIN - 07464675

J Ramaswamy
Director
DIN - 06627920

Manoj Gupta
Company Secretary

HPCL RAJASTHAN REFINERY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Corporate Information

HPCL Rajasthan Refinery Limited referred to as "HRRL" or "the Company" was incorporated on 18th September, 2013. HRRL was promoted as a joint venture company by Hindustan Petroleum Corporation Limited ('HPCL'), and Government of Rajasthan ('GoR') for setting up 9 MMTPA Integrated Refinery cum Petrochemical Complex at Pachpadra, Barmer in the State of Rajasthan. HRRL is a subsidiary HPCL.

Authorization of financial statements

The Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors on 18.05.2017.

Note 1: Significant Accounting Policies

a. Basis of preparation

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 measured at fair value.

The Company's presentation and functional currency is Indian Rupees (INR). All values are rounded to the nearest rupee, except where otherwise indicated.

b. Use of judgements and estimates

Necessary judgements, estimates and assumptions that affect the amounts reported in the financial statements and notes thereto are made during the reporting period and difference between the actual and the estimates are recognised in the period in which the results materialize.

c. Property, Plant and Equipment

Property, Plant and Equipment are stated at cost net of accumulated depreciation / amortization and impairment loss, if any.

Related expenditure (including temporary facilities and crop compensation expenses) incurred during construction period in respect of plan projects and major non-plan projects are capitalized.

Lease arrangements for land are identified as finance lease in case such arrangements result in transfer of the substantially all 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.

Technical know-how / licence fee relating to plants/ facilities are capitalized as part of cost of the underlying asset.

Spare parts which meet the definition of property plant and equipment are capitalized as property, plant and equipment. In other cases, the spare parts are accounted as inventory on procurement and charged to Statement of Profit & Loss on consumption.

Depreciation on Property, Plant and Equipment is provided on straight line method. In accordance with requirements prescribed under Schedule II of Companies Act, 2013, the Company has assessed the estimated useful lives of its Property, Plant and Equipment and has adopted the useful lives and residual value as prescribed in Schedule II.

In line with the provisions of Schedule II of the Companies Act 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components has been assessed based on the historical experience and internal technical inputs.

All assets costing up to Rs. 5,000/- are fully depreciated in the year of capitalisation.

Land on finance lease is amortised over the period of lease.

d. Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Technical know-how / license fee relating to production process and process design are recognized as Intangible Assets.

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

Intangible assets with finite lives are amortised on straight line basis over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year end. The amortisation expense on intangible assets with finite lives and impairment loss is recognised in the statement of Profit & Loss.

Intangible assets with indefinite useful lives, such as right of way, are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The impairment loss on intangible assets with indefinite life is recognised in the statement of Profit & Loss.

Estimated lives for current and comparative periods in relation to application of straight line method of amortisation of intangible assets (acquired) are as follows:

- Software – upto 4 years
- Technical know-how/license fees – upto 10 years

e. Borrowing Cost

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

Borrowing cost includes exchange rate variation to the extent regarded as an adjustment to interest cost.

Borrowing cost, if any, incurred on general borrowings used for projects during the construction period is capitalised at the weighted average cost.

f. Impairment of non - financial assets

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

g. Foreign currency transactions

Monetary items:
Transactions in foreign currencies are initially recorded at their respective spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of profit & loss.

Non – Monetary items:
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

h. Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

i. Inventories

Stores and spares which do not meet the recognition criteria under Property, Plant and Equipment are valued at weighted average cost. Stores and Spares in transit are valued at cost.

Value of surplus, obsolete and slow moving stores and spares, if any, is reduced to net realisable value. Surplus items, when transferred from completed projects are valued at cost / estimated value, pending periodic assessment / ascertainment of condition.

j. Government Grants

In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is treated as liability (deferred income), which is recognised in the Statement of Profit & Loss over the period and in the proportion in which depreciation is charged.

Grants received against revenue items are recognised as income.

k. Employee benefits

Employee benefits include benefit payables to employees. Ind AS 19 is relevant for all employee benefits.

l. Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has been transferred to the buyer and Company retains neither managerial nor effective control over the goods sold.

Sales are measured at the fair value of the consideration received or receivable and are net of discount, include applicable excise duty, surcharge and other elements as are allowed to be recovered as part of the price but excludes taxes.

Income from sale of scrap is accounted for on realisation.

Interest income is recognised on an effective interest rate (EIR) basis.

m. Taxes on Income

Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax liability/asset on account of temporary differences between the tax base and carrying amount of assets and liabilities is recognised using tax rates and tax laws enacted or substantively enacted as at the Balance Sheet date. In the event of unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized, if there is reasonable certainty that sufficient future taxable income will be available to realize such assets.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, is considered as an asset (presented under Deferred Tax) when it is probable that the future economic benefits associated with it, will flow to the Company.

n. Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and its fair value less costs to sell.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

o. Provisions and contingent liabilities

Contingent Liabilities are disclosed in respect of:

a) A possible obligation that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or

b) A present obligation where it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations or a reliable estimate of the amount of obligation cannot be made.

c) Contingent Liabilities are considered only for items exceeding Rs 5 lakhs in each case. Contingent Liabilities in respect of show-cause notices are considered only when converted into demands. Capital Commitments are considered only for items exceeding Rs 1 lakh in each case.

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

If the effect of the time value of money is material, provisions are discounted using a 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.

p. Financial Instruments

Financial Assets

Initial recognition and measurement

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Financial assets are recognized initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Impairment of financial assets
Loss allowances on trade receivables and other financial assets carried at amortized cost are measured following Expected Credit Loss method at each reporting date.

Financial Liabilities

Initial recognition and measurement
All financial liabilities are recognised initially at fair value net of transaction costs that are attributable to the respective liabilities.

Financial Liabilities are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included as finance costs in the Statement of Profit & Loss.

q. Accounting/ classification of expenditure and income

Insurance claims are accounted on acceptance basis.

All other claims/entitlements are accounted on the merits of each case/realisation.

Income and expenditure of previous years which are considered to be insignificant are not considered for restatement of financial statements of previous years.

r. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

s. Leases

Leases where the lessor effectively retains substantially all the risks and rewards of the ownership are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

t. Cash and Cash equivalents

Cash and cash equivalents comprises cash in hand, cash at banks and demand deposit with banks which are Short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

HPCL RAJASTHAN REFINERY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 2: Transition to Ind AS:

For the purposes of reporting as set out in Note 1, the basis of accounting has been transitioned from Indian generally accepted accounting principles ("IGAAP") to Indian Accounting Standards (Ind AS). The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31st March 2017, the comparative information presented in these financial statements for the year ended 31st March 2016 and in the preparation of an opening Ind AS balance sheet at 1st April 2015 (the "transition date").

In preparing the Company's opening Ind AS balance sheet, the amounts as reported in financial statements prepared in accordance with previous GAAP have been adjusted. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's balance sheet, statement of profit and loss and cash flow statement is set out in the following tables and the notes that accompany the tables. On transition, the estimates previously made under previous GAAP were not revised, except where required by Ind AS.

Deemed Cost

Ind AS 101 permits the adopter to elect to continue with the carrying value for all its property, plants and equipments recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP, and use it as the deemed cost as at the date of transition.

Accordingly, the company has elected to measure all its property, plant and equipment at their previous GAAP carrying value, which will be treated as deemed cost as on the date of transition.

Reconciliation of Balance sheet as at 1st April, 2015 (Amount in Rs.)

Particulars	Amount as per Indian GAAP	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS			
Non-Current Assets			
(a) Capital work-in-progress	275,998,458	-	275,998,458
	275,998,458	-	275,998,458
Current Assets			
(a) Financial Assets			
(i) Cash & Cash Equivalents	499,482		499,482
(b) Other Current Assets	884,612	-	884,612
	1,384,094	-	1,384,094
TOTAL ASSETS	**277,382,552**	**-**	**277,382,552**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	500,000	-	500,000
(b) Other Equity	(20,088,881)	-	(20,088,881)
	(19,588,881)	-	(19,588,881)
Liabilities			
Current Liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	296,971,433	-	296,971,433
	296,971,433	-	296,971,433
TOTAL EQUITY AND LIABILITIES	**277,382,552**	**-**	**277,382,552**

HPCL RAJASTHAN REFINERY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Reconciliation of Balance sheet as at 31st March, 2016

(Amount in Rs.)

Particulars	Amount as per Indian GAAP	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS			
Non-Current Assets			
(a) Capital work-in-progress	276,883,070	-	276,883,070
	276,883,070	-	276,883,070
Current Assets			
(a) Financial Assets			
(i) Cash & Cash Equivalents	498,852	-	498,852
	498,852	-	498,852
TOTAL ASSETS	**277,381,922**	**-**	**277,381,922**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	500,000	-	500,000
(b) Other Equity	(20,173,744)	-	(20,173,744)
	(19,673,744)	-	(19,673,744)
Liabilities			
Current Liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	297,055,666	-	297,055,666
	297,055,666	-	297,055,666
TOTAL EQUITY AND LIABILITIES	**277,381,922**	**-**	**277,381,922**

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Reconciliation of profit or loss for the year ended 31st March 2016

(Amount in Rs.)

Particulars	Amount as per Indian GAAP	Effects of transition to Ind AS	Amount as per Ind AS
I. REVENUE			
(1) Revenue from Operations	-	-	-
(2) Other Income	-	-	-
TOTAL REVENUE	-	-	-
II. EXPENSES			
(1) Other Expenses	84,863	-	84,863
TOTAL EXPENSES	84,863	-	84,863
III. PROFIT/ (LOSS) BEFORE TAX	**(84,863)**	-	**(84,863)**
IV. TAX EXPENSES			
1. Current Tax	-	-	-
4. Deferred Tax Charge/ (Credit)	-	-	-
	-	-	-
V. PROFIT/ (LOSS) FOR THE PERIOD	**(84,863)**	-	**(84,863)**
VI. OTHER COMPREHENSIVE INCOME			
A (i) Items that will not be reclassified to profit or loss	-	-	-
(ii) Income tax related to items that will not be reclassified to profit or loss	-	-	-
B (i) Items that will be reclassified to profit or loss	-	-	-
(ii) Income tax related to items that will be reclassified to profit or loss	-	-	-
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	-	-	-
VII. TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	**(84,863)**	-	**(84,863)**

Reconciliation of Net Worth and Profit & Loss

There is no change in the Net Worth as per Ind AS vs. previous GAAP as on 1st April 2015 and 31st March 2016.

Similarly, there is no change in Profit & Loss for the year ended 31st March 2016 as per Ind AS vs. previous GAAP.

Notes on transition to Ind AS

Estimates: The estimates as at 1st April, 2015 and 31st March, 2016 are consistent with those made at the same dates in accordance with Indian GAAP (after adjustments to reflect any difference if any, in accounting policies)

HPCL RAJASTHAN REFINERY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 3: Capital Work In Progress

(Amount in Rs.)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
As at the beginning of the year	276,883,070	275,998,458	275,998,458
Additions during the year	6,496,950	884,612	-
Deductions during the year	-	-	-
As at the end of the year	**283,380,020**	**276,883,070**	**275,998,458**

•During the year 2016-17, Rs 6,496,950/- has been incurred for project related activities. Since there has been no activities for the project during 2015-16 and more than 12 months have elapsed and Service tax credit is not claimable, the amount lying in Cenvat Receivable has been transferred to Capital work in progress on 31.03.2016.

•The land allotted by Government of Rajasthan (GoR), was not accounted pending execution of lease agreement. There is no change in the status in the current year. Consequently, lease rent has also not been recognised.

Note 4:Cash & Cash Equivalents

(Amount in Rs.)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with Banks			
Current Account	498,219	498,852	499,482
Total	**498,219**	**498,852**	**499,482**

Note 5 : Other Current Assets

(Amount in Rs.)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cenvat Receivable	969,116	-	884,612
Total	**969,116**	-	**884,612**

Note 6: Share Capital

(Amount in Rs.)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized: 4,000,000,000 (4,000,000,000 equity shares as at 31.03.16 & 01.04.15) Equity Shares of Rs. 10 each	40,000,000,000	40,000,000,000	40,000,000,000
	40,000,000,000	**40,000,000,000**	**40,000,000,000**
Subscribed Capital 100,000,000 (100,000,000 equity shares as at 31.03.16 & 01.04.15) Equity Shares of Rs. 10 each	1,000,000,000	1,000,000,000	1,000,000,000
	1,000,000,000	**1,000,000,000**	**1,000,000,000**
Issued and fully Paid-up: 50,000 (50,000 equity shares as at 31.03.16 & 01.04.15) Equity Shares of Rs.10 each fully paid up	500,000	500,000	500,000
	500,000	**500,000**	**500,000**
Subscribed but not fully paid up: 99,950,000 (99,950,000 equity shares as at 31.03.16 & 01.04.15) Equity Shares of Rs.10 each	999,500,000	999,500,000	999,500,000
	999,500,000	**999,500,000**	**999,500,000**

•As per Memorandum of Association (MoA) and Articles of Association (AoA) of the company, total number of shares subscribed by subscribers to MoA and AoA is 10,00,00,000 equity shares of Rs.10/- each amounting to Rs.100,00,00,000/-. However, the amount has been paid only for 50,000 shares amounting to Rs. 5,00,000/-. Amount of Rs. 99,95,00,000 towards the balance of 9,95,00,000 shares subscribed is yet to be paid by the subscribers of MoA. This is payable by the subscribers of MoA/AoA and is debt due from them to the company, as per Section 10(2) of the Companies Act, 2013.

HPCL RAJASTHAN REFINERY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Rights, preferences and restrictions attached to Shares:

Equity Shares - The company has one class of Equity Shares having a par value of Rs.10 each, per share. Each Shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholding.

Reconciliation of the number of shares outstanding at the beginning and at the end of reporting period:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Equity Shares						
Number of Shares at the Beginning	50,000	500,000	50,000	500,000	50,000	500,000
Add: Equity shares issued	-	-	-	-	-	-
Balance at the Reporting Date	50,000	500,000	50,000	500,000	50,000	500,000

Shares held by Holding Company - HPCL

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Equity Shares						
Number of Shares at the Beginning	37,000	370,000	37,000	370,000	37,000	370,000
Add: Equity shares issued	-	-	-	-	-	-
Balance at the Reporting Date	37,000	370,000	37,000	370,000	37,000	370,000

Shareholders holding more than five percent of holdings:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	% Holdings	No. of Shares	% Holdings	No. of Shares	% Holdings
Hindustan Petroleum Corporation Limited and nominee shareholders	37,000	74	37,000	74	37,000	74
Government of Rajasthan and nominee shareholders	13,000	26	13,000	26	13,000	26
Total	50,000	100	50,000	100	50,000	100

Note 7: Other Equity

(Amount in Rs.)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Reserves and Surplus			
Retained Earnings			
Balance at the Beginning	(20,173,744)	(20,088,881)	(20,088,881)
Profit/(Loss) as per Statement of Profit and Loss	(73,670)	(84,863)	-
Balance at the Reporting Date	(20,247,414)	(20,173,744)	(20,088,881)
Total	**(20,247,414)**	**(20,173,744)**	**(20,088,881)**

HPCL RAJASTHAN REFINERY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 8: Other Financial Liabilities

(Amount in Rs.)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Payable to HPCL*	304,536,699	296,997,596	296,908,833
Accrued Charges for Professional Fees	58,070	58,070	62,600
Total	**304,594,769**	**297,055,666**	**296,971,433**

*Expenditure incurred by HPCL (Promoter), has been shown under other current liabilities since they are due to be settled within 12 months.

Note 9: Other Expenses

(Amount in Rs.)

Particulars	For the year ended March 31,2017	For the Year ended March 31,2016
Auditor's Remuneration		
- Statutory Audit Fees	50,000	57,250
Filing Fees (ROC)	6,000	7,800
Professional Expenses	16,900	19,019
Bank Charges	633	630
Miscellaneous Expenses	137	164
Total	**73,670**	**84,863**

Note 10: Earnings Per Share

Particulars		For the year ended March 31,2017	For the Year ended March 31,2016
(i) Net (loss) as per the Statement of Profit & Loss available for Equity Shareholders.	Rs.	(73,670)	(84,863)
(ii) Weighted average number of equity shares used as denominator for calculating EPS		50,000	50,000
(iii) Basic and Diluted earnings per share (i/ii)	Rs.	(1.47)	(1.70)
(iv) Nominal value of shares	Rs.	10	10

Note 11: Contingent Liabilities and Capital and other commitments

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1. Contingent Liabilities:	-	-	-
2. Capital and other Commitments: Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	240,000,000	240,000,000	240,000,000
Total	**240,000,000**	**240,000,000**	**240,000,000**

HPCL RAJASTHAN REFINERY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 12: Details of Specified Bank Notes (SBN)

(Amount in Rs.)

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Add: Permitted receipt	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

Note 13: The company does not have any employee in its payroll. Therefore, IND AS-19 on Employee Benefits is not applicable to the Company. Moreover, the expenses incurred for the purpose of administration of the company is borne by HPCL(JV partner).

Note 14: Deferred Tax Asset has not been recognised in accordance with IND AS-12, in view of uncertainty over set off of the losses against taxable income in definitive future.

Note 15: No provision of income tax has been made as the project is under construction/erection stage and expenditure incurred are being capitalized.

16 To the extend Micro and Small Enterprises have been identified, the outstanding balance, including interest thereon, if any, as at balance sheet date is disclosed on which Auditors have relied upon :

(Amount in Rs.)

Sr. No	Particulars	2016-17	2015-16
1	Amounts payable to "suppliers" under MSMED Act, on 31/03/17.- - Principal - Interest	 - -	 - -
2	Amounts payable to "suppliers" under MSMED Act, beyond appointed day during F.Y 2016-17 (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.	-	-

HPCL RAJASTHAN REFINERY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

17 RELATED PARTY DISCLOSURE

HRRL is a Government related entity under Joint Venture with HPCL & Govt. of Rajasthan, engaged in the business of refining of crude oil, controlled by the central /state governments through its government authorities, agencies, affiliations and other organizations (collectively referred as "Government related entities").

A Name and Relationship with Related Parties

1 Name of Related Parties

i. HPCL

ii. Government of Rajasthan

2 Key Management Personnel

i. Shri Manoj Gupta, Company Secretary

B Details of Transactions and outstanding balances with related parties:-

No.	Nature of Transactions and outstanding balances	2016-17	2015-16
1	HRRL expenditure charged by HPCL	7,539,103	88,763
2	Salary / Other Benefits to Shri Manoj Gupta	-	-
3	Receivable from / (Payable to) HPCL	(304,536,699)	(296,997,596)

These transactions are conducted in the ordinary course of the company business on terms comparable to those with other entities that are not Government related.

18 OTHER NOTES

(Amount in Rs.)

		2016-17	2015-16
A	Payment to Auditors		
	- Audit fees	50,000	57,250
B	CIF value of imports during the year (excluding canalised imports):	-	-
C	Earning in Foreign exchange	-	-
D	Expenses in Foreign currency	-	-

19 Segment Information

As the company has only one identifiable segment and disclosure under "Ind AS-108 Segment Reporting" is not applicable.

20 Figures of previous year have been recast wherever necessary and figures in the bracket indicate figures in minus.

HPCL RAJASTHAN REFINERY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

21. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

(Amount in Rs.)

As at March 31, 2017	Carrying amount			
	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets				
Current				
Cash and cash equivalents	-	-	498,219	498,219
	-	-	498,219	498,219
Financial liabilities				
Current				
Other Current financial liabilities	-	-	304,594,769	304,594,769
	-	-	304,594,769	304,594,769

(Amount in Rs.)

As at March 31, 2016	Carrying amount			
	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets				
Current				
Cash and cash equivalents	-	-	498,852	498,852
	-	-	498,852	498,852
Financial liabilities				
Current				
Other Current financial liabilities	-	-	297,055,666	297,055,666
	-	-	297,055,666	297,055,666

(Amount in Rs.)

As at April 1, 2015	Carrying amount			
	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets				
Current				
Cash and cash equivalents	-	-	499,482	499,482
	-	-	499,482	499,482
Financial liabilities				
Current				
Other Current financial liabilities	-	-	296,971,433	296,971,433
	-	-	296,971,433	296,971,433

FVTPL - Fair Value Through Profit and Loss
FVTOCI - Fair Value Through Other Comprehensive Income

HPCL RAJASTHAN REFINERY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

B. Financial Risk Management

I. Risk management Framework

Currently Board is appraised of all the project related activities and associated risks which are discussed and deliberated by the Board. Adequate risk mitigation measures have been put in place as per directions of the Board.

The Company has exposure to the following risks arising from financial instruments:
•Credit Risk
•Liquidity Risk

i. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or the counterparty to a financial instrument fails to meet its contractual obligation.

The cash and cash equivalents represents balance held in bank.

ii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The company is under implementation stage and the source of liquidity is capital infusion from promoters.

22. Capital Management

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's capital management is to maximize shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The company is under implementation stage and has not taken loans / borrowings from financial institutions.

As per our report of even date

For S. K. Bakliwal & Co.
Chartered Accountants
Registration No. 001383C

Partner : S.K.Bakliwal
M No : 070585

Place: Jaipur
Date : 19.05.2017

For and on behalf of the Board

M K Surana
Chairman
DIN - 07464675

J Ramaswamy
Director
DIN - 06627920

Manoj Gupta
Company Secretary