

INDEPENDENT AUDITORS' REPORT

To the Members of HPCL RAJASTHAN REFINERY LTD

Report on the Financial Statements

1 We have audited the accompanying financial statements of **HPCL RAJASTHAN REFINERY LTD** (the Company), which comprise the Balance Sheet as at March 31, 2015, 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.



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.

6 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

7 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015; and its Profit / Loss Nil and its Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

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

a) Note number – 7(i) 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. This is payable the subscribers of MoA/AoA and is debt due from them to the company, as per Section 10(2) of the Companies Act, 2013.

b) Note number -7(iv) 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.



9 Report on other Legal and Regulatory Requirements

As required by "The Companies (Auditor's Report) Order, 2013", issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act (here in after referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 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 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) 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the investor education and protection fund by the company.

Place: Jaipur

Dated: 22/5/2015

For S.K. Bakliwal & Co.
Chartered Accountants



(S.K. Bakliwal)
Partner (Memb. No.070585)
FRN001383C



ANNEXURE

STATEMENTS REFERRED TO IN PARAGRAPH (9) OF OUR REPORT OF EVEN DATED TO THE MEMBERS OF HPCL RAJASTHAN REFINERY LTD.ON THE ACCOUNTS FOR THE PERIOD ENDED 31st MARCH, 2015.

- (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.

(II) The company has not so far made any purchase and does not possess any inventory therefore reporting requirements regarding inventory under clause (a),(b) and (c) are not applicable to the company.

(III) (a) The company has not granted any loans secured or unsecured to any company, firm, or other party covered in the register maintained under section 189 of the Companies Act, 1956.

In view of clause (III) above, the clauses (III) (a), and (III) (b) of sub-para 3 &4 of the order are not applicable.

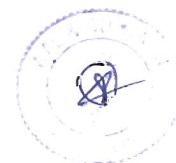
(IV) The company has not started its operations and has not made any purchases and for the sale of goods and services so far, therefore reporting requirements regarding adequacy of internal control procedure are not applicable to the company.

(V) The company has not accepted any deposit within the meaning of 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 and the rules framed there under.

(VI) Considering the status of the business of the company as at 31.03.15 the clause vi, vii(a)(b)(c), viii, ix, the matters specified in paragraphs 3 and 4 of the Order. (Company's Auditor's Report) order 2013 are not applicable to the company

(VII) The Company has not given any guarantees for loans taken by others from banks or financial institutions.

(VIII) No term loans has been availed by the company during the year



(IX) During the course of examination of the books and record of the company, carried out in accordance with the generally accepted auditing practice of India, and according to the information explanation given to us no fraud on or by the company has been noticed or reported during the year;

Place: Jaipur

Dated: 22/5/2015

For S.K. Bakliwal & Co.
Chartered Accountants



(S.K. Bakliwal)
Partner (Memb. No.070585)
FRN001383C




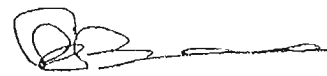
Report Under Direction/sub Direction issued by the office of C&AG of India, U/S 143(5) of the companies Act 2013 , to Report on the under noted points, on Financial Statements of HPCL RAJASTHAN REFINERY LTD of the year ended 31.03.2015

1. We report that as per information provided to us by the management & as per books of account produced before us for our verification, the Company has not been selected for disinvestment.
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.
4. We report that as per information provided to us by the management and as per books of account produced before us for our verification, there are no pending legal/arbitration cases in existence (including foreign and local) as 31.03.2015.

Place: Jaipur

Dated: 22/5/2015

For S.K. Bakliwal & Co.
Chartered Accountants



(S.K. Bakliwal)
Partner (Memb. No.070585)
FRN001383C

HPCL RAJASTHAN REFINERY LIMITED
(A Joint Venture of Hindustan Petroleum Corporation Ltd. and Government of Rajasthan)

BALANCE SHEET AS ON 31ST MARCH, 2015

	<u>Note No.</u>	2014-15 (Rs.)	2013-14 (Rs.)
I. EQUITY AND LIABILITIES:			
1 Shareholders' funds			
a) Share capital	1	5,00,000	5,00,000
b) Reserves and surplus	2	(200,88,881)	(200,88,881)
2 Current Liabilities			
Current liabilities	3	2969,71,433	2230,14,749
TOTAL		2773,82,552	2034,25,868
II. ASSETS:			
1 Non-Current Assets			
Fixed Assets:			
Capital work-in-progress	4	2759,98,458	2029,25,768
2 Current Assets			
Cash and cash equivalents	5	4,99,482	5,00,100
Other Current Assets	6	8,84,612	-
TOTAL		2773,82,552	2034,25,868
Notes forming part of Accounts	7		
Statement of Significant Accounting Policies	8		

As per our Report of even dated
For S. K. Bakliwal & Co.

Chartered Accountants
Registration No. 001383C

Partner : S.K.Bakliwal
M No: 070585



Nishi Vasudeva

Nishi Vasudeva
Chairman

K. V. Rao

K. V. Rao
Director

A. V. Sarma

A. V. Sarma
CFO & Co. Secretary


Place : Jaipur
Date : 22nd May 2015

HPCL RAJASTHAN REFINERY LIMITED
(A Joint Venture of Hindustan Petroleum Corporation Ltd. and Government of Rajasthan)
STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDING 31st MARCH, 2015

<u>Particulars</u>	<u>Note No.</u>	<u>2014-15</u> <u>(Rs.)</u>	<u>2013-14</u> <u>(Rs.)</u>
REVENUE:			
I. Revenue from operations		-	-
II. Other income		-	-
III. Total Revenue (I+II)		<u>-</u>	<u>-</u>
EXPENSES :			
Depreciation/Depletion and Amortization expenses:			
Preliminary expenses		-	200.88.881
IV. Total expenses		<u>-</u>	<u>200.88.881</u>
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		-	(200.88.881)
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		-	(200.88.881)
VIII. Extraordinary items		-	-
IX. Profit/(Loss) before tax (VII-VIII)		-	(200.88.881)
X. Tax expenses			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit/(Loss) for the year from continuing operations (IX-X)		<u>-</u>	<u>(200.88.881)</u>
XII. Profit/(loss) from discontinuing operations (before tax)		-	-
XIII. Tax expenses of discontinuing operations		-	-
XIV. Profit/(loss) from discontinuing operations (after tax)(XII-XIII)		<u>-</u>	<u>-</u>
XV. Profit (loss) for the period (XI-XIV)		<u>-</u>	<u>(200.88.881)</u>
XVI. Earnings per equity share of Rs.10 each			
(1) Basic		0	(401.78)
(2) Diluted		0	(401.78)

As per our Report of even dated
For **S. K. Bakliwal & Co.**
Chartered Accountants
Registration No. 001383C


Partner : **S.K. Bakliwal**
M No: 070585



Nishi Vasudeva
Chairman


K. V. Rao
Director


A. V. Sarma
CFO & Co. Secretary

Place : *Jaipur*
Date : *22nd May 2015*

HPCL RAJASTHAN REFINERY LIMITED
(A Joint Venture of Hindustan Petroleum Corporation Ltd. and Government of Rajasthan)

CASH FLOW STATEMENT FOR THE PERIOD ENDING 31st MARCH, 2015

<u>Particulars</u>	2014-15 (Rs.)	2013-14 (Rs.)
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary items	-	(200,88,881)
Change in Current Liabilities	42,600	20,000
Change in Current Receivables	(8,84,612)	-
Net Cash from Operating activities	(A) (8,42,012)	(200,68,881)
B. Cash Flow From Investing Activities		
Change in Capital work in progress	(730,72,690)	(2029,25,768)
Net Cash from Investing Activities	(B) (730,72,690)	(2029,25,768)
C. Cash Flow From Financing Activities		
Amount received towards Share Capital	-	5,00,000
Expenses financed by Promoter (HPCL)	739,14,084	2229,94,749
Net Cash from Financing activities	(C) 739,14,084	2234,94,749
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C) (618)	5,00,100
CASH AND CASH EQUIVALENTS AS ON 1st APRIL, 2014 (OPENING)	5,00,100	-
CASH AND CASH EQUIVALENTS AS ON 31st MARCH, 2015 (CLOSING)	4,99,482	5,00,100
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(618)	5,00,100

As per our Report of even dated
For S. K. Bakliwal & Co.
Chartered Accountants
Registration No. 001383C

Partner S.K. Bakliwal
M No: 070585



Nishi Vasudeva
Nishi Vasudeva
Chairman

A. V. Sarma
A. V. Sarma
CFO & Co. Secretary

K. V. Rao
K. V. Rao
Director

Place : *Jaipur*
Date : *22nd May 2015*

HPCL RAJASTHAN REFINERY LIMITED
(A Joint Venture of Hindustan Petroleum Corporation Ltd. and Government of Rajasthan)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2015

	2014-15 (Rs.)	2013-14 (Rs.)
NOTE 1: SHARE CAPITAL		
a) Authorised : 4,000,000,000 Equity Shares of Rs. 10 each	40,000,000,000	40,000,000,000
b) Subscribed : 100,000,000 Equity Shares of Rs. 10 each	1,000,000,000	1,000,000,000
c) i) Issued & Fully Paid Up: 50,000 Equity Shares of Rs.10 each fully paid up	500,000	500,000
ii) Subscribed but not fully paid up: 99,950,000 Equity Shares of Rs.10 each.	999,500,000	999,500,000

iii) Shares outstanding:

Outstanding at the beginning of the year

Issued & Fully paid during the year

Bought back during the year

Outstanding at the end of the year

2014-15		2013-14	
Nos.	Rs.	Nos.	Rs.
50,000	500,000	-	-
-	-	50,000	500,000
-	-	-	-
50,000	500,000	50,000	500,000

iv) Shareholding more than 5% shares:

HPCL

Government of Rajasthan

As on 31-03-2015		As on 31-03-2014	
Nos.	% Of shares	Nos.	% Of shares
37,000	74%	37,000	74%
13,000	26%	13,000	26%
50,000	100%	50,000	100%

NOTE 2: RESERVES & SURPLUS

Surplus

As per Last Balance Sheet

Add: Profit/(Loss) during the year

(20,088,881)

-

-

(20,088,881)

(20,088,881)

(20,088,881)

NOTE 3: CURRENT LIABILITIES

Hindustan Petroleum Corpn. Ltd. (HPCL)

Provision for Professional Fees

296,908,833

222,994,749

62,600

20,000

296,971,433

223,014,749

NOTE 4: CAPITAL WORK IN PROGRESS

Opening Balance

Add : Project expenses incurred pending capitalisation

Less: Transferred to Fixed Assets

Closing Balance

202,925,768

-

73,072,690

202,925,768

-

-

275,998,458

202,925,768

NOTE 5: CASH & CASH EQUIVALENTS

State Bank of Bikaner & Jaipur-Current A/c

499,482

500,100

NOTE 6: OTHER CURRENT ASSETS

Cenvat Receivable

884,612

-



HPCL RAJASTHAN REFINERY LIMITED
(A Joint Venture of Hindustan Petroleum Corporation Ltd. and Government of Rajasthan)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2015

NOTE 7: NOTES FORMING PART OF ACCOUNTS

i) 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.

ii) All the expenditure related to the project and company has been incurred and paid by HPCL. The project expenditure considered above in HRRL accounts are based on debit notes raised by HPCL : (a) Rs. 6,58,72,419/- towards Project payments/expenditure, and (b) Rs. 80,41,665/- towards salaries of KMPs for HRRL.

iii) Profit and Loss A/c has not been drawn for the current year, since all expenditure relates to project activities which has been shown under the head 'Capital Work in Progress' in Balance Sheet. However, figures of profit and loss account of previous year have been shown.

iv) 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.

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

vi) Deferred Tax Asset has not been recognised in accordance with AS-22, in view of uncertainty over set off of the losses against taxable income in definitive future.

vii) No provision of income tax has been made as the project is under construction/erection stage and expenditure incurred are being capitalised.

viii) Estimated amount of contracts remaining to be executed on capital account and not provided for as of 31st March, 2015 is Rs.24,00,00,000/- (2013-14: Rs.24,00,00,000/-).

ix) Service tax included in the amount of salaries debited by HPCL is taken as cenvat receivable. The same will be adjusted against excise duty/Service Tax payments during the operation's stage.

x) Project expenses incurred pending capitalisation includes payment to Statutory auditors (a) As Audit fees : Rs. 50,000/- (2013-14: Rs.20,000/-) (b) For Company law matters : Rs. 19,101/- (2013-14 : NIL).

xi) Figures of previous year have been recast wherever necessary.



HPCL RAJASTHAN REFINERY LTD.
(A Joint Venture of Hindustan Petroleum Corporation Ltd. and Government of Rajasthan)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31.03.2015

Note 8: SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

The financial statements are prepared on accrual basis (except otherwise stated) under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), Accounting Standards referred to in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and as per the Companies Act, 2013. Necessary estimates and assumptions are made for preparation of financial statements during the reporting period and difference between the actual and the estimates are recognised in the period in which the results materialise.

2. Significant Accounting Policies

2.1 TANGIBLE ASSETS

- a. Tangible assets are stated at cost net of accumulated depreciation / amortization
- b. Land acquired on lease for 99 years or more is treated as freehold land.
- c. Technical know-how /licence fee relating to plants/ facilities are capitalized as part of cost of the underlying asset.

2.2 INTANGIBLE ASSETS

- a. Cost of Right of Way for laying pipelines is capitalised as Intangible Asset and is amortised over a period of 99 years.
- b. Technical know-how /licence fee relating to production process and process design are recognized as Intangible Assets.
- c. Cost of Software directly identified with hardware is capitalised along with the cost of hardware. Application software is capitalised as Intangible Asset.

2.3 CONSTRUCTION PERIOD EXPENSES OF PROJECT

- a. Related expenditure (including temporary facilities and crop compensation expenses) incurred during construction period of project are shown under the head 'Capital Work in Progress'.
- b. Financing cost incurred during the construction period on loans specifically borrowed and utilised for projects is capitalised. Financing cost includes exchange rate variation in relation to borrowings denominated in foreign currency.

2.4 DEPRECIATION / AMORTIZATION

- a. Depreciation on Fixed Assets is provided on the Straight Line method, in the manner and at the rates prescribed under Schedule II to the Companies Act, 2013 and is charged pro rata on a monthly basis on assets, from / up to and inclusive of the month of capitalisation / sale, disposal or deletion during the year.
- b. All assets costing up to Rs 5000/- are fully depreciated in the year of capitalisation.
- c. Premium on leasehold land is amortised over the period of lease.
- d. Machinery Spares, which can be used only in connection with an item of fixed asset and the use of which is expected to be irregular, are depreciated over a period not exceeding the useful life of the principal item of fixed asset.
- e. Intangible Assets other than cost of right of way are amortized on a straight line basis over a period of ten years or life of the underlying plant/facility or the asset's licensed period of usage, whichever is the earliest.

2.5 FOREIGN CURRENCY TRANSACTIONS

- a. Foreign Currency transactions during the year are recorded at the exchange rates prevailing on the date of transactions.
- b. All foreign currency assets, liabilities and forward contracts are restated at the rates prevailing at the year end.
- c. All exchange differences for the Project are dealt with in Financial Statements under the head 'Capital Work in Progress' including those covered by forward contracts, where the premium / discount arising from such contracts are recognised over the period of contracts.

2.6 PROVISIONS

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.

2.7 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities are considered only for items exceeding R 5.00 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.

2.8 ACCOUNTING/CLASSIFICATION OF TRANSACTIONS IN FINANCIAL STATEMENTS

- a. Insurance claims are accounted on acceptance basis.
- b. All other claims/entitlements are accounted on the merits of each case/realisation.

