

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of the HPCL Biofuels Limited, which comprise the Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's



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

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

### **Opinion**

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

### **Report on Other Legal and Regulatory Matters**

As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of section 143 (11) of the Companies Act, 2013 and in terms of the information and explanations given to us and also on the basis of such checks as we considered appropriate, we enclose in the annexure a statement on the matters specified in paragraphs 3 & 4 of the said order.

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

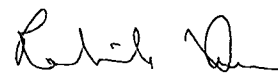
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) We have been informed by means of a certificate from the Company Secretary of the Company that none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 50 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place of Signature: Mumbai  
Date of Report: 7<sup>th</sup> May, 2015

For S K Jha & Associates  
Chartered Accountants



(CA. RATENDRA KUMAR)

Partner

Membership Number- 075813

Firm Registration Number-  
006189C



**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

Referred to under "Report on Other Legal and Regulatory Matters" paragraph of our report of even date on standalone financial statements of HPCL Biofuels Limited for the year ended on 31<sup>st</sup> March, 2015

- (i) (a) The company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets.
- (b) Physical verification of these fixed assets has been conducted during the year, the periodicity of which appears reasonable. No material discrepancy was reportedly noticed on such physical verification.
- (ii) (a) Physical verification of inventory has been conducted by the management during the year, the periodicity of which appears reasonable.
- (b) The procedures of physical verification of inventory followed by the management appear reasonable and adequate in relation to the size of the company and nature of its business.
- (c) Proper records of inventory appear to have been maintained. Material discrepancies have been noticed on physical verification, some of which have been properly dealt with in the books of accounts. Some of the material discrepancies noticed on such verification have not been so dealt with in the books of accounts since the same are being further probed by the management which has been disclosed in the financial statements.
- (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) In our opinion and according to the information and explanations given to us, there appears to be adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (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, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities. There is no arrear of undisputed statutory dues as on the last day of the financial year which was outstanding for a period of more than 6 months from the date the same became payable.



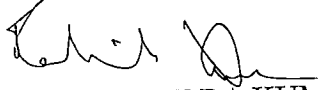
- (b) According to the information and explanations given to us, the following amounts have not been deposited on account of any dispute:

Nature of Demand	Amount involved	Forum where dispute is pending
Disallowance of input tax credit on capital goods for 2010-11	6,98,44,013/=	Sales Tax Tribunal, Bihar
Demand of Entry Tax for 2010-11	68,11,732/=	Sales Tax Tribunal, Bihar

- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) The accumulated losses of the company at the end of the financial year are not less than fifty percent of its net worth and it has incurred cash losses in this financial year and in the immediately preceding financial year.
- (ix) 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 dues to a financial institution or bank or debenture holders.
- (x) The company has given guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof do not seem prejudicial to the interests of the company.
- (xi) According to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
- (xii) No fraud on or by the company during the year were either noticed during our checking or were reported to us.

For S K Jha & Associates  
Chartered Accountants

Place of Signature: Mumbai  
Date of Report: 7<sup>th</sup> May, 2015

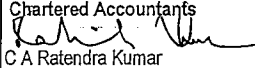


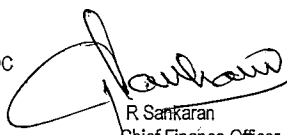
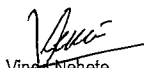
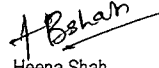
  
(CA. RATENDRA KUMAR)  
Partner  
Membership Number- 075813  
Firm Registration Number-  
006189C





**HPCL BIOFUELS LTD**  
Balance Sheet as at 31st March 2015

(Amount in Rs.)

Particulars	Note No	As At 31st March 2015	As At 31st March 2014
<b>I EQUITY AND LIABILITIES</b>			
Shareholders' Funds			
(a) Share Capital	3	6,251,715,110	6,251,715,110
(b) Reserves & Surplus	4	(4,009,395,058)	(3,165,709,083)
(c) Money Received against Share Warrants		-	-
Share Application Money Pending Allotment			
Non-Current Liabilities			
(a) Long-Term Borrowings	5	3,088,018,946	2,627,003,607
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities	6	-	-
(d) Long-Term Provisions	7	5,588,855	3,283,373
Current Liabilities			
(a) Short-Term Borrowings	8	641,832,431	220,012,985
(b) Trade Payables	9	1,003,159,058	979,435,059
(c) Other Current Liabilities	10	993,052,967	1,516,861,500
(d) Short-Term Provisions	11	36,615	38,201
<b>TOTAL</b>		<b>7,974,008,924</b>	<b>8,432,640,752</b>
<b>II ASSETS</b>			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	13	6,338,928,333	6,581,400,110
(ii) Intangible Assets		2,483,437	3,265,457
(iii) Capital Work-in-Progress	12	-	42,691,747
(iv) Intangible Assets under Development		-	-
(v) Fixed Assets Held for Sale		-	-
(b) Non-Current Investments	14	-	-
(c) Deferred Tax Assets (Net)		-	-
(d) Long-Term Loans & Advances	15	238,107,012	323,906,716
(e) Other Non-Current Assets	16	-	-
Current Assets			
(a) Current Investments	17	-	-
(b) Inventories	18	1,134,806,882	1,134,777,772
(c) Trade Receivables	19	1,629,372	102,589,994
(d) Cash & Cash Equivalents	20	35,237,101	86,379,097
(e) Short-Term Loans & Advances	21	205,338,714	140,011,969
(f) Other Current Assets	22	17,478,073	17,617,890
<b>TOTAL</b>		<b>7,974,008,924</b>	<b>8,432,640,752</b>
The accompanying notes are Integral Part of the Financial Statements			
As per our report of even date attached			
For S K Jha & Associates			
Chartered Accountants			
 C A Ratendra Kumar Partner		 B K Namdeo Director	 K V Rao Director
Membership No. 075813 Firm's ICAI Reg.No. 006189C			
 R Sankaran Chief Finance Officer		 Vinod Nehete CEO & Manager	 Heena Shah Company Secretary
Place : Mumbai Date : 07/05/2015			

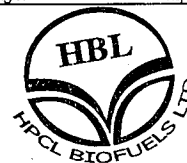




**HPCL BIOFUELS LTD**  
Statement of Profit and Loss for the Year ended 31st March 2015

(Amount in Rs.)

Particulars	Note No	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>Income</b>			
I. Revenue from Operations (Gross)	23	1,977,506,090	1,416,259,720
Excise Duty		(103,311,294)	(60,606,932)
Revenue from Operations (Net)		1,874,194,796	1,355,652,788
II. Other Income	24	9,531,801	2,055,114
<b>Total Revenue (I+II)</b>		<b>1,883,726,597</b>	<b>1,357,707,902</b>
<b>Expenses</b>			
Cost of Materials Consumed	25	1,492,959,782	1,177,496,365
Consumption of Stores & Consumables		61,506,480	24,020,423
Packing Expenses		20,929,849	14,521,970
Excise Duty on Inventory Differential		(913,780)	8,569,387
Power & Fuels	26	52,315,156	49,439,319
Changes in Inventories of Finished Goods, WIP & Stock in Trade	27	(9,539,006)	(92,176,953)
Employee Benefits Expense	28	154,555,725	121,661,153
Chemicals Consumed		31,133,115	19,964,537
Finance Costs	29	435,995,940	788,558,964
Depreciation & Amortization Expense		283,879,282	316,915,819
Other Expenses	30	213,052,647	95,220,122
<b>Total Expenses</b>		<b>2,735,875,190</b>	<b>2,524,191,106</b>
<b>Profit / (Loss) Before Exceptional &amp; Extraordinary Items and Tax</b>		<b>(852,148,593)</b>	<b>(1,166,483,204)</b>
<b>Exceptional Items</b>			
Prior Period Items	31	(238,046)	8,915,457
Provision for Gain/(Loss) on Inventory Variation	31A	8,700,664	(9,649,027)
<b>Profit / (Loss) Before Extraordinary Items &amp; Tax</b>		<b>(843,685,975)</b>	<b>(1,167,216,774)</b>
<b>Extraordinary Items</b>	32	-	8,399,218
<b>Profit / (-Loss) Before Tax</b>		<b>(843,685,975)</b>	<b>(1,158,817,556)</b>
<b>Tax Expense</b>			
(1) Current Tax Expense for Current Year		-	-
(2) (Less): MAT Credit		-	-
(3) Provision for Tax for Earlier year Written off/provided for		-	-
(4) Deferred Tax		-	-
(5) Current Tax Expenses Pertaining to Prior Years		-	-
<b>Net Current Tax</b>		<b>-</b>	<b>-</b>
<b>Profit / (Loss) from Continuing Operations</b>		<b>(843,685,975)</b>	<b>(1,158,817,556)</b>
<b>Discontinuing Operations</b>			
Profit / (Loss) from Discontinuing Operations (Before Tax)		-	-
<b>Total Operations</b>		<b>-</b>	<b>-</b>
Tax Expense on Discontinuing Operations		-	-
Profit/(Loss) from Discontinuing Operations (After Tax)		-	-
<b>Profit / (Loss) for the Year</b>		<b>(843,685,975)</b>	<b>(1,158,817,556)</b>
<b>Earnings Per Equity Share (of Rs 10/- each) :-</b>			
(1) Basic before extraordinary items		(4.11)	(5.79)
(2) Diluted before extraordinary items		(4.11)	(5.79)
(3) Basic after extraordinary items		(4.11)	(5.64)
(4) Diluted after extraordinary items		(4.11)	(5.64)
<b>The accompanying notes are Integral Part of the Financial Statements</b>			
As per our report of even date attached For S K Jha & Associates Chartered Accountants			
C A Ratendra Kumar Partner Membership No. 075813 Firm's ICAI Reg.No. 006189C		B K Namdeo Director	
Place : Mumbai Date : 07/05/2015		K V Rao Director	
R Sankaran Chief Finance Officer		Vinod Nehete CEO & Manager	
		Heena Shah Company Secretary	





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2014-15

### 1. CORPORATE INFORMATION

The Company has been formed as a wholly owned subsidiary of M/s Hindustan Petroleum Corporation, a Public Sector undertaking, as a backward integration initiative. The Company had taken over two of the closed sugar mills of Bihar State Sugar Corporation at Sugauli in East Champaran and Lauriya in West Champaran in the state of Bihar. The company is engaged in the business of manufacturing sugar and ethanol from crushing of sugarcane and generation of power from the bagasse generated in the process. Both the units of the company were commissioned during the financial year 2011-12.

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Preparation of Financial Statements

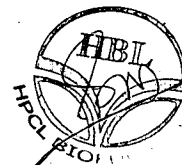
The financial statements are prepared under historical cost convention and on accounting principles of going concern in accordance with Generally Accepted Accounting Principles (GAAP), Accounting Standards referred to in the Companies (Accounts) Rule, 2014 issued by the Central Government and the relevant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

#### B. Fixed Assets

1. Land acquired on lease for 99 years or more is treated as freehold land. Land acquired for less than 99 years is treated as lease hold land.
2. Fixed Assets are carried at cost less accumulated depreciation.

#### C. Intangible Assets

1. Costs incurred on technical know-how/license fee relating to process designs/plants/facilities are capitalized as Intangible Assets.
2. Cost of Software directly identified with hardware is capitalized along with the cost of hardware. Application software is capitalized as Intangible Asset.
3. Intangible Assets are amortized on a straight line basis over the useful life of the parent





#### **D. Construction Period Expenses**

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

#### **E. Depreciation**

1. Depreciation on Fixed Assets is provided on the Straight Line method on the basis of useful life determined, in the manner and at the rates calculated based on the useful life recommended under Schedule II to the Companies Act, 2013 and is charged pro rata on a daily basis on assets, from/up to and inclusive of the month of capitalization/sale, disposal or deletion during the year. In case of restatement of carrying value of any asset due to any price adjustments warranted due to receipt of government grants, the depreciation on revised unamortised depreciable amount is charged prospectively over the residual useful life of the asset. Residual value has been considered at 5%.
2. Premium on leasehold land is amortized over the period of lease. The lease rent is charged in the respective year.
3. Machinery Spares, which can be used only in connection with an item of fixed asset and the use of which is expected to be irregular, are depreciated over a period not exceeding the useful life of the principal item of fixed asset.
4. Intangible assets of the nature of software are being depreciated over the useful life of the related computer systems/servers.

#### **F. Impairment of Assets**

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

#### **G. Provisions, Contingent Liabilities and Contingent Assets**

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





2. No provision is recognized for:

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

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

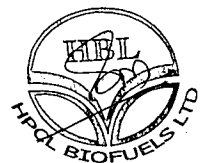
3. Contingent Assets are not recognized in the financial statements as this may result in the recognition of income that may never be realized.

**H. Taxes on Income**

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

**I. Employee Retirement Benefits**

1. In respect of provident fund, the contribution for the period is recognized as expenses and charged to Profit & Loss Account.
2. Provision for Gratuity is made based on the actuarial valuation and the difference in the provision required at year end is charged to the Profit & Loss Account. The provision is calculated using Projected Unit Credit Method which is also recommended under AS-15.
3. Provision for Leave Encashment is made based on the actuarial valuation and the difference in the provision required at year end is charged to the Profit & Loss Account. The provision is calculated using Projected Unit Credit Method which is also recommended under AS-15.





#### **J. Inventory Cost**

1. Finished goods are valued at cost on FIFO basis or net realizable value whichever is lower. Cost includes Material Cost, Conversion cost and other cost incurred to bring the inventory to its present condition and location. Absolute Alcohol has been considered as finished product as it meets all specs of ethanol.
2. Work In Progress is valued at lower of cost or estimated realizable value. Cost includes Material Cost & conversion cost as applicable.
3. Byproducts are valued at estimated realizable value.
4. Stock in trade is valued at cost on weighted average basis or net realizable value whichever is lower.
5. Stocks of stores are valued at cost on weighted average cost.

#### **K. Cash Flow Statement**

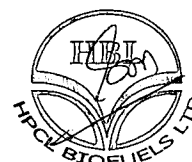
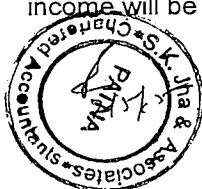
The cash flow statement is prepared by indirect method set out in AS 3 on cash flow statements and presents the cash flows by operating, investing & financing activities of the company. Cash & cash equivalent presented in the cash flow statement consist of balance in the Bank account and cash in hand.

#### **L. Excise Duty**

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

#### **M. Deferred Tax Assets / Deferred Tax Liabilities**

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





## Notes Forming Part of the Financial Statements

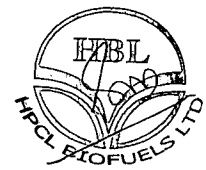
		(Amount in Rs.)	
Particulars	Note No	As At 31st March 2015	As At 31st March 2014
<b>Share Capital</b>	<b>3</b>		
<b>A. Authorised:</b>			
25,00,00,000 Equity Shares of Rs.10 each		2,500,000,000	2,500,000,000
45,00,00,000 Preference Shares of Rs. 10 Each		4,500,000,000	4,500,000,000
Total		7,000,000,000	7,000,000,000
<b>B. Issued, Subscribed, Called up &amp; Fully Paid:</b>			
20,55,20,000 Equity Shares of Rs.10 each Fully Paid up (100% Held by HPCL)		2,055,200,000	2,055,200,000
Total		2,055,200,000	2,055,200,000
1) Of the above 20,55,20,000 equity shares were allotted to the holding company "Hindustan Petroleum Corporation Ltd" except 6 equity shares which were allotted to 6 nominees of the holding company.			
2) Of the above paid up Equity Capital of Rs 2,055,200,000/- Rs.1,51,68,25,525 was received in cash after adjustment of Rs. 53,83,74,475/- (Rs. 49,17,15,248 towards preliminary & pre-incorporation expense and Rs. 4,66,59,227 towards other expenses) incurred by HPCL, holding company on behalf of HPCL Biofuels Ltd.			
41,96,51,511 nos 5 % Non Cumulative 14 year redeemable Preference Shares @ Rs.10/- each (100 % held by HPCL)		4,196,515,110	4,196,515,110
Total		4,196,515,110	4,196,515,110
Above 41,96,51,511 Preference Shares were issued to HPCL on conversion of Bridge Loans of Rs. 385,46,00,000/- and accrued interest of Rs. 34,19,15,110/- as of 24th March 2014.			
Total		6,251,715,110	6,251,715,110
<b>Reconciliation of outstanding shares (nos.)</b>		<b>Rs.</b>	<b>Rs.</b>
Equity Shares outstanding as on beginning of the year	CY 20,55,20,000	20,55,20,000	2,055,200,000
Shares issued during the year	Nil	Nil	-
Equity Shares outstanding as on end of the year	20,55,20,000	20,55,20,000	2,055,200,000
Preference Shares outstanding as on beginning of the year	41,96,51,511	Nil	4,196,515,110
Shares issued during the year	Nil	41,96,51,511	-
Preference Share outstanding as on end of the year	41,96,51,511	41,96,51,511	4,196,515,110
<b>Reserves &amp; Surplus</b>	<b>4</b>		
Capital Reserve		-	-
Capital Redemption Reserve		-	-
Share Premium Account		-	-
Debenture Redemption Reserve		-	-
Revaluation Reserve		-	-
General Reserve		-	-
Total		-	-
Capital Grant		-	-
Surplus / (Deficit) in Statement of Profit and Loss			
Opening Balance		(3,165,709,083)	(2,006,891,527)
Add: Profit / (Loss) for the Year		(843,685,975)	(1,158,817,556)
Profit Appropriated to General Reserve		-	-
Profit Appropriated to Debenture Redemption Reserve		-	-
Profit Appropriated to Proposed Dividend		-	-
Profit Appropriated to Tax on Distributed Profits		-	-
Closing Balance		(4,009,395,058)	(3,165,709,083)
Other Reserve		-	-
Total		(4,009,395,058)	(3,165,709,083)





## Notes Forming Part of the Financial Statements

		(Amount in Rs.)	
Particulars	Note No	As At 31st March 2015	As At 31st March 2014
<b>Long-Term Borrowings</b>	<b>5</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)		3,088,018,946	3,088,003,607
(Rate of Interest @ Base Rate + 1.70% Fixed Spread)		-	(461,000,000)
<b>TOTAL (A+B)</b>		<b>3,088,018,946</b>	<b>2,627,003,607</b>
<b>Other Long Term Liabilities</b>	<b>6</b>		
Other Deposits		-	-
Accrued Charges/Credits		-	-
Other Liabilities		-	-
		-	-
<b>Long Term Provisions</b>	<b>7</b>		
Provision for Gratuity		4,190,171	2,131,467
Provision for Leave Encashment		1,398,684	1,151,906
<b>Total</b>		<b>5,588,855</b>	<b>3,283,373</b>
<b>Short Term Borrowings</b>	<b>8</b>		
<b>Secured Loans</b>			
Cash Credit (Hypothecation of Debtors & Inventory)		641,832,431	220,012,985
(Rate of Interest @ Base Rate + 1.25% Fixed Spread)		-	-
Overdrafts from Banks (Secured by Hypothecation of Stock-in-Trade)		-	-
<b>TOTAL A</b>		<b>641,832,431</b>	<b>220,012,985</b>
<b>Un-Secured Loans</b>			
Short Term Loans from Banks (Repayable in Foreign Currency)		-	-
Clean Loans from Banks		-	-
Inter Company Deposits		-	-
Commercial Paper		-	-
Loans & Advances from Related Parties		-	-
<b>TOTAL B</b>		<b>-</b>	<b>-</b>
<b>TOTAL (A+B)</b>		<b>641,832,431</b>	<b>220,012,985</b>
<b>Trade Payables</b>	<b>9</b>		
(i) Total Outstanding dues of Micro, Small & Medium Enterprises		-	-
(ii) Total outstanding dues of creditors other than above Creditors			
Operating Expenses Payable to HPCL		63,733,877	49,264,122
Accrued Expense - Payable		113,651,572	64,293,151
Advance Received From Farmers for Cane seeds		-	-
Payable to Cane Growers		708,445,989	835,794,831
Retention from Vendors		14,240,274	12,120,553
Payable to Trade Vendors		103,087,346	17,962,402
<b>Total</b>		<b>1,003,159,058</b>	<b>979,435,059</b>

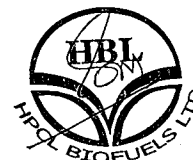




## Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As At 31st March 2015	As At 31st March 2014
<b>Other Current Liabilities</b>	<b>10</b>		
WCT Payable		307,526	230,126
TDS Payable		1,306,907	39,018,845
Sales Tax Payable		-	1,978,904
Excise Payable		44,208,243	44,531,877
Payable to Contractor/Vendor (Capital Assets)		418,485,506	447,155,895
Security Deposit from Contractors		14,396,343	11,248,733
Road Map Scheme - Lauriya		12,032	11,032
Farmer Loan		85,924	36,499
Accrued Liability-EPCC Vendor		135,459,089	148,863,688
Payable to Zone Development Council		2,308,031	692,828
PF Contribution Employee		917,875	1,262,661
Unclaimed Cheque		1,107,071	835,354
Interest Accrued but not due		30,685,602	7,465,460
<b>Current Maturities of Long Term Debt</b>			
- Bank Term Loan (C.Y-Nil), (P.Y-4 installments of Rs.11.53 Cr each)		-	461,000,000
Inter Office Balance		-	-
Payable To Employee		7,943,696	15,651,601
Payable To Govt (Others)		-	13,112
Misc Other Current Liabilities		164,294	117,067
Advance From Customers		335,664,828	336,747,818
<b>Total</b>		<b>993,052,967</b>	<b>1,516,861,500</b>
<b>Short-Term Provisions</b>	<b>11</b>		
Provision for Other Employee Benefits		36,615	38,201
Provision for Tax (Net)		-	-
Provision For Dividend		-	-
Provision for Fringe Benefit Tax		-	-
Tax on Distributed Profits		-	-
Provision for Other Tax and Govt Payable		-	-
Provision for Other Liabilities		-	-
<b>Total</b>		<b>36,615</b>	<b>38,201</b>
<b>Capital Work-In-Progress</b>	<b>12</b>		
Unallocated Capital Expenditure and Materials at Site		-	42,691,747
Capital Stores		-	-
Capital Stores Lying with Contractors		-	-
Capital Goods in Transit		-	-
<b>Total</b>		<b>-</b>	<b>42,691,747</b>
<b>Construction Period Expenses Pending Apportionment (Net of recovery) :</b>			
Establishment Charges		-	-
Interest		-	-
Other Borrowing Cost		-	-
Depreciation		-	-
Other Expenses Incurred During Construction		-	-
<b>Total</b>		<b>-</b>	<b>-</b>



**NOTE 13 - DEPRECIATION & AMORTISATION**

(Amount in Rs.)

Cost or Value	Tangible Assets						Tangible Assets Total (Rs.)	Intangible Assets Computer Software	Total
	Leasehold Land	Freehold Land	Plant & Machinery	Furniture & Fixtures	Computers & Printers	Building			
<b>As on 01.04.13</b>	9026,81,264	20,36,219	56234,63,557	121,22,652	172,33,213	4830,51,387	70405,88,293	40,65,514	70446,53,807
Additions	-	-	5447,46,397	28,400	-	29,64,334	5477,39,131	8,70,480	5486,09,611
Disposals	-	-	(67,03,981)	-	-	-	(67,03,981)	-	(67,03,981)
Transfer to Assets held for Sale	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	(702,09,822)	-	-	-	(702,09,822)	-	(702,09,822)
Exchange Difference	-	-	-	-	-	-	-	-	-
Borrowing Cost	-	-	195,90,113	-	-	-	195,90,113	-	195,90,113
<b>31.03.14</b>	9026,81,264	20,36,219	61108,86,264	121,51,052	172,33,213	4860,15,721	75310,03,734	49,35,994	75359,39,728
Additions	-	-	412,61,149	-	5,25,761	-	417,86,910	-	417,86,910
Disposals	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	(11,61,428)	-	(11,61,428)	-	(11,61,428)
Exchange Difference	-	-	-	-	-	-	-	-	-
Borrowing Cost	-	-	-	-	-	-	-	-	-
<b>At 31.03.15</b>	9026,81,264	20,36,219	61521,47,413	121,51,052	165,97,546	4860,15,721	75716,29,216	49,35,994	75765,65,210

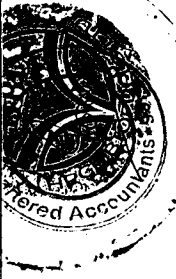
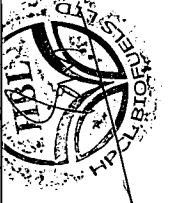
<b>Depreciation</b>									
<b>As on 31.03.14</b>	781,90,836	-	8370,12,570	24,46,322	66,34,859	253,19,036	9496,03,623	16,70,537	9512,74,160
Charge for the Year	150,44,688	-	2419,30,976	13,37,783	68,65,170	179,18,645	2830,97,262	7,82,020	2838,79,282
Disposal/Adjustments	-	-	-	-	-	-	-	-	-
<b>As on 31.03.15</b>	932,35,524	-	10789,43,546	37,84,105	135,00,029	432,37,681	12327,00,885	24,52,557	12351,53,442

<b>Impairment Loss</b>									
<b>As on 01.04.13</b>	-	-	-	-	-	-	-	-	-
<b>At 31.03.14</b>	-	-	-	-	-	-	-	-	-
Charge for the Year	-	-	-	-	-	-	-	-	-
<b>As on 31.03.15</b>	-	-	-	-	-	-	-	-	-

**Net Block (Gross Value-Depreciation-Impairment Loss)**

<b>As on 31.03.14</b>	8244,90,428	20,36,219	52738,73,694	97,04,730	105,98,354	4606,96,685	65814,00,111	32,65,457	65846,65,568
<b>As on 31.03.15</b>	8094,45,740	20,36,219	50732,03,867	83,66,947	30,97,517	4427,78,040	63389,28,331	24,83,437	63413,11,768

(Rounding of errors have been adjusted)

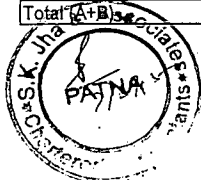




## Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As At 31st March 2015	As At 31st March 2014
<b>Non-Current Investments</b>	<b>14</b>		
<b>Trade Investments</b>			
<b>Quoted</b>			
Investment in Equity		-	-
Investments in Joint Venture		-	-
<b>Un - Quoted</b>			
Investment in Equity		-	-
Investments in Subsidiary		-	-
Investments in Joint Venture		-	-
Investment in Preference Shares		-	-
Investments in Joint Venture		-	-
<b>Total Trade Investments - A</b>		-	-
<b>Other Investments</b>			
<b>Quoted</b>			
Investment in Equity		-	-
Investment in Government or Trust Securities		-	-
<b>Un - Quoted</b>			
Investment in Government or Trust Securities		-	-
Investment in Debentures or Bonds		-	-
Investment in Other non - Current Investments		-	-
<b>Total Other Investments - B</b>		-	-
<b>Total Non - Current Investments (A+B)</b>		-	-
<b>Long-Term Loans &amp; Advances</b>	<b>15</b>		
<b>Secured, Considered Good</b>			
Advances Recoverable in cash or in kind or for value to be received		-	-
Interest Accrued thereon		-	-
Capital Advances		39,044,391	21,523,148
<b>Unsecured</b>			
<b>Unsecured, Considered Good</b>			
Capital Advances		-	-
Advances Recoverable in Cash or in kind or for Value to be Received (BSEB)		11,346,923	22,693,846
Balances with Excise, Customs, Port Trust etc.		186,918,198	278,854,222
Other Deposits		797,500	835,500
Prepaid Expenses		-	-
Amounts Recoverable under Subsidy Schemes		-	-
Share Application Money Pending Allotment		-	-
Advance Towards Equity		-	-
Loan given to Subsidiaries & JVs		-	-
Other Accounts Receivable		-	-
Less : Provision for Doubtful Receivables		-	-
<b>Total A</b>		238,107,012	323,906,716
<b>Unsecured, Considered Doubtful:</b>			
Accounts Receivable & Deposits		-	-
Less : Provision for Doubtful Receivables		-	-
<b>Total B</b>		-	-
<b>Total (A+B)</b>		238,107,012	323,906,716

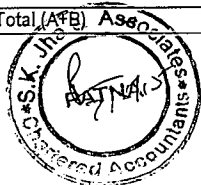




## Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As At 31st March 2015	As At 31st March 2014
<b>Other Non-Current Assets</b>	<b>16</b>		-
<b>Current Investments</b>	<b>17</b>		
Non - Trade Investments (Quoted)		-	-
<b>Total</b>		-	-
<b>Inventories</b>	<b>18</b>		
<b>A. Inventories as per books</b>			
(Inventory Taken, Valued & Certified by the Management)			
Raw Materials (Including in Transit - Raw Materials)		-	-
Finished Products		1,017,347,275	944,368,880
Bio-Compost		3,500,000	4,550,000
Stock-in-Trade		11,313	50,148
Work in Progress		76,964,571	139,315,125
Packages		5,714,375	7,090,525
Process Materials & Lubes		5,995,064	13,144,451
Stores & Spares		26,222,647	35,907,670
<b>Total</b>		<b>1,135,755,245</b>	<b>1,144,426,799</b>
<b>B. Provision for Gain/(Loss) on Inventory Variation</b>			
Finished Products		(948,363)	(15,476,743)
Work in Progress		-	5,827,716
<b>Total</b>		<b>(948,363)</b>	<b>(9,649,027)</b>
<b>C. Net Inventories</b>			
Raw Materials (Including in Transit - Raw Materials)		-	-
Finished Products		1,016,398,912	928,892,137
Bio-Compost		3,500,000	4,550,000
Stock-in-Trade		11,313	50,148
Work in Progress		76,964,571	145,142,841
Packages		5,714,375	7,090,525
Process Materials & Lubes		5,995,064	13,144,451
Stores & Spares		26,222,647	35,907,670
<b>Total</b>		<b>1,134,806,882</b>	<b>1,134,777,772</b>
<b>Trade Receivables Over six months (from the due date):</b>			
<b>Over six months (from the due date):</b>	<b>19</b>		
Secured Considered Good		-	-
Un - Secured Considered Good		-	-
Considered Doubtful		-	-
Less: Provision for Doubtful Debts		-	-
<b>Total A</b>		-	-
<b>Others</b>			
Secured Considered Good		-	-
Un - Secured Considered Good		1,629,372	102,589,994
Considered Doubtful		-	-
Less: Provision for Doubtful Debts		-	-
<b>Total B</b>		<b>1,629,372</b>	<b>102,589,994</b>
<b>Total (A+B)</b>		<b>1,629,372</b>	<b>102,589,994</b>





## Notes Forming Part of the Financial Statements

(Amount in Rs.)

Particulars	Note No	As At 31st March 2015	As At 31st March 2014
<b>Cash and Cash Equivalents</b>	<b>20</b>		
<b>i. Cash &amp; Cash Equivalents</b>			
Cash on Hand		2,231	16,298
Cheques Awaiting Deposit		-	-
<b>Balances With Scheduled Banks:</b>			
- On Current Accounts		35,234,870	86,362,799
- On Non-operative Current Accounts		-	-
<b>ii. Other Bank Balances</b>			
With Scheduled Banks:			
- On Fixed Deposit Accounts		-	-
- On Fixed Deposit Accounts (more than 12 months)		-	-
<b>Total</b>		<b>35,237,101</b>	<b>86,379,097</b>
<b>Short-Term Loans &amp; Advances</b>	<b>21</b>		
<b>Secured, Considered Good</b>			
Advances recoverable in cash or in kind or for value to be received		-	-
Interest Accrued thereon		-	-
<b>Unsecured</b>			
<b>Considered Good</b>			
Advances recoverable in cash or in kind or for value to be received		-	-
Balances with Excise, Customs, Port Trust etc.		107,733,198	107,623,618
Other Deposits		-	-
Prepaid Expenses		5,527,957	5,015,601
Amounts Recoverable under Subsidy Schemes		79,236,254	22,253,363
Share Application Money Pending Allotment		-	-
Loans to Related Party		-	-
Employee Advance		326,090	455,941
Vendor Advance		9,041,254	928,397
LD Recoverable		-	-
Receivable from Farmer for Cane Seed		1,018,020	863,049
Other Accounts Receivable		2,872,000	2,872,000
Provision for Doubtful Receivables		(416,059)	-
Other Advances		-	-
Total A		205,338,714	140,011,969
<b>Unsecured, Considered Doubtful</b>			
Accounts Receivable & Deposits		-	31,119
Provision for Doubtful Receivables		-	(31,119)
Total B		-	-
<b>Total (A+B)</b>		<b>205,338,714</b>	<b>140,011,969</b>
<b>Other Current Assets</b>	<b>22</b>		
Interest Accrued on Bank Deposits/Investments		-	-
Rent Receivable		-	139,817
Other Recoverable		6,131,150	6,131,150
Instalment of BSEB Advance Receivable		11,346,923	11,346,923
<b>Total</b>		<b>17,478,073</b>	<b>17,617,890</b>





## Notes Forming Part of the Financial Statements

(Amount in Rs.)

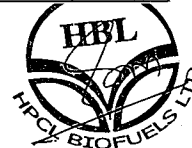
Particulars	Note No	As At 31st March 2015	As At 31st March 2014
<b>Revenue from Operations</b>	<b>23</b>		
Gross Sales			
Sale of Products		1,883,985,719	1,386,757,660
Sale of Services		-	-
Other Operating Income		93,075,663	29,502,060
Excise Duty		(103,311,294)	(60,606,932)
Recovery under Subsidy Schemes		444,708	-
Total		1,874,194,796	1,355,652,788
<b>Other Income</b>	<b>24</b>		
Other Operating Revenue			
Rent Recoveries		3,149,368	624,600
Miscellaneous Income		6,370,849	313,644
Total A		9,520,217	938,244
Other Income			
Interest On Deposits		-	-
Interest On Staff Loans		-	-
Interest On Customers' Accounts		-	-
Interest (Gross) Long Term Investments		-	-
Interest (Gross) Current Investments		-	-
Interest (Gross) On Others		11,584	36,371
Profit on Sale of Fixed Assets (Net)		-	-
Miscellaneous Income		-	1,080,499
Total B		11,584	1,116,870
Total (A+B)		9,531,801	2,055,114
<b>Cost of Materials Consumed</b>	<b>25</b>		
Cane Purchase		1,463,156,024	1,151,453,286
Cane Transportation		17,253,384	17,575,358
ZDC Commission		2,893,941	2,182,374
Cane-Other Procurement cost		9,656,433	6,285,347
Total		1,492,959,782	1,177,496,365
<b>Power &amp; Fuels</b>	<b>26</b>		
Baggasse Cost, Fuels & Handling		16,750,587	26,698,831
Rice Husk & Firewood		-	1,628,119
Power Import		35,564,569	21,112,369
Total		52,315,156	49,439,319





## Notes Forming Part of the Financial Statements

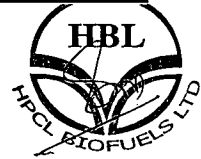
		(Amount in Rs.)	
Particulars	Note No	As At 31st March 2015	As At 31st March 2014
<b>Changes in Inventories of Finished Goods Work-in-Progress &amp; Stock in Trade</b>	<b>27</b>		
Inventories at the end of the period (as per books)			
Work in Progress		76,964,571	139,315,125
Finished Products		1,017,347,275	944,368,880
Bio Compost		3,500,000	4,550,000
Stock-In-Trade		11,313	50,148
Total A		1,097,823,159	1,088,284,153
Inventories at the beginning of the period			
Work in Progress		139,315,125	140,037,547
Finished Products		944,368,880	843,335,012
Bio Compost		4,550,000	4,275,000
Stock-In-Trade		50,148	8,459,641
Total B		1,088,284,153	996,107,200
<b>Total (B-A)</b>		<b>(9,539,006)</b>	<b>(92,176,953)</b>
<b>Employee Benefits Expense</b>	<b>28</b>		
Salaries, Wages, Bonus, etc.		115,043,629	93,230,610
Employees Allowances & Other Benefits		29,457,347	20,633,782
Employees Recruitment & Training		38,818	2,558,219
Contribution to Provident Fund		7,356,985	5,563,464
Pension, Gratuity etc.		2,303,896	(324,922)
Employee Welfare Expenses		355,050	-
Total		154,555,725	121,661,153
<b>Finance Costs</b>	<b>29</b>		
(a) Interest Expense		435,995,940	788,446,604
(b) Other Borrowing Costs		-	112,360
(c) Applicable Net Gain/Loss on Foreign Currency Transactions & Translation		-	-
Total		435,995,940	788,558,964
<b>Other Expenses</b>	<b>30</b>		
Ethanol Transportation		79,060,960	-
Repairs & Maintenance - Buildings		2,316,455	1,367,068
Repairs & Maintenance - Plant & Machinery		26,692,726	11,586,613
Repairs & Maintenance - Other Assets		5,637,988	5,131,591
Insurance		5,965,276	7,536,916
Rates & Taxes		500,848	8,998,045





## Notes Forming Part of the Financial Statements

		(Amount in Rs.)	
Particulars	Note No	As At 31st March 2015	As At 31st March 2014
Rent		524,420	502,550
Travelling & Conveyance		9,250,473	8,092,956
Contract Labour		12,725,582	16,504,688
Printing & Stationery		669,672	401,469
Electricity & Water		277,856	292,327
Advisor Fees		-	186,192
Cane Development Expense		1,180,054	1,381,792
Discount on Cogen		1,161,226	50,896
Other Supplies		436,507	164,477
Telephone & Fax		498,341	473,454
Postage & Telegram		220,298	169,809
Sitting Fees		-	80,000
Provision for Doubtful Debts (After Adjusting Provision no Longer Required)		416,059	-
Other Manufacturing Expenses		7,672,598	4,929,684
Additional Depreciation (as per note no. 55)		1,161,428	-
Security Charges		12,388,097	11,552,382
Advertisement & Publicity		135,537	442,310
Sundry Expenses & Charges (Not otherwise classified)		18,755,517	12,104,168
Consultancy & Technical Services		25,208,423	3,094,267
<b>Auditor Expenses</b>			-
- Statutory Audit Fees		120,000	80,000
- Other Services		-	24,000
- Other Expenses		76,306	72,468
<b>Exchange Rate Variation (Net)</b>		-	-
<b>Total</b>		<b>213,052,647</b>	<b>95,220,122</b>
<b>Prior Period Income/(Expenses)</b>	<b>31</b>		
Cane Development Expense		-	83,092
Other Expenses		-	(37,475)
Consumption of Stores & Consumables		-	(1,226,253)
Interest Received -Farmers		-	28,162
Interest on Borrowing Cost being Capitalised		-	9,339,931
Change in Fertiliser Inventory		-	728,000
Freight Outward & Contract Labour		(238,046)	-
<b>Total</b>		<b>(238,046)</b>	<b>8,915,457</b>
<b>Provision for Gain/(Loss) on Inventory Variation (Refer Note no. 49)</b>	<b>31A</b>		
Reversal of Last Year Provision on Inventory Variation		9,649,027	-
Provision for Gain/(Loss) Current Year		(948,363)	(9,649,027)
		<b>8,700,664</b>	<b>(9,649,027)</b>
<b>Extraordinary Items</b>	<b>32</b>		
ZDC Commission Reversal of Last Year Provision		-	8,399,218
<b>Total</b>		<b>-</b>	<b>8,399,218</b>



33 (a) Disclosures for a Manufacturing Company

Particulars	2014-15			2013-14		
	Book Stock	Provision for Gain/(Loss)	Net Inventory	Book Stock	Provision for Gain/(Loss)	Net Inventory
	Rs	Rs	Rs	Rs	Rs	Rs
Work in Progress	-	-	-	50,642,049	-	50,642,049
Stock in Process	-	-	-	141,609	-	141,609
Sugar in Process	1,417,045	-	1,417,045	29,936,592	-	29,936,592
Rectified Spirit	75,547,525	-	75,547,525	58,594,875	5,827,716	64,422,591
Molasses	-	-	-	-	-	-
Syrup	-	-	-	-	-	-
Total	76,964,570	-	76,964,570	139,315,125	5,827,716	145,142,841

(b) Raw Material

Particulars	Consumption (2014-15)		Consumption (2013-14)	
	Quantity MT	Amount Rs	Quantity MT	Amount Rs
Purchase of Cane	588,619	1,463,156,024	467,860	1,151,453,286
Other costs incidental to cane purchase	-	29,803,758	-	26,043,079
Total	588,619	1,492,959,782	467,860	1,177,496,365

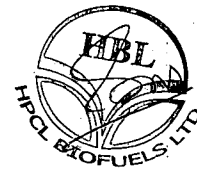
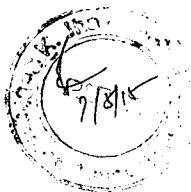
(c) Manufactured Goods

Finished Goods	Opening Stock		Production		Sales		Provision for Gain/(Loss)		Closing Stock	
	Qty	Amount Rs.	Qty	Qty	Gross Turnover Rs.	Net Turnover Rs.	Qty	Amount Rs.	Qty	Amount Rs.
Sugar (MT)*	22,769	740,669,255	46,211	33,740	976,907,460	944,135,409	(37.40)	(948,363.00)	35,125	924,594,473
	(21,951)	(707,756,791)	(33,252)	(32,433)	(962,622,491)	(931,486,412)	(423)	(15,474,895)	(22,347)	(725,194,361)
Ethanol (KL)	5,273	203,699,625	13,117	16,190	706,673,423	636,134,180	-	-	2,200	91,804,439
	(4,469)	(139,853,221)	(7,684)	(6,880)	(267,907,916)	(238,437,063)	(0.05)	(1,848)	(5,273)	(203,697,776)
Power (KWH)	-	-	54,042,000	31,184,638	197,091,638	197,091,638	-	-	-	-
	-	-	(51,812,000)	(32,600,518)	(152,244,418)	(152,244,418)	-	-	-	-

Note: Figures in brackets represent previous year figures.

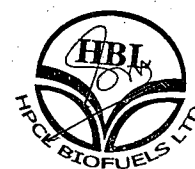
Note: Figures in brackets represent previous year figures except in column of "Provision for Gain/(loss) where loss of current year also is shown within brackets.

\*The sugar production figure includes 67.7 MT produced by reprocessing 77.7 MT of old stock (Sugauli unit-Mar'2015). Closing stock of sugar has, therefore, been adjusted down for the same by 77.7 MT.



### 34. DEFERRED TAX LIABILITY FOR THE YEAR ENDED MARCH 31,2015

Sl No	Timing differences	Amount (Rs)	DTA @ 30.90%	DTL @ 30.90%
1	Differences in book & tax depreciation WDV as per books of accounts as at March 31,2015 Less : WDV as per Income Tax Act as at March 31,2015 Difference ( If WDV as per IT is more than the WDV as per books then DTA is created, otherwise DTL)	6,341,411,768 3,591,978,852 (2,749,432,916)		849,574,771
2	Expenditures covered by section 43 B which are outstanding as on 31 March and not paid on or before the due date of filing of return Employer's contribution to PF, superannuation fund, annuity fund or other fund for the welfare of the employees Leave Encashment Gratuity Bonus Debtors Rent equalisation reserve CENVAT	245,192 2,058,704	75,764 636,140	
4	Losses available for set off- Nil	5,928,905,734	1,832,031,872	
	Total as on March 31,2015		1,832,743,776	849,574,771
	Net Deferred tax asset as on March 31,2015		983,169,005	-
	Net Deferred tax asset as on March 31 of the previous year		720,809,343	-
	Amount to be debited / credited to statement of profit and loss			-



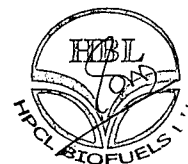
### 35. Segment Reporting

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

Sl No	Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
1	Segment Revenue	Rs.	Rs.
	a) Sugar	1,572,402,724	1,330,352,388
	b) Ethanol	645,821,521	247,262,135
	c) Co-Gen	578,264,080	434,527,901
	d) Unallocated	13,575,887	6,089,464
	Total	2,810,064,213	2,018,231,887
	Less: Inter Segment	926,337,616	682,777,348
	Net Segment Revenue	1,883,726,597	1,335,454,539
2	Segment Results		
	a) Sugar	(361,175,269)	(165,723,918)
	b) Ethanol	74,192,892	(29,748,592)
	c) Co-Gen	(41,689,631)	(67,423,940)
	d) Unallocated	(43,027,606)	(73,397,642)
	Total	(371,699,614)	(336,294,093)
	Less: Interest	435,995,940	788,558,964
	Less: Other Unallocable Exp.	35,990,421	33,964,499
	Total Profit Before Tax	(843,685,975)	(1,158,817,556)
3	Segment Assets		
	a) Sugar	3,770,113,509	3,643,439,691
	b) Ethanol	1,272,600,769	1,471,192,090
	c) Co-Gen	1,906,237,539	2,171,994,071
	d) Unallocated	1,008,675,727	1,146,014,901
	Total	7,957,627,543	8,432,640,752
4	Segment Liability		
	a) Sugar	1,034,288,955	1,281,013,221
	b) Ethanol	633,764,851	539,466,093
	c) Co-Gen	119,905,094	73,424,937
	d) Unallocated	3,927,348,591	3,452,730,474
	Total	5,715,307,491	5,346,634,725
5	Capital Employed [Segment Assets-Segment Liability]	2,242,320,052	3,086,006,027
6	Capital Expenditure incl. Change in CWIP		
	a) Sugar	-	395,773,597
	b) Ethanol	-	2,134,452
	c) Co-Gen	-	30,887,409
	d) Unallocated	-	-
	Total	-	428,795,458
7	Depreciation		
	a) Sugar	114,425,526	120,096,213
	b) Ethanol	44,280,948	58,768,772
	c) Co-Gen	92,061,436	114,160,399
	d) Unallocated	33,111,372	23,890,434
	Total	283,879,282	316,915,819
8	Non Cash Expenditure Other Than Depreciation	Nil	Nil

#### Other Disclosures:

2. Segments have been identified in line with the Accounting Standard - 17 "Segment Reporting" taking into account the organisation structure as well as differing risks and returns.
3. The Segment revenue, results, assets and liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.
4. The segment performance has been worked out after attributing the realisable value of inter segment transfer of material.
5. Segment assets and liabilities represents assets and liabilities in respective segment. Assets and liabilities that cannot be allocated to segment on reasonable basis have been disclosed as unallocable.
6. Previous year figures have been regrouped/reclassified wherever necessary.





### 36. Lease Hold Land

Leasehold Land is being amortized over a period of 60 years on SLM. Amortization value corresponding to pre-capitalization period has been capitalized. Rs.1,50,44,688/-being amortization for the year 2014-15 (Rs. 1,50,44,365/- for 2013-14) is being charged to Statement of Profit & Loss. The details of leasehold land (location wise) is as follows-

Unit wise Leasehold Land	Lauriya Unit	Sugauli Unit	Total
Farm Area (Acres)	138.79	199.45	338.24
Plant Area (Acres)	56.65	89.92	146.57
Total Leasehold Land (Acres)	195.44	289.37	484.81
Total Lease Premium (Rs.)	450,000,000	500,000,000	950,000,000
Acquisition Cost Rs. (Net of Scrap Sale)	408,443,952	494,237,312	902,681,264

### 37. Plant Capacity

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

### 38. Excise Claim with GOB

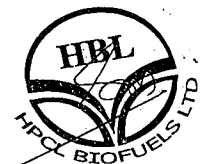
Claim has been lodged with Government of Bihar for Reimbursement of excise duty on sugar sales. Considering the significant uncertainty over its realization, it would be accounted on receipt of the amount from GoB.

### 39. Consumption of Raw Materials

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

### 40. SLDC

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





#### 41. 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 2015 was 13738 units (PY 4,559 units) and their value at the floor price of Rs.1,500/- stood at Rs. 20,607,000 /- (PY Rs.6,838,500/-).

#### 42. Micro, Small & Medium Creditors

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

#### 43. 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.

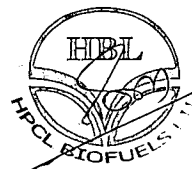
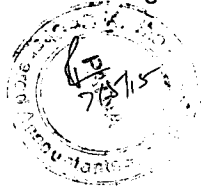
#### 44. Secured Loan

Existing term loan with UBI was repayable in 36 equal quarterly instalments starting from January 2012 carrying a rate of interest @ base rate +1.75% fixed spread. During the year the company had refinanced the balance of this loan of Rs.3,088,018,946/- with State Bank of India who have granted a two year moratorium on repayment and a further 12 year repayment period. The loan is repayable in 48 structured instalments starting from Q2 of FY 2016-17 carrying interest @ base rate + 1.70% fixed spread. The term loan is secured by equitable mortgage of Land, Building & Fixed Assets The Balance of Term loan as on 31.03.2015 was Rs.3,088,018,946/- (PY Rs. 3,088,003,607/-)

Simultaneously, the working capital loan of Rs.431,400,000/- attracting interest @ base rate + 1.75% fixed spread has also been refinanced with State Bank of India with enhanced limit of Rs.700,000,000/ with interest @ base rate + 1.25% fixed spread. The working capital loan is secured by hypothecation of Stocks & Debtors of the company. The Working Capital Loan balance as on 31.03.2015 was Rs.641,832,431/- (Rs. 220,012,985/- as on 31.03.2014)

#### 45. CENVAT / Input Tax Credit:

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





CENVAT credit utilized during the year on sale of ethanol and sugar is Rs. 97,668,684/- (Rs. 52,912,339/- in 2013-14) and Input Tax credit utilized on sale of ethanol is Rs.14,974,859/- (Rs. 9,002,432 in 2013-14).

**46. Provision for Gratuity & Leave Encashment**

Provision for gratuity of Rs. 4,190,171/- (PY- Rs. 2,131,467/-) has been made towards Retirement benefits for employees during the year based on Actuarial Valuation as of 31.3.2015. Provision for Leave Encashment of Rs. 1,435,299/- (PY –Rs. 1,190,107) has been made based on Actuarial Valuation as of 31.03.2015.

**47. Penalty Recovered & Kept as Retention Money.**

An amount of Rs.151,416,403/-was recovered through encashment of Bank Guarantees from one of the EPCC contractors. Out of this Rs.119,700,000/- is towards penalty for shortfall in performance and Rs.31,716,403/-is towards additional retention against defective supplies. The contractor had invoked the Arbitration Clause and the Arbitrator has since been appointed. Hence this amount has been accounted as retention money in 'Payable to Contractor / Vendor (Capital Assets)' in Other Current Liabilities (Note no 10). Arbitration proceedings are in progress and depending upon the outcome of the arbitration proceedings, necessary accounting would be done.

**48. Provision for Income Tax**

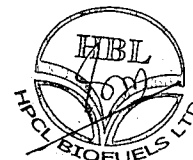
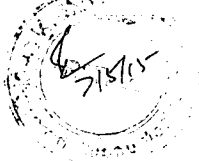
As company has incurred losses during the current financial year, no provision for income tax has been made.

**49. Provision for inventory variation**

A net provision of Rs.(9,649,027) relating to differences observed in physical verification of inventory was made as on 31<sup>st</sup> March 2014. Subsequently during the year, the holding company had appointed an external audit firm to do a complete inventory verification. The firm has since submitted their report observing normal losses. Subsequently, on 30/31.3.2015, the inventory was physically verified again. Based on these physical verification reports, the provision made during 2013-14 has been reversed.

The large negative variation during the last year is found as due to improper stacking of sugar bags and taking inventory when the production was still going on. Necessary controls have been put in place for proper stacking of sugar bags and inventory verification at regular intervals.

Actual variation in physical inventory observed during the year amounting to Rs.(948365) has been provided for in the current year. Positive variation in the closing stock of molasses of 1457 MT amounting to Rs.41.88 lacs has not been taken into accounts due to inconsistent results in different verifications. The same would be investigated and appropriate action would be taken based on the outcome of the investigation.



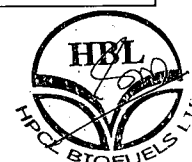
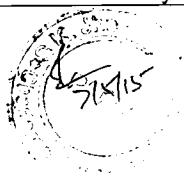


**50. Remaining Contracts/Contingent Liabilities & Management Remuneration etc.**

Sl.	Description	2014-15 Amount(Rs.)	2013-14 Amount(Rs.)
A.	Estimated amount of contracts remaining to be executed on capital account not provided for.	7,77,75,396	1,824,088
B.	<b>Claims against the company not acknowledged as debts</b>		
	Wrong disallowance of Input Tax Credit claimed on capital goods for 2010-11. Appeal lying before Sales Tax Tribunal, Bihar	69,844,013/-	69,844,013/-
	Erroneous demand for 2010-11 of Entry Tax based on proportional amounts, ignoring the actual tax paid. Appeal lying before Sales Tax Tribunal, Bihar	6,811,732/-	6,811,732/-
	Arbitration against M/s Robarant Engineers for termination of contract. Award in favor of HBL	-	14,200,000
C.	<b>Other Contingent Liabilities</b>		
	Corporate Guarantee given to the State Bank of India for Agriculture financing arrangement with farmers	20,000,000	20,000,000
	Interest and Penalty for Delay in deposit of Provident Fund dues.	-	32,103/-
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 )	4028495	3,406,460
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

**51. Related parties**

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





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

Nature of transaction	2014-15 (Amount in Rs)	2013-14 (Amount in Rs)
Advance Taken against supplies of Ethanol	746,500,000	540,000,000
Balance advance as on 31.03.2015	335,654,966	293,569,917
Interest Paid during the year to HPCL on Ethanol Advance	26,007,418	7,226,540
Sale of Ethanol to HPCL	740,188,160	238,437,063
Purchase of Lubes from HPCL	1,895,823	1,997,894
Purchase of Sulphur from HPCL	4,149,241	-
Sale of Movable Fixed Assets	-	5,790,528
Other Expenditure incurred by HPCL on behalf of HBL	941,564	1,110,027
Manpower cost of employees on deputation and establishment expenses including Service Tax	14,889,469	11,415,236

**53. Payments to auditors**

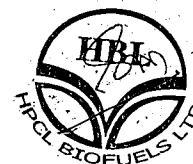
Expenses incurred towards statutory auditor's remuneration during the year as under:

	2014-15	2013-14
As Auditors – Statutory audit	Rs.1,20,000/-	Rs 80,000/-
(a) For Taxation matters	-	-
(b) For Company law matters	-	-
(c) For management services	-	-
(d) For other services	-	Rs.24,000/-
(e) For reimbursement of expenses	76306 /-	Rs.72,468/-

**54. Power Report**

Description	2014-15		2013-14	
	Quantity in KWH	Amount Rs.	Quantity in KWH	Amount Rs.
Generation	54,062,000	281,663,020	51,812,000	241,962,040
Export	31,184,638	162,471,963	32,600,518	152,244,419
Captive Consumption	22,867,472	119,139,528	23,005,652	107,436,397
Import	6,062,523	31,585,745	4,823,106	22,523,903
Energy Loss	9,924	51,702	1,028,935	4,805,128
Total Consumption	28,929,995	150,725,274	27,828,758	129,960,300

- Power export and import figures are as per joint meter reading with Bihar State Electricity Board as provided in Power Purchase Agreement.
- Generation, consumption and captive consumption figures are as per company meter
- The figure stated as energy loss is a derived figure. Nature and reasons of energy loss is being looked into.





#### 55. Additional Depreciation

For the assets which have already exhausted their useful life as per Schedule II by 31.3.2015, the carrying amount in the books, after retaining their residual values, has been charged off to the Profit & Loss account. This has been shown under the head 'Additional Depreciation' in the note 30. The total depreciation during the year as per old Schedule of companies Act 1956 would have been Rs. 33,97,44,460/-. Therefore the depreciation for current year is lower by Rs. 5,58,65,178/- due to charging of depreciation as per Schedule II of Companies Act, 2013.

#### 56. Accounting of Cane Subsidy

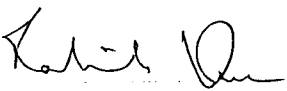



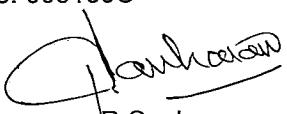

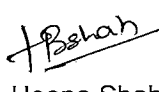
Cane subsidy receivable from Government of Bihar had been shown as extra ordinary item in the previous year. Considering the difficult financial condition of the sugar mills, state governments are continuing the subsidy in the current year and are likely to extend similar support in the future years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

#### 57. Previous year figures

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

#### 58. Presentation of Negative Amounts

Unless otherwise stated or the context requires it to be interpreted otherwise, figures in bracket in the financial statements represent negative amounts.

As per our report of even date attached		For and on behalf of the Board	
For S K Jha & Associates			
Chartered Accountants			
			
C A Ratendra Kumar	B K Namdeo	K V Rao	P K Joshi
Partner	Director	Director	Chairman
Membership No. 075813			
Firm's ICAI Reg.No. 006189C			
			
Place : Mumbai	R Sankaran	Vinod Nehete	Heena Shah
Date : 07/05/2015	CFO	CEO & Manager	Company Secretary





**HPCL BIOFUELS LTD**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

SI No	PARTICULARS	For the Year ended 31st March 2015 AMOUNT (Rs)	For the Year ended 31st March 2014 AMOUNT (Rs)
(A)	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
1	<b>NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>	(8436,85,975)	(11894,70,137)
(i)	Depreciation	2838,79,282	3169,15,819
(ii)	Provision for Deferred Tax Liability	-	-
(iii)	Tax Payment of last year during Current Year	-	-
(iv)	Interest Income	-	-
2	<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	(5598,06,693)	(8725,54,318)
(a)	<b>Working Capital Changes</b>		
(i)	Decrease in Current Assets (Except Cash & Cash Equivalents)	-	-
(ii)	Increase in Current Liabilities	4455,43,445	9567,18,522
(iii)	Decrease in Current Liabilities	(5238,10,119)	(2732,43,149)
(iv)	Increase in Current Assets (Except Cash & Cash Equivalents)	357,44,584	(2234,94,874)
(b)	<b>Changes in Long Term Provisions</b>		
	Provision for Gratuity & Leave Encashment	23,05,482	(2,18,096)
3	<b>CASH GENERATED FROM OPERATIONS BEFORE TAX</b>	(6000,23,301)	(4127,91,915)
(i)	Income Tax Paid	-	-
(ii)	Tax Refund Received	-	-
4	<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	(6000,23,301)	(4127,91,915)
	Less: Extraordinary Items- Cane Subsidy from GOB	-	306,52,581
5	<b>MISC EXPENDITURE (LAST YEAR P&amp;L BALANCE)</b>		-
	<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES AFTER TAX &amp; EXTRAORDINARY ITEMS</b>	(6000,23,301)	(3821,39,334)
(B)	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(i)	Interest Received	-	-
(ii)	Purchase of Fixed Assets & Investments	451,74,219	(3963,14,710)
(iii)	Capital Work in Progress - Project Management Expenses	426,91,747	1134,79,695
(iv)	Inventory from Trial Production	-	-
	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	878,65,966	(2828,35,015)
(C)	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
(i)	Proceeds from Issue of Shares	-	41965,15,110
(ii)	Loan Taken	4610,15,339	(35156,20,089)
(iii)	Advance against Equity pending Allotment	-	-
	<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	4610,15,339	6808,95,021
(D)	<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	(511,41,996)	159,20,672
(E)	<b>Add: Cash &amp; Cash Equivalent as at Beginning of the Year</b>	863,79,097	704,58,425
(F)	<b>Cash &amp; Cash Equivalent as at End of the Year</b>	352,37,101	863,79,097

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

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

Place : Mumbai  
Date : 07/05/2015

R Sankaran  
Chief Finance Officer

For and on behalf of the Board

B K Namdeo  
Director

K V Rao  
Director

R K Joshi  
Chairman

Vinod Nehete  
CEO & Manager

Heena Shah  
Company Secretary

