



INDEPENDENT AUDITOR'S REPORT

To,
The Members of
HPCL Biofuels Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **HPCL biofuels Limited ("the Company")**, which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

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

Auditor's Responsibility

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

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



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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its profit/loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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



2. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; (refer Note No. 57 to the Ind AS financial statements)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For JAISWAL BRAJESH & CO
Chartered Accountants



(NIRMAL KUMAR SAH)

Partner

Membership Number- 015500

Firm Registration Number- 007915C

Place: Mumbai

Date: 10th May, 2018



"ANNEXURE-A" TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE IND AS STANDALONE FINANCIAL STATEMENTS OF HPCL BIOFUELS LIMITED:

Report on matters covered under Companies (Auditor's Report) Order, 2016, as referred to under "Report on Other Legal and Regulatory Matters" paragraph of our report of even date on Ind AS standalone financial statements of HPCL Biofuels Limited for the year ended on 31st March, 2018.

- (i) (a) The company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets.
(b) Physical verification of these fixed assets has been conducted during the year, the periodicity of which appears reasonable. No material discrepancy was reportedly noticed on such physical verification.
(c) The title deeds of immovable properties are held in the name of the company.
- (ii) Physical verification of inventory has been conducted by the management during the year, the periodicity of which appears reasonable. Material discrepancies have been noticed which have been provided for during the year awaiting proper authorization for its proper dealing in the books of account.
- (iii) According to the information and explanation given to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not undertaken any transaction in respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 are attracted.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account relating to material, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (vii) (a) On the basis of our examination of the records and according to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, GST and any other statutory dues with appropriate authorities. There is no arrear of undisputed statutory dues as on the last day of the financial year which was outstanding for a period of more than 6 months from the date the same became payable.



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

Nature of Demand	Amount involved (in Lacs)	Forum where matter is Pending
Disallowance of input tax credit capital goods for 2010-11	698.44	Commercial Tax Tribunal, Bihar
Demand of Entry Tax for 2010-11 (Rs. 10.22 Lacs paid as advance tax under protest)	68.12	Commercial Tax Tribunal, Bihar
Demand for 2012-13 on account of denial of Input Tax Credit	93.81	Commercial Tax Commissioner, Bihar
Demand for 2013-14 on account of denial of Input Tax Credit	71.65	Commercial Tax Commissioner, Bihar
Demand for 2014-15 on account of denial of Input Tax Credit	38.76	Commercial Tax Commissioner, Bihar
Demand for 2013-14 on account of differential tax due to non-submission of C form at the time of order	93.18	Commercial Tax Commissioner, Bihar
Demand for 2014-15 on account of differential tax due to non-submission of C form at the time of order	315.52	Commercial Tax Commissioner, Bihar
Demand for 2013-14 on account of suppression of purchase turnover ignoring the actual facts	92.09	Commercial Tax Commissioner, Bihar

- (viii) On the basis of our examination of the records and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.
- (ix) The Company has not raised any funds by way of term loans, during the year under audit.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.
- (xi) No managerial remuneration has either been paid or provided during the year.



- (xii) The requirements of reporting in respect of Nidhi Companies are not applicable to the Company.
- (xiii) On the basis of our examination of the records and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) On the basis of our examination of the records and according to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) On the basis of our examination of the records and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For JAISWAL BRAJESH & CO
Chartered Accountants



(NIRMAL KUMAR SAH)

Partner

Membership Number- 015500

Firm Registration Number- 007915C

Place: Mumbai
Date: 10th May, 2018



"ANNEXURE-B" TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATES ON THE IND AS STANDALONE FINANCIAL STATEMENTS OF HPCL BIOFUELS LIMITED:

Report on matters covered by directions and sub-directions of C&AG, to the extent applicable, as referred to under "Report on Other Legal and Regulatory Matters" paragraph of our report of even date on standalone Ind AS financial statements of HPCL Biofuels Limited for the year ended on 31st March, 2018.

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

S.N.	Direction	Report	Impact
1	Whether the company has clear title / lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available.	Yes. We have further been informed that the documents are in the custody of the bank as security for the Term / WC loan.	Nil
2	Whether there are any cases of waiver / write off of debts / loans / interest etc; if yes, the reasons therefore and amount Involved	Nil	Nil
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift / grant(s) from the Govt or other authorities	Not Applicable	Nil

For JAISWAL BRAJESH & CO
Chartered Accountants



(NIRMAL KUMAR SAH)

Partner

Membership Number- 015500

Firm Registration Number- 007915C

Place: Mumbai
Date: 10th May, 2018



"ANNEXURE-C" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS STANDALONE FINANCIAL STATEMENTS OF HPCL BIOFUELS LIMITED:

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

We have audited the internal financial controls over financial reporting of HPCL Biofuels Limited ("the Company") as of March 31st, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For JAISWAL BRAJESH & CO
Chartered Accountants



(NIRMAL KUMAR SAH)

Partner

Membership Number- 015500

Firm Registration Number- 007915C

Place: Mumbai

Date: 10th May, 2018

HPCL BIOFUELS LTD
Balance Sheet as at 31st March 2018

		(Amount in Rs. Lacs)	
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The accompanying notes are Integral Part of the Financial Statements

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

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

Place : Mumbai
Date : 10/05/2018

Piyush Awasthi
Chief Finance Officer

P. K. Saxena
Chairman







D K Saxena
CEO & Manager

J Ramaswamy
Director

Heena Shah
Company Secretary

HPCL BIOFUELS LTD

Statement of Profit and Loss for the Year Ended 31st March 2018

ITBL		(Amount in Rs. Lacs)		
Particulars	Note No.	Year Ended 31st March 2018	Year Ended 31st March 2017	
Income				
I. Revenue from Operations (Gross)	24	13,423.29	38,252.01	
II. Other Income	25	227.14	342.67	
Total Revenue (I+II)		13,650.43	38,594.68	
Expenses				
Cost of Materials Consumed	26	21,083.69	17,031.16	
Excise Duty		(5.25)	1,647.32	
Consumption of Stores & Consumables		625.04	501.30	
Packing Expenses		208.32	174.48	
Power & Fuels	27	502.08	519.21	
Changes in Inventories of Finished Goods, WIP & Stock in Trade	28	(13,846.14)	9,154.70	
Employee Benefits Expense	29	2,458.25	1,891.56	
Chemicals Consumed		375.06	342.39	
Finance Costs	30	5,697.28	6,247.32	
Depreciation & Amortization Expense		2,757.33	2,758.56	
Other Expenses	31	1,588.03	1,399.34	
Total Expenses		21,443.69	41,667.34	
Profit / (Loss) Before Exceptional Items and Tax		(7,793.26)	(3,072.66)	
Exceptional Items				
Provision for Gain/(Loss) on Inventory Variation	32	8.75	0.18	
Profit / (Loss) Before Tax		(7,784.51)	(3,072.48)	
Tax Expense				
(1) Current Tax		-	-	
(2) Deferred Tax		-	-	
Profit / (Loss) from Continuing Operations		(7,784.51)	(3,072.48)	
Discontinuing Operations				
Profit / (Loss) from Discontinuing Operations (Before Tax)		-	-	
Total Operations				
Tax Expense on Discontinuing Operations		-	-	
Profit/(Loss) from Discontinuing Operations (After Tax)		-	-	
Profit / (Loss) for the Year		(7,784.51)	(3,072.48)	
Other Comprehensive Income				
A (i) Items that will not be reclassified to profit or loss		(4.09)	4.27	
(ii) Income tax on above		-	-	
B (i) Items that will be reclassified to profit or loss		-	-	
(ii) Income tax on above		(4.09)	4.27	
Total Other Comprehensive Income for the period		(4.09)	4.27	
Total Comprehensive Income for the period		(7,788.60)	(3,068.21)	
Earnings Per Equity Share (of Rs 10/- each) :-				
(1) Basic before extraordinary items (Amount in Rs.)		(3.79)	(1.49)	
(2) Diluted before extraordinary items (Amount in Rs.)		(3.79)	(1.49)	
(3) Basic after extraordinary items (Amount in Rs.)		(3.79)	(1.49)	
(4) Diluted after extraordinary items (Amount in Rs.)		(3.79)	(1.49)	
The accompanying notes are Integral Part of the Financial Statements				
For Jaiswal Brajesh & Co. Chartered Accountants				
 C.A. Nirmal Kumar Sah Partner Membership No. 015500 Firm's ICAI Reg.No. 007915C				
 P. K. Joshi Chairman				
 J. Ramaswamy Director				
 Piyush Awasthi Chief Finance Officer				
 D. K. Saxena CEO & Manager				
 Heena Shah Company Secretary				
Place : Mumbai				
Date : 10/05/2018				



HPCL BIOFUELS LTD

Cash Flow Statement For The Year Ended 31st March, 2018

	2017 - 18	2016 - 17
	Amount in Rs. Lacs	
A. Cash Flow From Operating Activities		
Net Profit/(Loss) Before Tax	(7,784.51)	(3,072.48)
Adjustments to Reconcile Profit Before tax to net cash used in operating activities:		
Depreciation of Property, Plant and Equipment	2,757.33	2,758.56
Acturial Gain / (Loss) from OCI	(4.09)	4.27
Amortisation of Capital Grant	(89.26)	(89.26)
Amortisation of Lease Premium	150.45	150.45
Deferred Lease Rental Income	(30.98)	-
Finance Costs	5,697.28	6,247.32
Provision for Doubtful Debts & Receivables	15.41	28.72
Operating Profit before Changes in Assets & Liabilities {Sub Total - (i)}	711.63	6,027.58
(Increase) / Decrease in Assets and Liabilities :		
Trade Receivables	1,250.12	(906.52)
Loans and Advances and Other Assets	234.05	889.48
Inventories	(13,899.99)	9,056.19
Liabilities and Other Payables	11,113.13	941.75
Sub Total - (ii)	(1,302.69)	9,980.90
Cash Generated from Operations (I) + (II)	(591.06)	16,008.48
Less : Direct Taxes / refund / (paid) - Net	-	-
Net Cash from Operating Activities (A)	(591.06)	16,008.48
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment (incl. Capital Work in Progress)	(444.19)	(196.79)
Sale of Property, Plant & Equipment	-	1,563.47
Other Non- Current Assets	625.83	687.30
Net Cash Flow generated from / (used in) Investing Activities (B)	181.64	2,053.98
C. Cash Flow From Financing Activities		
Long term Provisions	107.89	12.07
Long term Loans raised/(repaid)	(5,234.00)	(5,234.00)
Short term Loans raised / (repaid)	9,526.62	(8,169.29)
Finance Cost paid	(3,991.89)	(4,694.11)
Net Cash Flow generated from / (used in) Financing Activities (C)	408.62	(18,085.33)
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	(0.80)	(22.87)
Cash and cash equivalents at the beginning of the year	10.41	33.28
Cash and cash equivalents at the end of the year	9.61	10.41
Details of cash and cash equivalents at the end of the year:		
Cash and cash equivalents as on	31-Mar-18	31-Mar-17
Balances with Banks:		
- on current accounts	9.61	10.39
- on non-operative current accounts	-	-
Cash on hand	-	0.02
Less : Cash Credits	-	-
Cash and cash equivalents at the end of the year	9.61	10.41

As per our report of even date attached

For Jaiswal Brajesh & Co.

Chartered Accountants

C.A. Nirmal Kumar Sah

Partner

Membership No. 015500

Firm's ICAI Reg.No. 007915C

Place : Mumbai

Date : 10/05/2018

Prayush Awasthi
Chief Finance Officer

For and on behalf of the Board

P. K. Joshi
Chairman

J. Ramaswamy
Director

D. K. Saxena
CEO & Manager

Heena Shah
Company Secretary



65. Previous year figures

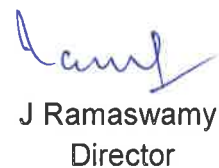
Previous year figures have been rearranged / regrouped where ever necessary. The Company's presentation and functional currency is INR Lacs.

66. Presentation of Negative Amounts

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

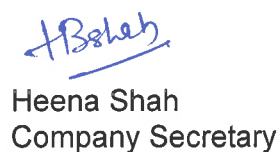
For and on behalf of the Board


P K Joshi
Chairman


J Ramaswamy
Director


Piyush Awasthi
CFO


D K Saxena
CEO & Manager


Heena Shah
Company Secretary

Place : **Mumbai**
Date : **10/05/2018**

As per our report of even date
attached

For Jaiswal Brajesh & Co.
Chartered Accountants


CA Nirmal Kumar Sah
Partner
Membership No. 015500
Firm Registration No. 007915C



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR 2017-2018

1. CORPORATE INFORMATION

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Authorization of financial statements

The Financial Statements were authorized for issue in accordance with a resolution of the directors on 10th May 2018.

B. Basis of preparation of Financial Statements

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

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

The Company's presentation and functional currency is INR Lacs.

C. Use of judgments, estimates & assumptions

While preparing financial statements in conformity with Ind AS, we make certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Financial reporting results rely on our estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. We continually evaluate these estimates and assumptions based on the most recently available information.





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

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

D. Property, Plant and Equipment

- Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.
- An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net realizable value and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.
- The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted prospectively.
- Lease arrangements for land are identified as finance lease in case such arrangements result in transfer of the related risks and rewards to the Company. Accordingly, the Company identifies any land lease arrangement with a term in excess of 99 years as a finance lease.
- Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- Depreciation on Fixed Assets is provided on the Straight Line method on the basis of useful life determined, in the manner and at the rates calculated based on the useful life recommended under Schedule II to the Companies Act, 2013 and is charged pro rata on a daily basis on assets, from/up to and inclusive of the month of capitalization/sale,





disposal or deletion during the year. In case of restatement of carrying value of any asset due to any price adjustments warranted due to receipt of government grants, the depreciation on revised unamortized depreciable amount is charged prospectively over the residual useful life of the asset. Residual value has been considered at 5%.

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

E. Intangible assets

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

F. Cash Flow Statement

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

G. Borrowing Cost

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

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





H. Impairment of non-financial assets

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

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

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

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

I. Inventories

- Finished goods are valued at cost on FIFO basis or net realizable value whichever is lower. Cost includes Material Cost, Conversion cost and other cost incurred to bring the inventory to its present condition and location. Absolute Alcohol has been considered as finished product as it meets all specs of ethanol.
- Work In Progress is valued at lower of cost or estimated realizable value. Cost includes Material Cost & conversion cost as applicable.
- By products are valued at estimated realizable value.
- Stock in trade is valued at cost on weighted average basis or net realizable value whichever is lower.
- Stores and spares which do not meet the recognition criteria under Property, Plant and Equipment are valued at weighted average cost.

J. Government Grants

- Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.
- When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.





- When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.
- When the grants received are non – monetary in nature, the asset and the grant are recorded at fair value amounts and recognized in profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

K. Employee benefits

- Short-term employee benefits

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

- Post-employment benefits

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

- Other long-term employee benefits

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

L. Revenue recognition

- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.
- Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.
- Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable (after including fair value allocations related to multiple deliverable and/or linked arrangements), net of returns, sales tax and applicable trade discounts and allowances.

M. Taxes on income

- Current Tax

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





Current Tax relating to items recognized outside the Statement of Profit or Loss is recognized outside the statement of Profit or Loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

- **Deferred tax**

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

Deferred tax liabilities are recognized for all taxable temporary differences.

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

N. Provisions and contingent liabilities

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

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





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

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

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

O. Financial Instruments

I. Financial Assets

- **Classification**

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

- **Initial recognition and measurement**

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

- **Debt instruments at amortized cost**

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

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and





Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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

- **Equity investments**

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

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

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

- **DE-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) The Company has transferred substantially all the risks and rewards of the asset, or
 - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

- **Impairment of financial assets**

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

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





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

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

ii. Financial Liabilities

• Classification

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

• Initial recognition and measurement

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

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

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

• Loans and borrowings

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

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

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

• De recognition

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





Q. Offsetting of financial instruments

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

R. Fair value Measurement

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

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

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

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

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

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

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

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

S. Accounting/ Classification of Expenditure and Income

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




NOTE 4 (a) - Property Plant & Equipment									
Cost or Value	(Amount in Rs. Lacs)								
	Tangible Assets					Tangible Assets		Intangible Assets	Total
	Freehold Land	Plant & Machinery	Furniture & Fixtures	Computers & Printers	Building	Total (Rs.)	Computer Software		
01.04.17	20.36	53,742.01	83.93	32.75	4,427.78	58,306.83	28.40		58,335.23
Additions	-	72.88	-	4.50	-	77.38	3.04		80.42
Disposals	-	-	-	-	-	-	-		-
Other Adjustments	-	-	-	-	-	-	-		-
Exchange Difference	-	-	-	-	-	-	-		-
Borrowing Cost	-	-	-	-	-	-	-		-
At 31.03.18	20.36	53,814.89	83.93	37.25	4,427.78	58,384.21	31.44		58,415.65
Depreciation									
As on 31.03.17	-	5,090.77	26.73	16.06	345.48	5,479.04	15.86		5,494.90
Charge for the Year	-	2,560.65	13.37	4.24	172.16	2,750.42	6.91		2,757.33
Disposal/Adjustments	-	-	-	-	-	-	-		-
As on 31.03.18	-	7,651.42	40.10	20.30	517.64	8,229.46	22.77		8,252.23
Impairment Loss									
As on 01.04.16	-	-	-	-	-	-	-		-
At 31.03.17	-	-	-	-	-	-	-		-
Charge for the Year	-	-	-	-	-	-	-		-
As on 31.03.18	-	-	-	-	-	-	-		-
Net Block (Gross Value-Depreciation-Impairment Loss)									
As on 31.03.17	20.36	48,651.24	57.20	16.69	4,082.30	52,827.79	12.54		52,840.33
As on 31.03.18	20.36	46,163.47	43.83	16.95	3,910.14	50,154.75	8.67		50,163.42
(Rounding off errors have been adjusted)									



Notes Forming Part of the Financial Statements

		(Amount in Rs. Lacs)	
Particulars	Note No	As at 31st March 2018	As at 31st March 2017
Capital Work-In-Progress	4(b)		
Unallocated Capital Expenditure and Materials at Site		363.77	-
Total		363.77	-
Non-Current Investments			
Total Non - Current Investments		-	-
Long-Term Loans	5		
Unsecured, Considered Good		-	-
Capital Advances		-	-
Total		-	-
Other Non-Current Financial Assets			
Other Non-Current Financial Assets		-	-
Total		-	-
Other Non-Current Assets	6		
Capital Advances		-	88.64
Other Deposits		7.92	7.92
Balances with Excise, Customs, Port Trust etc.		1,137.68	1,674.87
Prepaid Operating Lease Premium		7,492.67	7,643.12
Total		8,638.27	9,414.55
Current Investments			
Non - Trade Investments (Quoted)		-	-
Total		-	-
Inventories	7		
A. Inventories as per books			
(Inventory Taken, Valued & Certified by the Management)			
Raw Materials (Including in Transit - Raw Materials)		-	-
Finished Products		17,923.88	4,331.27
Finished Products (In-Transit)		45.54	55.71
Bio-Compost		65.34	81.39
Stock-in-Trade		-	-
Work in Progress		421.27	141.51
Packages		44.18	16.57
Process Materials & Lubes		106.29	102.55
Stores & Spares (Including in-transit Rs. 1.70 Lacs, P.Y. -Nil)		320.94	307.18
Total		18,927.44	5,036.18
B. Provision for Gain/(Loss) on Inventory Variation			
Finished Products		(70.33)	(79.24)
Work in Progress		0.20	0.36
Stores & Spares		(20.00)	(20.00)
Total		(90.13)	(98.88)
C. Net Inventories			
Raw Materials (Including in Transit - Raw Materials)		-	-
Finished Products		17,853.55	4,252.03
Finished Products (In-Transit)		45.54	55.71
Bio-Compost		65.34	81.39
Stock-in-Trade		-	-
Work in Progress		421.47	141.88
Packages		44.18	16.57
Process Materials & Lubes		106.29	102.55
Stores & Spares (Including in-transit Rs. 1.70 Lacs, P.Y. -Nil)		300.94	287.18
Total		18,837.31	4,937.31
Trade Receivables	8		
Un - Secured Considered Good		762.48	2,012.60
Considered Doubtful		-	-
Less: Provision for Doubtful Debts		-	-
		762.48	2,012.60



 Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
Cash and Cash Equivalents	9		
i. Cash & Cash Equivalents			
Cash on Hand		-	0.02
Cheques Awaiting Deposit		-	-
Balances With Scheduled Banks:			
- On Current Accounts		9.61	10.39
- On Non-operative Current Accounts		-	-
Total		9.61	10.41
Short-Term Loans	10		
Unsecured			
Considered Good			
Share Application Money Pending Allotment		-	-
Loans to Related Party		-	-
Receivable from Farmer for Cane Seed		2.66	10.05
Other Advances		3.29	19.26
Total		5.95	29.31
Other Current Financial Assets	11		
Other Recoverable		2.63	2.63
Employee Advance		0.29	0.28
Other Accounts Receivable		30.72	30.72
Less: Provision for Doubtful Other Account Receivable		(30.72)	(28.72)
Amounts Recoverable under Subsidy Schemes		294.62	692.65
Total		297.54	697.56
Other Current Assets	12		
Balances with Excise, Customs, Port Trust etc.		461.97	273.77
Vendor Advance		34.53	31.15
Less: Provision for Doubtful Vendor Advance		(17.57)	(4.16)
Prepaid Operating Lease Premium		150.45	150.45
Prepaid Expenses		64.33	68.59
Total		693.71	519.80
Share Capital	13		
A. Authorised:			
25,00,00,000 Equity Shares of Rs.10 each		25,000.00	25,000.00
45,00,00,000 Preference Shares of Rs. 10 Each		45,000.00	45,000.00
Total		70,000.00	70,000.00
B. Issued, Subscribed, Called up & Fully Paid:			
20,55,20,000 Equity Shares of Rs.10 each Fully Paid up (100% Held by HPCL)		20,552.00	20,552.00
Total		20,552.00	20,552.00
C. Rights, preferences and restrictions attaching to Equity Shares			
All equity shares are allotted to the holding company "Hindustan Petroleum Corporation Ltd" except 6 equity shares which were allotted to 6 nominees of the holding company.			
D. Shares held by Holding Company - Hindustan Petroleum Corporation Ltd			
Equity Shares		20,552.00	20,552.00
E. Share holding pattern			
Hindustan Petroleum Corporation Ltd			
Equity Shares		100%	100%
F. Shares Reserved		Nil	Nil
G. Details of shares, which in the last 5 years, were			
issued for other than cash consideration		Nil	Nil
issued as bonus shares		Nil	Nil
bought back		Nil	Nil
H. Terms of any securities convertible into equity issued		Nil	Nil
I. Calls unpaid		Nil	Nil
J. Forfeited shares (amount originally paid-up)		Nil	Nil




HPCL Biofuels Limited
Note No. 15- Statement of changes in equity

(All amounts in Indian Rupees Lacs)


A. Equity Share Capital																		
Balance at 1st April 2017	Changes during the year	Balance at 31st March 2018																
20,552.00	-	20,552.00																
B. Other Equity			Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus					Debt instruments through OCI	Equity instruments through OCI	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI (specify nature)	Money received against share warrants	Total	
					General Reserve	Securities Premium	Capital Reserve	FCMI TDA	Retained Earnings									
Balance at 1st April 2017						579.13	-	(17,251.20)										(16,672.07)
Changes in accounting policy or prior period errors																		
Restated balance as at 1 April 2017																		
Profit for the year																		
Other comprehensive income for the year																		
Dividends																		
Transfer to retained earnings																		
Any other change (to be specified)																		
Balance at 31st March 2018																		

Note: Capital Reserve is created on account of fair valuation of Bridge Loan provided by HPCL and the same is not available for distribution as Dividend.




 Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
Reserves & Surplus	14		
Capital Reserve		579.13	579.13
Capital Redemption Reserve		-	-
Share Premium Account		-	-
Debenture Redemption Reserve		-	-
Revaluation Reserve		-	-
General Reserve		-	-
Total		579.13	579.13
Capital Grant		-	-
Surplus / (Deficit) in Statement of Profit and Loss			
Opening Balance		(17,251.20)	(14,182.99)
Add: Profit / (Loss) for the Year		(7,788.60)	(3,068.21)
Closing Balance		(25,039.80)	(17,251.20)
Other Reserve		-	-
Total		(24,460.67)	(16,672.07)
Long-Term Borrowings	16		
Secured Loans (Against Hypothecation of Fixed & Current Assets)			
Bank Term Loan (Repayable in 48 Structured Quarterly Instalments Starting from Q2 of 2016-17) (Rate of Interest @ 1 Year MCLR + 1.95% Fixed Spread)		28,098.82	29,628.11
Less: 4 Installments totalling Rs. 1544 Lacs due in FY 2018-19		(1,544.00)	(1,544.00)
GOB Soft Loan (Repayable in 20 equal Quarterly Instalments starting from Q1 of 2016-17) (Rate of Interest @ 1 Year MCLR + 2.95% Fixed Spread)		985.58	1,313.78
Less: 4 Installments totalling Rs. 330 Lacs		(330.00)	(330.00)
TOTAL A		27,210.40	29,067.89
Un-Secured Loans			
41,96,51,511 nos 5 % Non Cumulative 14 year redeemable Preference Shares @ Rs.10/- each (100 % held by HPCL)		13,878.96	12,425.21
Rights, Preferences and Restrictions attaching to Preference shares			
All preference shares are allotted to the holding company "Hindustan Petroleum Corporation Ltd". They carry preference dividend of 5%, are non cumulative and are redeemable at the end of 14 years from issue, i.e. in March 2028			
Loans & Advances from Related Parties (Bridge loan from HPCL repayable in 10 quarterly installments starting from June 2017)		4,967.11	8,091.97
Less: 4 Installments totalling Rs. 3360 Lacs due in FY 2018-19		(3,360.00)	(3,360.00)
TOTAL B		15,486.07	17,157.18
TOTAL (A+B)		42,696.47	46,225.07
Other Financial Liabilities			
Other Deposits		-	-
Accrued Charges/Credits		-	-
Other Liabilities		-	-
Total		-	-
Long Term Provisions	17		
Provision for Gratuity		160.70	65.38
Provision for Leave Encashment		27.53	14.96
Total		188.23	80.34
Other Non Current Liabilities	18		
Deferred Government Grant		1,505.08	1,594.34
Deferred Lease Rental Premium		1,532.48	1,563.47
Total		3,037.56	3,157.81




 Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
Short Term Borrowings	19		
Secured Loans			
Cash Credit (Hypothecation of Debtors & Inventory) (Rate of Interest @ 1 year MCLR+0.35% Fixed Spread)		11,724.21	2,197.59
Overdrafts from Banks (Secured by Hypothecation of Stock-in-Trade)		-	-
TOTAL		11,724.21	2,197.59
Trade Payables	20		
(i) Total Outstanding dues of Micro, Small & Medium Enterprises (Refer Note no. 49)		273.45	-
(ii) Total outstanding dues of creditors other than above Creditors			
Operating Expenses Payable to HPCL		1,091.26	895.48
Accrued Expense - Payable		796.69	675.44
Payable to Cane Growers		11,652.17	1,731.22
Payable to Trade Vendors		1,062.69	428.99
Total		14,876.26	3,731.13
Other Current Financial Liabilities	21		
Payable to Contractor/Vendor (Capital Assets)		1,769.68	3,397.82
Retention from Vendors		258.04	229.99
Security Deposit from Contractors		112.42	95.22
Road Map Scheme - Lauriya		-	0.12
Farmer Loan		-	0.37
Accrued Liability-EPCC Vendor		1,101.63	1,155.10
Unclaimed Cheque		8.57	13.71
Interest Accrued but not due		348.32	291.40
Current Maturities of Long Term Debt		-	-
- Bank Term Loan (4 Installments totalling Rs. 15.44 Cr. due in FY 2018-19), (P.Y- 11.58Cr)		1,544.00	1,544.00
- GoB Soft Loan (4 Installments totalling Rs. 3.30 Cr. due in FY 2018-19), (P.Y- 3.30 Cr)		330.00	330.00
- HPCL Bridge Loan (4 Installments totalling Rs. 33.60 Cr. due in FY 2018-19), (P.Y- Nil)		3,360.00	3,360.00
Payable To Employee		214.65	184.97
Total		9,047.31	10,602.70
Other Current Liabilities	22		
WCT Payable		-	1.95
TDS Payable		23.39	28.37
Sales Tax/SGST Payable		0.30	15.11
Excise/CGST Payable		1.82	352.02
Payable to Zone Development Council		40.75	33.18
PF Contribution Employee		29.06	24.06
Inter Office Balance		-	-
Payable To Govt (Others)		-	-
Misc Other Current Liabilities		1.20	10.76
Deferred Lease Rental Premium Current		30.75	30.61
Advance From Customers		1,890.20	-
Deferred government grant		89.26	89.26
Total		2,106.73	585.32
Short-Term Provisions	23		
Provision for Other Employee Benefits		3.96	1.98
Total		3.96	1.98



 Particulars	Note No.	Year Ended 31st March 2018	Year Ended 31st March 2017
Revenue from Operations	24		
Gross Sales			
Sale of Products		13,052.94	38,123.38
Sale of Services		-	-
Other Operating Income		370.35	128.63
Recovery under Subsidy Schemes		-	-
Total		13,423.29	38,252.01
Other Income	25		
Rent Recoveries		54.73	22.27
Interest (Gross) On Others		-	-
Miscellaneous Income		172.41	320.40
Total (A+B)		227.14	342.67
Cost of Materials Consumed	26		
Cane Purchase		20,378.99	16,591.34
Cane Transportation		248.29	271.36
ZDC Commission		40.75	33.18
Cost of Molasses Bought Out		259.95	-
Cane-Other Procurement Cost		155.71	135.28
Total		21,083.69	17,031.16
Power & Fuels	27		
Bagasse Cost ,Fuels & Handling		130.24	96.92
Rice Husk & Firewood		181.50	246.54
Power Import		190.34	175.75
Total		502.08	519.21
Changes in Inventories of Finished Goods Work-in-Progress & Stock In Trade	28		
Inventories at the end of the period (as per books)			
Work in Progress		421.27	141.51
Finished Products		17,969.42	4,386.98
Bio Compost		65.33	81.39
Stock-In-Trade		-	-
Total A		18,456.02	4,609.88
Inventories at the beginning of the period			
Work in Progress		141.51	506.90
Finished Products		4,386.98	13,215.35
Bio Compost		81.39	41.91
Stock-In-Trade		-	0.42
Total B		4,609.88	13,764.58
Total (B-A)		(13,846.14)	9,154.70
Employee Benefits Expense	29		
Salaries, Wages, Bonus, etc.		1,542.37	1,330.11
Employees Allowances & Other Benefits		610.85	439.42
Employees Recruitment & Training		5.04	3.04
Contribution to Provident Fund		187.95	97.63
Pension, Gratuity etc.		107.07	19.21
Employee Welfare Expenses		4.97	2.15
Total		2,458.25	1,891.56



 Particulars	Note No.	Year Ended 31st March 2018	Year Ended 31st March 2017
Finance Costs	30		
Interest Expense on Instruments Carried at Amortised Cost			
- On Cash Credit and Term loan		3,472.04	4,711.84
- On Non-cumulative Redeemable Preference Shares		1,453.75	1,301.48
- On Bridge Loan		771.49	234.00
Total		5,697.28	6,247.32
Other Expenses	31		
Ethanol Transportation		100.85	96.76
Repairs & Maintenance - Buildings		16.73	18.43
Repairs & Maintenance - Plant & Machinery		359.62	344.54
Repairs & Maintenance - Other Assets		44.22	50.60
Insurance		81.43	67.64
Rates & Taxes		11.24	15.98
Lease Premium on Land		150.45	150.45
Rent		8.37	11.02
Travelling & Conveyance		98.70	92.66
Contract Labour		50.50	68.80
Printing & Stationery		21.98	5.82
Electricity & Water		4.19	4.32
Cane Development Expense		5.95	(26.45)
Discount on Cogen		16.73	8.29
Other Supplies		7.67	1.76
Telephone & Fax		6.12	6.67
Postage & Telegram		3.13	2.23
Provision for Doubtful Debts (After Adjusting Provision no Longer Required)		15.41	28.72
Other Manufacturing Expenses		76.23	78.12
Security Charges		197.67	106.20
Advertisement & Publicity		4.56	9.50
Sundry Expenses & Charges (Not otherwise classified)		251.87	217.74
Consultancy & Technical Services		52.12	37.68
Auditor Expenses		-	-
- Statutory Audit Fees		1.50	1.50
- Other Services		0.50	-
- Other Expenses		0.29	0.36
Exchange Rate Variation (Net)		-	-
Total		1,588.03	1,399.34
Provision for Gain/(Loss) on Inventory Variation (Refer Note no. 56)	32		
Reversal of Last Year Provision on Inventory Variation		-	-
Provision for Gain/(Loss) Current Year		8.75	0.18
Total		8.75	0.18



33. DEFERRED TAX LIABILITY FOR THE YEAR ENDED MARCH 31,2018

Sl No	Timing differences	Amount (Rs. Lacs)	DTA @ 30.90%	DTL @ 30.90%
1	Differences in Book & Tax Depreciation WDV as per books of accounts as at March 31,2018 Less : WDV as per Income Tax Act as at March 31,2018 Difference (If WDV as per IT is more than the WDV as per books then DTA is created, othwise DTL)	50,163.42 22,956.11 27,207.31		8,407.06
2	Expenditures covered by section 43 B which are outstanding as on 31 March and not paid on or before the due date of filing of return Employer's contribution to PF, superannuation fund, annuity fund or other fund for the welfare of the employees Leave Encashment Gratuity Bonus Debtors Rent equalisation reserve CENVAT Customs Duty Service Tax/ provision for contingencies Any other tax, duty, cess or fee payable to government Interest payable on loan or borrowing from a public financial institution or schedule bank		- -	
3	Assets acquired for scientific research for which 100% deduction is given in the year of purchase but capitalised in the books			-
3	Expenditures disallowed for non deduction of tax at source (to be recognised if there is certainty that the company will deduct tax on the expenditure disallowed in the next year) Sec 40(a)(I) & (ia)			
4	Losses available for set off	69,723.77	21,544.64	
	Total as on March 31,2018		21,544.64	8,407.06
	Net Deferred tax asset as on March 31,2018		13,137.58	-
	Net Deferred tax asset as on March 31 of the previous year		12,503.73	
	Amount to be debited / credited to statement of profit and loss			-



34. Segment Reporting

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

Sl. No.	Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
1	Segment Revenue	Rs. in Lacs	Rs. in Lacs
	a) Sugar	10,618.18	36,246.98
	b) Ethanol	4,127.55	4,165.07
	c) Co-Gen	6,659.21	6,705.29
	d) Unallocated	604.02	266.08
	Total	22,008.96	47,383.42
	Less: Inter Segment	8,358.53	8,788.75
	Net Segment Revenue	13,650.43	38,594.67
2	Segment Results		
	a) Sugar	(2,683.00)	2,577.67
	b) Ethanol	(99.45)	1,038.31
	c) Co-Gen	501.14	656.23
	d) Unallocated	564.05	(820.32)
	Total	(1,717.26)	3,451.89
	Less: Interest	5,697.28	6,247.32
	Less: Other Unallocable Exp.	374.05	272.75
	Total Profit Before Tax	(7,788.59)	(3,068.18)
3	Segment Assets		
	a) Sugar	39,471.10	28,615.38
	b) Ethanol	11,465.37	14,050.96
	c) Co-Gen	19,261.87	20,394.85
	d) Unallocated	9,573.77	10,244.29
	Total	79,772.11	73,305.48
4	Segment Liability		
	a) Sugar	41,405.09	13,912.20
	b) Ethanol	12,027.14	2,659.20
	c) Co-Gen	20,205.65	2,216.48
	d) Unallocated	10,042.86	50,637.64
	Total	83,680.74	69,425.52
5	Capital Employed [Segment Assets-Segment Liability]	(3,908.63)	3,879.96
6	Capital Expenditure Incl. Change In CWIP		
	a) Sugar	292.71	-
	b) Ethanol	71.06	-
	c) Co-Gen	-	-
	d) Unallocated	-	-
	Total	363.77	-
7	Depreciation		
	a) Sugar	1,065.05	1,063.39
	b) Ethanol	493.26	432.23
	c) Co-Gen	965.54	936.31
	d) Unallocated	233.46	326.63
	Total	2,757.31	2,758.56
8	Non Cash Expenditure Other Than Depreciation	1,855.84	1,703.66

Other Disclosures:

2. Segments have been identified in line with the IND AS - 108 "Operating Segments" taking into account the organisation structure as well as differing risks and returns.
3. The Segment revenue, results, assets and liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.
4. The segment performance has been worked out after attributing the realisable value of inter segment transfer of material.
5. Segment assets and liabilities represents assets and liabilities in respective segment. Assets and liabilities that cannot be allocated to segment on reasonable basis have been disclosed as unallocable.
6. Previous year figures have been regrouped/reclassified wherever necessary.





35. Defined Benefit Plan

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

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

Particulars	(Rs. in Lacs)	
	Gratuity (2017-18)	Gratuity (2016-17)
<u>Present value of projected benefit obligation</u>		
Present value of Benefit Obligation at the beginning of the period	66.99	56.00
Interest Cost	5.13	4.45
Current Service Cost	10.73	10.80
Benefit paid		
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	(5.70)	3.21
Actuarial (gains)/ losses on obligations - due to experience	9.80	(7.48)
Present value of Benefit Obligation at the end of the period	163.91	66.99
<u>Changes in fair value of plan assets</u>		
Fair value of Plan Assets at the beginning of the period	-	-
Interest income	-	-
Contributions by the employer	-	-
Benefit paid	-	-
Return on plan assets, excluding interest income		-
Fair value of Plan Assets at the end of the period		-
<u>Included in profit and loss account</u>		
Current Service Cost	10.73	10.80
Net interest cost	5.13	4.45
Past Service Cost		
Total amount recognized in profit and loss account	15.86	15.25
<u>Remeasurements</u>		





Return on plan assets, excluding interest income		
(Gain)/loss from change in demographic assumptions		
(Gain)/loss from change in financial assumptions	(5.70)	3.21
Experience (gains)/losses	9.80	(7.48)
Change in asset ceiling, excluding amounts included in interest expense		
Total amount recognized in other comprehensive income	4.09	(4.27)

Amount recognized in the Balance Sheet

(Rs. in Lacs)

Particulars	Gratuity (31st March 2018)	Gratuity (31st March 2017)
Present value of benefit obligation as on 1 April 2015	163.91	66.99
Fair value of plan assets as on 1 April 2015	-	-
Net Liability / (Asset) recognised in the Balance Sheet	163.91	66.99

Plan Assets:

Particulars	Gratuity (2017-18)	Gratuity (2016-17)
Plan assets comprise the following		
Investment in PSU bonds	-	-
Investment in Government Securities	-	-
Bank Special Deposit	-	-
Insurance fund	-	-
Investment in other securities	-	-
Bank Savings Deposit	-	-

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	Gratuity (2017-18)	Gratuity (2016-17)
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.66%	7.66%
Rate of Salary Increase	7.00%	7.00%





Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Lives (2006-08)	Assured Mortality
Mortality Rate After Employment	N.A.	N.A.

Sensitivity analysis:

(Rs. in Lacs)

Particulars	Gratuity (2017-18)	Gratuity (2016-17)
Delta effect of +1% Change in Rate of Discounting	(24.12)	(10.24)
Delta effect of -1% Change in Rate of Discounting	29.97	12.81
Delta effect of +1% Change in Rate of Salary Increase	29.93	12.76
Delta effect of -1% Change in Rate of Salary Increase	(24.50)	(10.38)
Delta effect of +1% Change in Rate of Employee Turnover	1.74	0.91
Delta effect of -1% Change in Rate of Employee Turnover	(2.21)	(1.07)

The expected maturity analysis of undiscounted benefits is as follows:

(Rs. in Lacs)

Particulars	Gratuity (2017-18)	Gratuity(2016-17)
Less than a year	3.21	1.60
Between 1 - 2 year	3.44	1.69
Between 2 - 5 year	14.87	5.63
Over 5 years	760.20	11.64
Total	781.72	20.56

36. Fair value measurements

Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.





As at 31st March, 2018

(Rs. in Lacs)

	Carrying amount				Fair Value		
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>							
Trade receivables			762.48	762.48			
Cash & Cash equivalents			9.61	9.61			
Short-term loans			5.95	5.95			
Other current financial assets			297.54	297.54			
<u>Financial liabilities</u>							
Bank term loan			28,098.82	28,098.82			
GOB soft loan			985.58	985.58			
Bridge loan from HPCL			4,967.11	4,967.11		4,901.38	
5% Non-cumulative redeemable preference shares			13,878.96	13,878.96		17,726.53	
Cash credit			11,724.22	11,724.22			
Trade payables			14,876.26	14,876.26			
Other current financial liabilities			3,813.31	3,813.31			

As at 31st March, 2017

(Rs in Lacs)

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





Bridge loan from HPCL			8,091.97	8,091.97		8,060.53	
5% Non-cumulative redeemable preference shares			12,425.21	12,425.21		12,243.14	
Cash credit			2,197.59	2,197.59			
Trade payables			3,731.13	3,731.13			
Other current financial liabilities			5,368.70	5,368.70			

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

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

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

Valuation techniques used to determine Fair value

Instrument type	Valuation technique
5% Non-cumulative redeemable preference shares	Discounted Cash Flows: The valuation model considers the present value of expected payments using an appropriate discount rate.
Bridge loan from HPCL	Discounted Cash Flows: The valuation model considers the present value of expected payments using an appropriate discount rate

37. Credit risk

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

38. Liquidity Risk

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

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





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

As at 31st March 2018

(Rs. in Lacs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	19,335.88	11,606.15	9,840.56	61,241.89	102,024.49
Trade payables	14,876.26				14,876.26
Other financial liabilities	3,813.31				3,813.31
Total undiscounted financial liabilities	38,023.60	11,606.15	9,840.56	61,241.89	120,712.21

As at 31st March 2017

(Rs. in Lacs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	11,236.61	15,744.99	10,114.88	67,812.51	104,908.99
Trade payables	3,731.13				3,731.13
Other financial liabilities	5,368.70				5,368.70
Total undiscounted financial liabilities	20,336.44	15,744.99	10,114.88	67,812.51	114,008.82





39. Interest rate risk

The Company has a mix of fixed rate and floating rate borrowings to meet its cash flow requirements.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

- Exposure to interest rate risk

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

(Rs. in Lacs)

Particulars	Carrying amount	
	31-Mar-18	31-Mar-17
Variable rate borrowings	45,775.72	41,231.51
Fixed rate borrowings	13,878.96	12,425.21
Total borrowings	59,654.69	53,656.73

- Cash flow sensitivity analysis for variable-rate instruments

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

(Rs. in Lacs)

Particulars	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 st March 2018	(489.43)	489.43	-	-
31 st March 2017	(427.12)	427.12	-	-

40. Capital Management

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





The Company does not have any externally imposed capital requirements for the financial period ended 31st March 2018 and 31st March 2017.

41. Lease Hold Land

Leasehold Land is being amortized over a period of 60 years on SLM. Rs.150.45 Lacs has been amortized for the year 2017-18 (P.Y.16-17 - Rs. 150.45 Lacs) is being charged to Statement of Profit & Loss. The details of leasehold land (location wise) is as follows-

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

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

42. Sub-Lease of Land to HPCL

During the FY 17-18, possession of Leasehold land measuring 29.34 acres was transferred to Hindustan Petroleum Corporation Ltd. on 31st for a consideration of Rs.1,594.07 Lacs on same terms and conditions as applicable to HBL for the remaining period of lease. The amount received is recognized as income over the period of Lease Rental Premium amount so received has been shown as Deferred Lease Rental Premium and classified under Other Current Liabilities (Note no.22) and Other Non- Current Liabilities (Note no. 18) respectively.

43. Plant Capacity

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

44. Excise Claim with GOB

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





45. Consumption of Raw Materials

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

46. SLDC

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

47. Cane Development Expenditure

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

48. Renewable Energy Certificates

RECs earned for the captive consumption of power generated from renewable sources are not valued as stock on hand on the Balance Sheet dates, since the cost of obtaining them is very negligible and their realization is not certain. The income from the sale of RECs is accounted as revenue in the year of sales. The RECs on hand on 31st March 2018 was Nil (P.Y. 22,053 units, Value Rs. 220.53 Lacs).

49. Micro, Small & Medium Creditors

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

(Rs. In Lacs)

Sl. No.	Particulars	2017-18	2016-17
1.	Amounts payable to "suppliers" under MSMED Act, as on 31/03/18: -	273.45	-
	- Principal	-	-
	- Interest	-	-
2.	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y.2017-18 (irrespective of whether it pertains to current year or earlier years) -	-	-
	- Principal	-	-
	- Interest	-	-
3.	Amount of interest due / payable on delayed principal which has already been paid during the current year (without interest or with part interest)	-	-
4.	Amount accrued and remaining unpaid at the end of Accounting Year	-	-
5.	Amount of interest which is due and payable, which is carried forward from last year	-	-





50. Secured Loan

GoB Soft Loan of Rs.1,648 Lacs availed through SBI during F.Y.15-16 with interest subvention to the extent of 10%. Four Installments amounting to Rs. 330 Lacs was paid during F.Y. 2017-18 (P.Y.16-17 – Rs.330 Lacs). The Balance of GoB Soft Loan as on 31.03.2018 was Rs.985.58 Lacs (Rs. 1,313.78 Lacs as on 31.03.2017).

Term Loan of Rs.30,880 Lacs was availed through SBI during F.Y. 2014-15. Three installments amounting to Rs.1,544 Lacs was paid during the current F.Y. 2017-18 (P.Y. 16-17 – Rs.1,158 Lacs). The Balance of Term loan as on 31.03.2018 was Rs. 28,098.82 Lacs (Rs. 29,628.11 Lacs as on 31.03.2017).

The term loan as well as the soft loans under GOI and GOB schemes are secured by equitable mortgage of Land, Building & Fixed Assets.

Working capital loan is from State Bank of India with interest @ one year MCLR + 0.35% fixed spread, and the limit is Rs.12,500 Lacs. The working capital loan is secured by hypothecation of Stocks & Debtors of the company. The Working Capital Loan balance as on 31.03.2018 was Rs.11,724.22 Lacs (Rs.2,197.59 Lacs as on 31.03.2017).

51. Unsecured loan

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

Four installments amounting to Rs.3360 Lacs was paid during the current F.Y. 2017-18 (P.Y. 16-17 – Nil). The Balance of Bridge Loan as on 31.03.2018 was Rs. 4,967.11 Lacs (Rs. 8,091.97 Lacs as on 31.03.2017).

52. Provision for Gratuity & Leave Encashment

Provision for gratuity of Rs. 163.91 Lacs (P.Y. 16-17 - Rs. 66.99 Lacs) has been made towards retirement benefits for employees during the year based on Actuarial Valuation as of 31.3.2018. Provision for Leave Encashment of Rs. 28.27 Lacs (P.Y.16-17– Rs. 15.32 Lacs) has been made based on Actuarial Valuation as of 31.03.2018.

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

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

53. Income Tax

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





Deferred tax asset on carry forward of losses has not been recognized on account of lack of certainty of sufficient future taxable profits against which such losses can be utilized (Refer Note No.33).

54. Revenue from sale of power

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

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

55. Provision for inventory variation

The company is conducting regular physical verification of inventory. The cumulative inventory variation provision is Rs. 90.13 Lacs (P.Y. 98.88 Lacs) the said variation shall be dealt properly after obtaining appropriate approvals.

56. Arbitration Award

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

<u>Payable to Vendor</u>	Sugauli	Lauriya	Total
Against LD for delay	161.47	155.70	317.17
Against PG Test failure	513.37	521.06	1,034.43
Outstanding Bills	277.09	321.07	598.16
Total (A)	951.93	997.83	1,949.76
<u>Payable to HBL</u>	0.00	0.00	0.00
Modification in Juice & molasses storage	100.00	100.00	200.00
Replacement of vacuum filter	57.40	57.00	114.40
For PCC work Bio compost	0.26	0.26	0.52
Repair of CPU	100.00		100.00
Total (B)	257.66	157.26	414.92
Net Payable to Vendor (A-B)	694.26	840.57	1,534.84





After due approval of the Board w.r.t. the award amount of Rs. 1534.84 lacs, three installments have been paid to the vendor of Rs. 383.71 lacs each in Jan 2017, Apr 2017 and Dec 2017, totaling Rs. 1151.13 lacs. Balance amount payable Rs. 383.71 lacs is outstanding as on 31-03-2018, to be paid in due course. (Refer Note No. 21 – Other Current Financial Liabilities).

Required rectification/modification of the plant and machinery as per compensation admissible in arbitration award is going on and also in process to obtain the required NOC from KBK sub-vendors.

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

Sl.	Description	2017-18 Amount (Rs.in Lacs)	2016-17 Amount (Rs.in Lacs)
A.	Estimated amount of contracts remaining to be executed on capital account not provided for.	89.27	1.69
B.	Claims against the company not acknowledged as debts		
	Wrong disallowance of Input Tax Credit claimed on capital goods for 2010-11. Appeal lying before Sales Tax Tribunal, Bihar	698.44	698.44
	Erroneous demand for 2010-11 of Entry Tax based on proportional amounts, ignoring the actual tax paid. (Rs. 10.22 Lacs paid as advance tax under protest during the year)	68.12	68.12
	Erroneous demand for 2012-13 on account of denial of Input Tax Credit	93.81	93.81
	Erroneous demand for 2013-14 on account of denial of Input Tax Credit	71.65	71.65
	Erroneous demand for 2014-15 on account of denial of Input Tax Credit	38.76	38.76
	Erroneous demand for 2013-14 on account of differential tax due to non-submission of C form at the time of order	93.18	93.18
	Erroneous demand for 2014-15 on account of differential tax due to non-submission of C form at the time of order	315.52	315.52
	Erroneous demand for 2013-14 on account of suppression of purchase turnover ignoring the actual facts	92.09	92.09
	Claim by a vendor for outstanding payments of Bagasse.	10.14	-
	Claims for scrap disposal by a Vendor.	11.28	-
C.	Guarantees given to others		





	Bank Guarantee given to the Bihar State Pollution Control Board as Security Deposit	Nil	20.00
D.	Managerial Remuneration		
	Salary & Allowances		
	(Chief Executive Officer on deputation from HPCL. The amount represents remuneration from HPCL and debited to the company. The salary includes salary, company contribution to PF, LFA, Bonus, medical, gratuity & leave encashment)	55.91	36.63
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

58. Related Party

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

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

Nature of Transaction	2017-18 Amount (Rs. in Lacs)	2016-17 Amount Rs in Lacs)
Balance Ethanol Advance as on 31 st March (Ethanol advance taken during FY 17-18, Rs. 30 crores)	1,895.81	-
Interest Paid during the year to HPCL on Ethanol Advance	14.73	24.14
Sale of Ethanol to HPCL (Excl. In-Transit sales on 31.03.18 for Rs.61.35 Lacs , P.Y. Rs.94.79 Lacs)	4,489.64	4,412.06
Purchase of Lubes from HPCL	26.33	15.48
Purchase of Sulphur from HPCL	42.67	21.98
Bridge Loan Taken from HPCL(balance as on 31 st March)	4,967.11	8,091.97
Interest paid to HPCL on Bridge Loan	536.35	689.19





Manpower cost of employees on deputation and establishment expenses including Service Tax	214.05	132.78
Payable to HPCL Corporate on account of Manpower Cost, Bridge Loan interest and Other Expenses	1,195.67	879.51
Payable on account of Lubes and Sulphur Purchases	14.02	-
One Time Lease premium received for land at Sugauli transferred to HPCL	-	1,594.07

60. Payment to Auditors

Expenses incurred towards statutory auditor's remuneration during the year are as under:
(Rs in Lacs)

Particulars	2017-18	2016-17
For Statutory Audit	1.50	1.50
For Taxation matters	-	-
For Company law matters	-	-
For management services	0.50	-
For other services	-	-
For expenses	0.29	0.36
Total	2.29	1.86

61. Women Director

In terms of the provisions of the Companies Act, 2013 Women Director needs to be appointed in the Board but at present there is no women director on the Board.

62. Foreign Exchange Information

(Rs. in Lacs)			
Sl. No.	Particulars	2017-18	2016-17
a	Value of imports calculated on CIF basis by the company during the financial year in respect of		
	I. Raw Materials	Nil	Nil
	II. Components and Spare Parts	Nil	Nil
	III. Capital Good	Nil	Nil
b	Expenditure in foreign currency during the financial year on account of royalty, know how, professional and consultation fees, interest, and other matters	Nil	Nil





c	Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption		
	Raw Materials		
	Imported in %	Nil	Nil
	Imported in Value	Nil	Nil
	Indigenous in %	100%	100%
	Indigenous in Value	21,083.69	17,031.16
	Spare Parts and components		
	Imported in %	Nil	Nil
	Imported in Value	Nil	Nil
	Indigenous in %	100%	100%
	Indigenous in Value	625.04	501.30
d	The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related		
e	Earnings in foreign exchange classified under the following heads, namely		
	Export of goods calculated on FOB basis	Nil	Nil
	Royalty, know how, professional and consultation fees	Nil	Nil
	Interest and dividend	Nil	Nil
	Other income indicating the nature thereof	Nil	Nil

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

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

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

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

