

INDEPENDENT AUDITORS' REPORT
To the Members of HPCL RAJASTHAN REFINERY LTD

Report on the Financial Statements

1 We have audited the accompanying financial statements of **HPCL RAJASTHAN REFINERY LTD** (the Company), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

- 3 Our responsibility is to express an opinion on these financial statements based on our audit.
- 4 We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
- 5 We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

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

Opinion

- 7 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016; and its Loss and its Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

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

a) **Note number - 7(i)** to the financial statements which, describes that As per Memorandum of Association (MoA) and Articles of Association (AoA) of the company, total number of shares subscribed by subscribers to MoA and AoA is 10,00,00,000 equity shares of Rs.10/- each amounting to Rs.100,00,00,000/-. However, the amount has been paid only for 50,000 shares amounting to Rs. 5,00,000/-. Amount of Rs. 99,95,00,000 towards the balance of 9,95,00,000 shares subscribed is yet to be paid by the subscribers of MoA. It was payable by the subscribers of MoA/AoA. Therefore sum of Rs 99,95,00,000 debt due from them to the company, as per Section 10(2) of the Companies Act, 2013.

b) **Note number -7(v)** The land allotted by Government of Rajasthan (GoR), was not accounted pending execution of lease agreement. There is no change in the status in the current year. Consequently, lease rent has not been recognised.

Our opinion is not modified in respect of these matters.



9 Report on other Legal and Regulatory Requirements

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls system over financial reporting of the company & the operating effectiveness of such controls, we give our report in the **Annexure-B**
- g) With respect to the other matters included in the Auditor's Report in accordance to Rule 11 of the companies (Audit & Auditors) Rule, 2014 in our and to the best of our information and according to the explanations given to us :
 - i. The company does not have any pending litigations which would impact in financial position.
 - ii. The company does not have any foreseeable losses on long-term contracts including derivative contracts requiring provision under the applicable law or accounting standard .
 - iii. There were no amounts which were required to be transferred to the investor education and protection fund by the company.



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

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

Place: Jaipur

Dated: 19/5/2016

For S.K. Bakliwal & Co.

Chartered Accountants

(Registration No.001383C)



(S.K. Bakliwal)

Partner (Memb. No.070585)



ANNEXURE A

STATEMENTS REFERRED TO IN PARAGRAPH (9) OF OUR INDEPENDENT AUDITORS'REPORT OF EVEN DATE TO THE MEMBERS OF HPCL RAJASTHAN REFINERY LTD.ON THE ACCOUNTS FOR THE PERIOD ENDED 31st MARCH, 2016

- (I) (a)The Company has not purchased any fixed assets therefore the clause relating to maintenance of records showing full particulars, including quantitative details and situation of fixed assets is not applicable.
- (b) The Company has not purchased any fixed assets therefore the clause relating to physical verification of fixed assets is not applicable.
- (c) Govt . of Rajasthan (GOR) has allotted a Land measuring 12034.10 bigha at pachpadra village,Bamer District vide letter datd.11.10.2013.pending execution of lease agreement ,the same has not been considered in the books of account as such the clause relating to title deed of immovable properties is not applicable.
- (II) The company has not so far made any purchase and does not possess any inventory therefore reporting requirements regarding inventory is not applicable to the company.
- (III) The company has not granted any loans, secured or unsecured to companies firms, or other party covered by clause (76) of section 2 of the Companies Act, 2013. In view of clause (III) above, the clauses (III) (a), and (III) (b) & (III) (c) of sub para 3 of the order are not applicable to the company.
- (IV)There are no loans, investments, guarantees and security to which provisions of section 185 and 186 of the Act are applicable. Accordingly the clause (iv) of paragraph 3 of the order is not applicable to the company
- (V)According to the information and explanation given to us and the record of the company examined by us , the company has not accepted deposits, as such the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, are not applicable to the company.
- (vi) In our opinion and according to the information and explanation given to us, the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the company under the companies(cost Record and Audit) rule,2014



- (vii)(a) In our opinion and according to the information and explanation given to us and the record examined by us, Since the company has not started business activity as such there are no undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and there are no such outstanding statutory dues as at 31.03.2016 for a period of more than six months from the date they became payable.
- (b) In our opinion and according to the information and explanation given to us and the record examined by us, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax outstanding on account of any dispute,
- (viii) The company does not have any dues on account of loans or borrowing to a financial institution, bank, Government or dues to debenture holders, hence the provisions of paragraph 3(viii) of the order are not applicable.
- (ix) The company has not raised through initial public offer or further public offer (including debt instruments) and term loans hence the provisions of paragraph 3(ix) of the order are not applicable.
- (x) During the course of our examination of the books of account and record of the company, and according to the information and explanation given to us no material fraud noticed by the company or on the Company by its officers or employees has been or reported during the year.
- (xi) In our opinion and according to the information and explanation given to us and the record examined by us the company has not paid or provide managerial remuneration during the year, therefore the provisions of section 197 read with Schedule V to the Companies Act are not applicable
- (xii) In our opinion and according to the information and explanation given to us, the company is not a Nidhi Company .
- (xiii) In our opinion and according to the information and explanation given to us and based on our examination of the record of the company by us transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiv) In our opinion and according to the information and explanation given to us and based on our examination of the record of the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year .
- (xv) In our opinion and according to the information and explanation given to us and based on our examination of the record , the company has not entered into non-cash transactions with directors or persons connected with him .Hence the provision of section 192 of the Act are not applicable

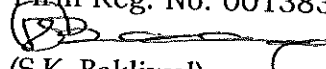


(xvi) The company has not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence the provisions of paragraph 3(xvi) of the order are not applicable.

Place: Jaipur

Dated: 19/5/2016

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


(S.K. Bakliwal)

Partner

(Memb. No.070585)



ANNEXURE-B

REFERRED TO IN PARAGRAPH 9(f) OF OUR INDEPENDENT AUDITORS'S REPORT OF EVEN DATE

1. We have audited the Internal financial controls over financial reporting of HPCL RAJASTHAN REFINERY LTD as of March 31, 2016 in conjunction with our audit of the financial; statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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



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

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal control over financial reporting include those policies and procedures that (1) pertain to the maintenance of records that , in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company.; and (3) to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

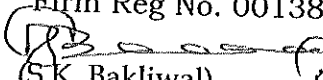
7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

Opinion

8. In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note of Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place: Jaipur
Dated: 19/5/2016

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


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



HPCL RAJASTHAN REFINERY LIMITED
(A Joint Venture of Hindustan Petroleum Corporation Ltd. and Government of Rajasthan)
Balance Sheet as at 31st March, 2016


(Amount in Rs.)


Particulars	Note No.	As at 31st March 2016	As at 31st March 2015
I. EQUITY AND LIABILITIES:			
1 Shareholders' funds			
Share capital	1	500,000	500,000
Reserves and surplus	2	(20,173,744)	(20,088,881)
2 Current Liabilities			
Other Current Liabilities	3	297,055,666	296,971,433
TOTAL		277,381,922	277,382,552
II. ASSETS:			
1 Non-Current Assets			
Fixed Assets:			
Capital work-in-progress	4	276,883,070	275,998,458
2 Current Assets			
Cash and cash equivalents	5	498,852	499,482
Other Current Assets	6	-	884,612
TOTAL		277,381,922	277,382,552
Notes forming are intergral part of the Accounts	1-7		
Statement of Significant Accounting Policies	8		

For and on Behalf of the Board

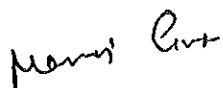
As per our Report of even date
For S. K. Bakliwal & Co.
Chartered Accountants
Registration No. 001383C


M K Surana
Chairman


J Ramaswamy
Director


Partner : S.K. Bakliwal
M No : 070585




Manoj Gupta
Company Secretary

Place: Jaipur
Date : 19th May, 2016

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

Statement of Profit and Loss for the Year Ended 31st March, 2016

(Amount in Rs.)

Particulars	Note No.	Year Ended 31st March 2016	Year Ended 31st March 2015
REVENUE:			
I. Revenue from operations		-	-
II. Other income		-	-
III. Total Revenue	(I+II)	-	-
EXPENSES :			
Other Expenses -			
Statutory Audit Fees		57,250	-
Filing Fees (ROC)		7,800	-
Professional Expenses		19,183	-
Bank Charges		630	-
IV Total expenses		84,863	-
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		(84,863)	-
VI. Exceptional items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		(84,863)	-
VIII. Extraordinary items		-	-
IX. Profit/(Loss) before tax (VII-VIII)		(84,863)	-
X Tax expenses			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI Profit/(Loss) for the year from continuing operations (IX-X)		(84,863)	-
XII Profit/(loss) from discontinuing operations (before tax)		-	-
XIII Tax expenses of discontinuing operations		-	-
XIV Profit/(loss) from discontinuing operations (after tax)(XII-XIII)		-	-
XV Profit (loss) for the period (XI-XIV)		(84,863)	-
XVI Earnings per equity share of Rs.10 each			
(1) Basic		(1.70)	-
(2) Diluted		(1.70)	-


Notes forming are integral part of the Accounts
Statement of Significant Accounting Policies

1-7
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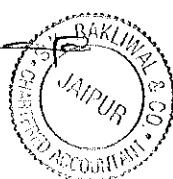
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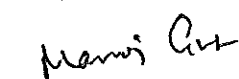
As per our Report of even date
For S. K. Bakliwal & Co.
Chartered Accountants
Registration No. 001383C


M K Surana
Chairman


J Ramaswamy
Director

Partner : S.K. Bakliwal
M No : 070585




Manoj Gupta
Company Secretary

Place: Jaipur
Date : 1st May, 2016

HPCL RAJASTHAN REFINERY LIMITED

(A Joint Venture of Hindustan Petroleum Corporation Ltd. and Government of Rajasthan)

Cash Flow Statement for the Year Ended 31st March, 2016

(Amount in Rs.)

Particulars	Note No.	Year Ended 31st March 2016	Year Ended 31st March 2015
<u>Particulars</u>			
A. Cash Flow From Operating Activities			
Net Profit/(Loss) before Tax & Extraordinary items		(84,863)	-
Change in Current Liabilities		84,233	42,600
Change in Current Receivables		-	(884,612)
Net Cash from Operating activities	(A)	<u>(630)</u>	<u>(842,012)</u>
B. Cash Flow From Investing Activities			
Change in Capital work in progress		-	(73,072,690)
Net Cash from Investing Activities	(B)	<u>-</u>	<u>(73,072,690)</u>
C. Cash Flow From Financing Activities			
Amount received towards Share Capital		-	-
Expenses financed by Promoter (HPCL)		-	73,914,084
Net Cash from Financing activities	(C)	<u>-</u>	<u>73,914,084</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C)	<u>(630)</u>	<u>(618)</u>
CASH AND CASH EQUIVALENTS AS ON 1st APRIL, 2015 (OPENING)		499,482	500,100
CASH AND CASH EQUIVALENTS AS ON 31st MARCH, 2016 (CLOSING)		498,852	499,482
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(630)</u>	<u>(618)</u>

For and on Behalf of the Board

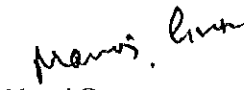
As per our Report of even dated
For S. K. Bakliwal & Co.
Chartered Accountants
Registration No. 001383C


M K Surana
Chairman


J Ramaswamy
Director

Partner : S.K. Bakliwal
M No: 070585




Manoj Gupta
Company Secretary

Place: Jaipur
Date : 15th May, 2016

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

Notes Forming Part of the Financial Statements for the Year Ended 31st March 2016

NOTE 7: NOTES FORMING PART OF ACCOUNTS

- i) As per Memorandum of Association (MoA) and Articles of Association (AoA) of the company, total number of shares subscribed by subscribers to MoA and AoA is 10,00,00,000 equity shares of Rs.10/- each amounting to Rs.100,00,00,000/- . However, the amount has been paid only for 50,000 shares amounting to Rs. 5,00,000/- . Amount of Rs. 99,95,00,000 towards the balance of 9,99,50,000 shares subscribed is yet to be paid by the subscribers of MoA. This is payable by the subscribers of MoA/AoA and is debt due from them to the company, as per Section 10(2) of the Companies Act, 2013.
- ii) There has been no expenditure on the project during the financial year 2015-16. However, certain administrative and statutory expenditure have been made during the financial year 2015-16. The expenditure incurred during the year relates to Audit Fees, Filing Fees to ROC, Professional Fees paid to Practicing Company Secretaries and Bank Charges. Expenses booked during the financial year : (a) Statutory Auditors fees Rs. 57, 250/- for FY 2015-16 (b) Filing Fees to ROC Rs. 7,800/- Professional Fees Rs. 19,183/- and Bank Charges Rs. 630/-
- iii) The company has so far not appointed any employee. Therefore, AS-15 on Employee Benefit is not applicable to the Company.
- iv) Profit and Loss A/c has been drawn for the current year consisting of expenses towards Audit Fees, Filing Fees to ROC, Professional Fees paid to Practicing Company Secretaries and Bank Charges . No expenditure relating to profit and loss account has been booked in the previous year.
- v) The land allotted by Government of Rajasthan (GoR), was not accounted pending execution of lease agreement. There is no change in the status in the current year. Consequently, lease rent has also not been recognised.
- vi) Expenditure incurred by HPCL (Promoter), has been shown under other current liabilities since they are due to be settled within 12 months.
- vii) Deferred Tax Asset has not been recognised in accordance with AS-22, in view of uncertainty over set off of the losses against taxable income in definitive future.
- viii) No provision of income tax has been made as the project is under construction/erection stage and expenditure incurred are being capitalised.
- ix) Contingent Liabilities - Estimated amount of contracts remaining to be executed on capital account and not provided for as of 31st March, 2016 is Rs.24,00,00,000/- (2014-15: Rs.24,00,00,000/-).
- x) Since there has been no activities for the project and more than 12 months have elapsed and Service tax credit is not claimable, the amount lying in Cenvat Receivable has been transferred to Capital work in progress.



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

(Amount in Rs.)

Sr. No.	Particulars	2015-16	2014-15
1	Amounts payable to "suppliers" under MSMED Act, on on 31/03/16:- - Principal - Interest	- -	- -
2	Amounts payable to "suppliers" under MSMED Act, beyond appointed day during F.Y 2015-16 (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.	-	-

xii) RELATED PARTY DISCLOSURE

A Name and Relationship with Related Parties

- 1 Name of Related Parties
 - i. HPCL
 - ii. Government of Rajasthan
- 2 Key Management Personnel
 - i. Shri Manoj Gupta, Company Secretary

B Details of Transactions with related parties:-

(Amount in Rs.)

No.	Nature of Transactions	2015-16	2014-15
1	HRRL expenditure charged by HPCL	88,763	73,072,690
2	Salary / Other Benefits to Shri Manoj Gupta	-	-
3	Receivable / (Payable) to HPCL	(296,997,596)	(296,908,833)

xiii) OTHER NOTES

(Amount in Rs.)

	2015-16	2014-15
A Payment to Auditors - Audit fees	57,250	56,180
B CIF value of imports during the year (excluding canalised imports):	-	-
C Earning in Foreign exchange	-	-
D Expenses in Foreign currency	-	-

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

xv) Segment Information

As the company has not commence in operation, disclosure under "AS-17 Segment Reporting" of the Accounting Standard issued by the Institute of Chartered Accountants of India is not applicable.



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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31.03.2016

Note 8: SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

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

2. Significant Accounting Policies

2.1 TANGIBLE ASSETS

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

2.2 INTANGIBLE ASSETS

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

2.3 CONSTRUCTION PERIOD EXPENSES OF PROJECT

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

2.4 DEPRECIATION / AMORTIZATION

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

2.5 FOREIGN CURRENCY TRANSACTIONS

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

2.6 PROVISIONS

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

2.7 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities are considered only for items exceeding Rs. 5.00 lakhs in each case. Contingent Liabilities in respect of show cause notices are considered only when converted into demands. Capital Commitments are considered only for items exceeding Rs. 1 lakh in each case.

2.8 ACCOUNTING/CLASSIFICATION OF TRANSACTIONS IN FINANCIAL STATEMENTS

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



HPCL RAJASTHAN REFINERY LIMITED
(A Joint Venture of Hindustan Petroleum Corporation Ltd. and Government of Rajasthan)
Notes Forming Part of the Financial Statements for the Year Ended 31st March 2016

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2016	As at 31st March 2015																								
1	<u>SHARE CAPITAL</u>																										
a)	Authorised : 4,000,000,000 (4,000,000,000) Equity Shares of Rs. 10 each	40,000,000,000	40,000,000,000																								
b)	Subscribed : 100,000,000 (100,000,000) Equity Shares of Rs. 10 each	1,000,000,000	1,000,000,000																								
c)	i) Issued & Fully Paid Up: 50,000 (50,000) Equity Shares of Rs.10 each fully paid up	500,000	500,000																								
	ii) Subscribed but not fully paid up: 99,950,000 Equity Shares of Rs.10 each	99,950,000	99,950,000																								
	iii) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.																										
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">As at 31st March 2016</th> <th colspan="2">As at 31st March 2015</th> </tr> <tr> <th>No. of Shares</th> <th>Amount of Share Capital (Rs.)</th> <th>No. of Shares</th> <th>Amount of Share Capital (Rs.)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">50,000</td> <td style="text-align: center;">500,000</td> <td style="text-align: center;">50,000</td> <td style="text-align: center;">500,000</td> </tr> <tr> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">50,000</td> <td style="text-align: center;">500,000</td> <td style="text-align: center;">50,000</td> <td style="text-align: center;">500,000</td> </tr> </tbody> </table>	As at 31st March 2016		As at 31st March 2015		No. of Shares	Amount of Share Capital (Rs.)	No. of Shares	Amount of Share Capital (Rs.)	50,000	500,000	50,000	500,000	-	-	-	-	-	-	-	-	50,000	500,000	50,000	500,000	
As at 31st March 2016		As at 31st March 2015																									
No. of Shares	Amount of Share Capital (Rs.)	No. of Shares	Amount of Share Capital (Rs.)																								
50,000	500,000	50,000	500,000																								
-	-	-	-																								
-	-	-	-																								
50,000	500,000	50,000	500,000																								
	iv) Shareholding more than 5% shares:																										
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">As at 31st March 2016</th> <th colspan="2">As at 31st March 2015</th> </tr> <tr> <th>Nos.</th> <th>% Of shares</th> <th>Nos.</th> <th>% Of shares</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">37,000</td> <td style="text-align: center;">74%</td> <td style="text-align: center;">37,000</td> <td style="text-align: center;">74%</td> </tr> <tr> <td style="text-align: center;">13,000</td> <td style="text-align: center;">26%</td> <td style="text-align: center;">13,000</td> <td style="text-align: center;">26%</td> </tr> <tr> <td style="text-align: center;">50,000</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">50,000</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	As at 31st March 2016		As at 31st March 2015		Nos.	% Of shares	Nos.	% Of shares	37,000	74%	37,000	74%	13,000	26%	13,000	26%	50,000	100%	50,000	100%					
As at 31st March 2016		As at 31st March 2015																									
Nos.	% Of shares	Nos.	% Of shares																								
37,000	74%	37,000	74%																								
13,000	26%	13,000	26%																								
50,000	100%	50,000	100%																								
	HPCL																										
	Government of Rajasthan																										
2	<u>RESERVES & SURPLUS</u>																										
	Surplus/(Deficit) in Statement of Profit & Loss																										
	As per last Balance Sheet at the beginning of the year	(20,088,881)	(20,088,881)																								
	Add: Transfer from The Statement of Profit & Loss for the year	(84,863)	-																								
	Balance at the end of the year	(20,173,744)	(20,088,881)																								
3	<u>OTHER CURRENT LIABILITIES</u>																										
	Hindustan Petroleum Corpn. Ltd. (HPCL)	296,997,596	296,908,833																								
	Provision for Professional Fees	58,070	62,600																								
		297,055,666	296,971,433																								
4	<u>CAPITAL WORK IN PROGRESS</u>																										
	Opening Balance	275,998,458	202,925,768																								
	Add : Project expenses incurred pending capitalisation	-	73,072,690																								
	Add : Cenvat Receivable reversal	884,612	-																								
	Less: Transferred to Fixed Assets	-	-																								
	Balance at the end of the year	276,883,070	275,998,458																								
5	<u>CASH & CASH EQUIVALENTS</u>																										
	Balance with Bank	498,852	499,482																								
6	<u>OTHER CURRENT ASSETS</u>																										
	Cenvat Receivable	-	884,612																								

