

# **1<sup>st</sup> ANNUAL REPORT**

## **2009-10**



**HPCL BIOFUELS LTD.**

(A wholly owned subsidiary company of  
Hindustan Petroleum Corporation Ltd.)

# Photographs of Events



Shri R. S. Pandey  
Addressing Farmers  
At "1" Kishan Ghosti"  
On 27th March 2009

Shri S. Roy Choudhury  
Addressing Farmers  
At "1" Kishan Ghosti"  
at Sugauli



Inauguration of  
Dedicated Ambulance  
Service with first aid  
facilities by  
Mr. G P Hedao  
at Lauriya



## **Board Of Directors**

**Shri R. S. Pandey, Chairman**  
**Shri S. Roy Choudhury, Director**  
**Shri B. Mukherjee, Director**  
**Shri K. Murali, Director**

## **“Manager” & CEO**

**Shri B. Rajesh**

## **Chief Financial Officer**

**Shri Girraj Prasad Meena**

## **Company Secretary**

**Ms. Heena Shah**

## **Statutory Auditors**

**L. K. KEJRIWAL & CO.**  
**Chartered Accountants,**  
**Patna**

## **Our Bankers**

**State Bank Of India**  
**Union Bank Of India**

## **Registered Office :**

**HPCL Biofuels Limited**  
**No.271, Road No.3E,**  
**Holding No.437 & 438,**  
**Ward No.22,**  
**New Patliputra Colony,**  
**Patna - 800 013, Bihar.**  
**[www.hpclbiofuels.co.in](http://www.hpclbiofuels.co.in)**  
**E-mail:[info@hpclbiofuels.co.in](mailto:info@hpclbiofuels.co.in)**

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## Board Of Directors



Shri R. S. Pandey  
Chairman



Shri S. Roy Choudhury  
Director



Shri B. Mukherjee  
Director



Shri K. Murali  
Director

## Senior Management Team



Mr. B. Rajesh  
Chief Executive Officer & Manager



Mr. Girraj Prasad Meena  
Chief Finance Officer



Ms. Heena Shah  
Company Secretary



Mr. Neeraj K. Rai  
Location Incharge Sugauli



Mr. Gajanan Hedao  
Location Incharge Lauriya

## Plant Locations

**Location Incharge Sugauli : Shri Neeraj K. Rai**

### Plant Capacities

Sugar - 3500 TCPD

Ethanol - 60 KLPD

Cogen Power - 20 MW

### Site Address : Sugauli

HPCL Biofuels Limited

Sugauli unit,

Opposite Railway Station Sugauli,

Champan East , State - Bihar,

Pin code - 845 456



**Location Incharge Lauriya : Shri Gajanan Hedao**



### Plant Capacities

Sugar - 3500 TCPD

Ethanol - 60 KLPD

Cogen Power - 20 MW

### Site Address : Lauriya

HPCL Biofuels Limited

Lauriya Unit,

Lauriya Bagha Road,

Champan West, Bihar,

Pin Code -845 453

# Our Products

## SUGAR

A sugar unit of 3500 TCD capacity with state of the art cane diffusion process & 1750 TCD capacity highly efficient & continuously operating boiling & sugar process houses (for processing 50% of the mixed juice generated from 3500 TCD cane crushing), will be installed to manufacture good quality white plantation sugar.

## ETHANOL

Ethanol plant of capacity of 60 KLPD will be installed concurrently with the sugar and co-gen power plants as a part of the integrated project. The estimated production of ethanol from the unit will be 16TKL during the year.

The ethanol plant will also use state of the art technology to ensure optimum output & lowest energy & input consumption. It will include continuous fermentation, multi pressure distillation & molecule sieve technologies, which are considered to be the latest in the ethanol industry. Evaporation technology will be used to reduce the spent wash generation in order to reduce pollution. Bio-methanation plant for reducing BOD / COD levels & generating biogas for use as fuel into co-gen power plant boiler as well as bio-compost equipment will be used to treat the spent wash generated from the ethanol plant. The compost fertilizer thus produced will be sold to the farmers in the command area & will ensure zero effluent discharge.

## CO-GEN POWER

The co-gen power plant of 20 MW capacity will mainly operate on mill bagasse and adequate percentage of cane trash during 130 season days of the sugar factory and on saved bagasse, cane trash & maize cobs for 170 off-season days. At designed levels, it will generate about 143.03 million kWh and export about 112.79 million kWh through BSEB grid for sale to customers. All steam and power requirements of the sugar factory and ethanol, co-gen auxiliaries and colony, both during season and off-season periods, will be met internally from the co-gen power plant.

The co-gen power plant will employ state of the art technology equipment to ensure highest operating efficiencies & environmental emission much below the prescribed norms from BSPCB or CPCB.

As the co-gen power plant will operate on biomass fuels, the exportable power qualifies for emission trade under Clean Development Mechanism (CDM) of the Kyoto Protocol.

## Directors' Report

Your Directors have pleasure in submitting the First Annual Report of the Company along with audited accounts of the Company for the period 16th October, 2009 to 31st March, 2010.

### FINANCIAL PERFORMANCE

Summary of financial performance is given as under:

Particulars	For the Period from 16/10/2009 to 31/03/2010 ( ₹ in '000s )
Income from Operations	-
Other Income	98
Total Expenses(exl. Pre-incorp. Exp)	14264
Profit / (Loss) for the period before charging interest and depreciation	(14166)
Depreciations	-
Pre-Incorporation Expenses	13164
Profit / (Loss) for the period	(27330)
Provision for Taxes	22
Profit / (Loss) carried to Balance Sheet	(27352)

### DIVIDENDS

Since the company has not commenced its commercial operations, Directors have decided not to declare any dividend for the year.

## Directors' Report

### OPERATIONS

Your Company has acquired two sick Sugar Units from Bihar State Sugar Corporation Ltd., Government of Bihar (GoB) at Sugauli & Lauriya in East & West Champaran Dists. Of Bihar for revival and installation of 3500 TCD integrated Sugar, Ethanol & Co-gen power plant, each at Sugauli and Lauriya for production of Sugar, Ethanol & Co-gen. As on 31st March, 2010, company had acquired 287 acres of land at Sugauli & 195.44 acres at Lauriya. Government of Bihar (GoB) has allotted Cane command area of 173 villages at Sugauli and 139 villages at Lauriya for Cane Development activities.

All the major approvals for commissioning of two plants at Sugauli and Lauriya have been obtained. The civil work and equipment erection work is in progress in all the plants i.e. Sugar, Ethanol and Co-gen plants and it is expected that the plants will be commissioned in the crushing season Nov-Dec., 2010.



Cane Carrier

### INSURANCE

Plants at both the locations i.e. Sugauli & Lauriya are under construction and hence necessary insurance coverage of all the assets have been obtained and maintained by the Contractors as per the contractual obligations entered into between contractors and the Company.



Birds Eye view of Ethanol Plant at Sagauli

## Directors' Report

### AUDITORS

M/s. L K Kejriwal & Company, Chartered Accountants, first Statutory Auditors of the Company, appointed by Comptroller & Auditor General of India (C&AG) had held the office till 31st March, 2010.

### CLEAN DEVELOPMENT MECHANISM (CDM)

As the Co-gen Power Plant will operate on Bagasse & Biomass fuels, the exportable power qualifies for emission trade under Clean Development Mechanism (CDM) under KYOTO Protocol.

### AUDIT COMMITTEE

The Audit Committee of your Company has carried out its functions in accordance with section 292A of the Companies Act, 1956.



Co - Gen Water Treatment Plant

### SAFETY, HEALTH AND ENVIRONMENT

Health, Safety and Environment management is of paramount importance and it is integral part of all activities carried out at Company's both the Plants i.e. at Sugauli & at Lauriya. Your Company had accident free operations during the period under review.

Your Company has acquired all environmental approval & permission for its operations.

Our employees are biggest assets and HPCL Biofuels Limited takes care to ensure the health & well being of all employees.

## Directors' Report

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors give hereunder the Director's Responsibility Statement pertaining to the accounts of the Company that:

- A) In the preparation of annual accounts, applicable accounting standards have been followed and that there were no material departures.
- B) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- C) These Accounts have been prepared on a going concern basis.

### DIRECTORS

The Board of Directors of the company presently comprises of Shri. R. S. Pandey, Chairman, Shri. S. Roy Choudhury, Shri. B. Mukherjee and Shri. K. Murali.

Shri. R. S. Pandey joined the Board as an additional Director in the 10th Board Meeting of the Company held on 6th August, 2010.

As per the provisions of the Companies Act, 1956, Shri. R. S. Pandey, Shri. S. Roy Choudhury, Shri. B. Mukherjee and Shri. K. Murali are the Directors who will retire by rotation at the Annual General Meeting and being eligible they have offered themselves for reappointment.

**PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/ OUTGO AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 statement showing the particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo are enclosed hereto and forms part of this report marked as Annexure "A"

### PARTICULARS OF EMPLOYEES

As regards provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, none of the employees was in receipt of remuneration exceeding the limits prescribed.

## Directors' Report

### ACKNOWLEDGEMENTS

The Directors gratefully acknowledge the valuable guidance and support extended by the HPCL, Dept. of Industries, Dept. of Sugarcane Industries, BSEB, BSPCB, Government of Bihar, MoE & F (New Delhi), Airport Authorities of India Ltd., Ministry of Consumer Affairs, Food & Public Distribution (Govt. of India) and other State Government Agencies.

Your Directors also wish to place on record the appreciation and dedicated services rendered by the employees of the Company including those deputed by HPCL.

On behalf of the Board of Directors

Place : New Delhi  
Date : 26th October, 2010

R. S. Pandey  
Chairman

## Annexure to Directors' Report

### A. CONSERVATION OF ENERGY

- (a) The Company is a green field project and will be undertaking manufacturing of Sugar, Ethanol & Cogen Power from crushing of Sugar cane at Sugauli & Lauriya, in the state Bihar.
- (b) Impact of measures taken for reduction of energy consumption would be assessed after detailed study in the next year.

### B. TECHNOLOGY ABSORPTION

- 1. Specific areas in which R & D carried out by the company.

Your company has signed the MoU with TNAU, Coimbatore on 20th Aug.09 for Cane Development activities at Sugauli and Lauriya and carried out the following activities:

- a. Technology for improving cane yield per hectare and its recovery.
- b. Intercropping options based on local needs.
- c. Introduction of high yielding varieties of seeds for maximising ethanol production.
- d. Developing model farm in our captive land.
- e. Continuous education and up gradation program for farmers.
- f. Setting up of soil testing laboratory.

- 2. Future plan action.

The above initiatives would continue.

- 3. Expenditure on R & D.

Towards the cane development activities & seed multiplication amounting to ₹. 15,00,000/-.

## Annexure to Directors' Report

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation. Plants are under construction and will have the following technologies

- a. Cane Diffusion technology
- b. Manufacturing of Ethanol directly from Sugarcane Juice
- c. Molecule sieve technology

2. Benefits derived as a result of the above efforts. Benefits will be derived after commencement of production.

1. Information regarding Technology imported during the last 5 years.

(a) Details of technology imported and year of import.

No technology has been imported.

(b) Has technology been fully absorbed, and if not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.

N.A.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to exports; initiatives taken to increase exports; developments of new export markets for products and services; and export plans.

-Nil-

(b) Total foreign exchange used and earned.

(In ₹ '000s)

Total foreign exchange used  
Consultancy services/others

Nil

## Corporate Governance Report

HPCL Biofuels Limited stringently adheres to and is guided by the control and delivery parameters set by the promoter Company i.e. Hindustan Petroleum Corporation Limited.

### CORPORATE INFORMATION

Corporate Identity Number U24290BR2009GOI014927

### BOARD OF DIRECTORS

Name of Directors	Designation on Board	Qualification	Effective Date of appointment	No. of Shares as Nominee
Shri. R. S. Pandey	Chairman & Non-executive Director	Graduate in Physics Mathematics Statistics	06.08.2010	Nil
Shri. S. Roy Choudhury	Non-executive Director	B.E. (Mechanical)	16.10.2009	1
Shri. B. Mukherjee	Non-executive Director	Chartered Accountant	16.10.2009	1
Shri. K. Murali	Non-executive Director	B.E. (Chemical)	16.10.2009	1

### SHAREHOLDING PATTERN

HPCL Biofuels Limited is 100% subsidiary company of Hindustan Petroleum Corporation Limited, details of its shareholding are as under:

Sr. No.	Subscribers	No. of Shares (Nominal value of ₹. 10/- per share)
1.	HPCL	9,99,99,994
2.	Shri. Subir Roy Choudhury**	1
3.	Shri. Bhaswar Mukherjee**	1
4.	Shri. Kotagiri Murali**	1
5.	Shri. Rajesh Balasubramaniam**	1
6.	Shri. Shrikant Madhukar Bhosekar**	1
7.	Shri. Praful Chandra Agrawal**	1
		<b>10,00,00,000</b>

\*\* Shares held as Nominee of Hindustan Petroleum Corporation Limited

## Corporate Governance Report

### DETAILS OF BOARD MEETINGS

Meeting No.	Date of Meeting	Location
B1	29th October, 2009	Mumbai
B2	25th November, 2009	Mumbai
B3	23rd December, 2009	New Delhi
B4	11th February, 2010	Mumbai
B5	18th February, 2010	Mumbai

### DETAILS OF AUDIT COMMITTEE MEETING

Meeting No.	Date of Audit Committee	Location
A1	11th February.2010	Mumbai

### REGISTERED OFFICE:

During the year the registered office of the Company has been shifted from 6th Floor, Lok Nayak Jai Prakash Bhavan, Dak Bunglow, Chock, Patna - 800 001 Bihar to No. 271. Road No. 3E, Holding No.437 & 438, Ward No. 22, New Patliputra Colony, Patna - 800 013, Bihar.

## Auditors' Report

TO THE MEMBERS OF HPCL BIOFUELS LIMITED

1. We have audited the attached Balance Sheet of HPCL BIOFUELS LIMITED (the company) as at 31 March 2010, the Profit and Loss Account and also the Cash Flow Statement of the company for the period from 16-10-2009 to 31-03-2010, annexed thereto. These financial statements, are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's information) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) Preliminary expenses have been certified by M/s G.P. Kapadia & Co., Chartered Accountants, Mumbai and pre - incorporation expenses and sale of scrap (Plant & Machinery etc. of Sugar Units acquired along with lease of land) have been certified by M/s H. Singhvi & Co., Chartered Accountants, Mumbai. We have relied on those certificates in respect of the expenses & sale of scrap mentioned in those certificates.
  - (b) The Accounts adopted by the Board on 27 April, 2010 have been revised as given in para 11 of the Notes on Accounts. This is the revised report on the revised accounts.
  - (c) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

## Auditors' Report

- (d) 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;.
- (e) the Balance Sheet, the Profit & Loss account and the cash flow statement dealt with by this report are in agreement with the books of account
- (f) in our opinion, the Balance Sheet, the Profit & Loss Account and the cash flow statement dealt with by this report ,comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (g) In view of notification no. GSR 829 (E) dated 21.10.2003, issued by the Central Government, the provisions of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956 are not applicable to a government company.
- (h) in our opinion, and to the best of our information, and according to the explanations given to us, the said accounts, read together with the notes thereon, and the Accounting Policies give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
- (I) in the case of the Balance Sheet, of the state of affairs of the company as at 31 March 2010,
- (ii) in the case of the Profit and Loss account, of the loss of the company for the period ended on that date and.
- (iii) In the case of Cash Flow Statement, of the Cash Flows of the company for the period ended on that date.

Place -Mumbai

Date - 21st May, 2010

For L. K. KEJRIWAL & CO.  
Chartered Accountants

( L.K. Kejriwal )  
Partner  
Membership no. 011848  
Firm's ICAI  
Reg. No. 001368C

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date on the accounts of HPCL BIOFUELS LIMITED, for the period from 16-10-2009 to 31-03-2010)

1. (a). The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets  
  
(b). As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.  
  
(c). There was no substantial disposal of fixed assets during the year which would affect the going concern status of the company.
2. As the company did not have any inventories during the year, clause 4(ii) of the Order is not applicable to the company.
3. Based on the audit procedures applied by us and according to the information and explanations given to us, the Company has neither granted nor given nor taken loans, secured or unsecured, to/from companies, firms or other parties covered in the register required to be maintained under section 301 of the Companies Act, 1956, Consequently , clauses (b), (c), (d), (e), (f) and (g) of para 4(iii) of the Order are not applicable to the company.
4. There is no purchase of inventory and no sale of goods and services during the period. As regards purchase of fixed assets, in our opinion and according to the information & explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system. .
5. According to the information & explanations given to us, there are no contracts and arrangements referred to in Section 301 of the Companies Act 1956 entered into during the period that need to be entered in the register to be maintained under that Section. Accordingly, para 4(v)(a)&(b) of the Order is not applicable to the company for the current period.
6. The company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Act, the rules framed there under and the directives issued by the Reserve Bank of India.
7. As informed to us, the internal audit of the company is conducted by the internal audit department of Hindustan Petroleum Corporation Ltd, the holding company. The internal audit system of the company is commensurate with its size and the nature of its business.

## Annexure to the Auditors' Report

8. According to the information and explanations given to us, the Central Government has prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 in respect of Sugar Industry vide notification no 388(E) dated 15.07.1997 but as the Plant & Machineries are still under installation and the Company has not stated production, the cost records have not been maintained by the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues of income tax (TDS) and VAT. It was explained to us that there were no other statutory dues payable by the company.  
  
(b) According to the information and explanations given to us, there are no dues of VAT and income tax which have not been deposited on account of any dispute. It was explained to us that there were no dues on account of wealth tax, custom duty, service tax, excise duty and cess.
10. As the company has been registered for a period of less than five years, the provisions of para 4 (x) of the Order are not applicable to the company.
11. The company has neither taken any loan from a financial institution or a bank nor issued any debenture.
12. According to the information and explanations given ,to us, and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi/mutual benefit fund/ society. Accordingly, para 4 (xiii) of the order is not applicable.
14. The company has not dealt in or traded in shares, securities, debentures and other investments during the period , and accordingly, the provisions of para 4(xiv) of the Order are not applicable to the company during the period .
15. According to the information and explanations given to us, the company has given a corporate guarantee to State Bank of India for extending credit facilities to sugar cane farmers. In our opinion, the terms and conditions are not prejudicial to the interests of the company.
16. No term loans were obtained by the company during the period.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, no funds were raised by the company on short-term basis.

## Annexure to the Auditors' Report

18. The company has not made any preferential allotment of shares to parties and companies covered in the Register to be maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures during the period.
20. The company has not raised any money through a public issue during the period.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

For L.K. KEJRIWAL & CO.  
Chartered Accountants

Place - Mumbai

Date - 21st May, 2010

[ L.K. Kejriwal ]  
Partner  
Membership. No. 011848  
Firm's ICAI Reg. No. 001368C

## Balance Sheet as at 31st March 2010

	Schedule	Amount ( ₹ )
<b>Sources of Funds</b>		
<b>Shareholders' Funds</b>		
- Share Capital	A	1,000,000,000
- Advance against Equity pending Allotment		641,600,000
- Reserves and Surplus	B	-
<b>Loan funds</b>		
- Secured Loan	C	-
- Unsecured Loan	D	-
Deferred Tax Liability (Net)	E	-
<b>Total</b>		<b>1,641,600,000</b>
<b>Application of Funds</b>		
<b>- Fixed Assets</b>		
Gross Block	F	5,160,139
Less : Depreciation / Amortisation		148,747
Net Block		5,011,392
Capital Work In Progress	G	2,004,915,743
<b>- Current Assets, Loans and Advances</b>		
Inventories	H	-
Sundry Debtors	I	-
Cash and Bank Balances	J	6,387,970
Loans and Advances	K	919,323
<b>Total</b>		<b>7,307,293</b>
<b>Less: Current Liabilities and Provisions</b>		
Current Liabilities	L	402,964,772
Provisions	M	21,876
<b>Total</b>		<b>402,986,648</b>
<b>Net Current Assets</b>		<b>(395,679,355)</b>
<b>Miscellaneous Expenditure</b>		
Preliminary Expenses ( to the extent not written off or adjusted)	N	-
Profit & Loss Account		27,352,220
<b>Total</b>		<b>27,352,220</b>
<b>Total</b>		<b>1,641,600,000</b>

**Significant Account Policies**

Notes attached to and forming part of the Statement of Accounts  
Schedules referred to above form an integral part of the Balance Sheet  
As per our report of even date attached

For L.K. KEJRIWAL & CO.  
Chartered Accountants

( L.K. Kejriwal )  
Partner  
Membership No.011848, Firm's  
ICAI Reg.No. 001368 C  
Place : Mumbai  
Date : 21/05/2010

( G P Meena )  
Chief Finance Officer

For and on behalf of the Board

( K Murali )  
Director

( B Mukherjee )  
Director

( B Rajesh )  
CEO & Manager

( Heena Shah )  
Company Secretary

## Profit and Loss Account for the period 16.10.2009 to 31.03.2010)

	Schedule	For the period ended 31.03.2010 amount ( ₹ )
Income		
Sales / Income from operations	O	-
Other income	P	97,795
	<b>Total</b>	<b>97,795</b>
Expenditure		
(Increase) / Decrease in Stock of Finished Goods	Q	-
Packing Materials Consumed	R	-
Operating Expenses	S	-
Administrative Expenses	T	5,527,760
Selling and Distribution Expenses	U	-
Bank Charges	V	2,711,513
Cost of Employees	W	6,024,696
	<b>Total</b>	<b>14,263,969</b>
Profit/ (Loss) before Amortisation ,Depreciation and Tax		<b>(14,166,174)</b>
Depreciation	F	-
Preliminary Expenses written off	N	13,164,170
Profit/ (Loss) before Tax		<b>(27,330,344)</b>
Provision for Tax		
- Current Tax		21,876
- Deferred Tax Charge	E	-
- In respect of earlier years		-
- Fringe Benefit Tax		-
Profit/ (Loss) after Tax		<b>(27,352,220)</b>
Balance brought forward from previous year		-
Balance available for appropriation		-
Appropriation		
Proposed Dividend		-
Tax on Proposed Dividend		-
Transfer to General Reserve		-
Balance carried to Balance Sheet		<b>(27,352,220)</b>
Total		<b>(27,352,220)</b>
Nominal Value of Equity Shares of (Rs.)		10
Earnings per Share - Basic and Diluted		-
Significant Account Policies	X	
Notes attached to and forming part of the Statement of Accounts	Y	

Schedules referred to above form an integral part of the Profit and Loss Account  
As per our report of even date attached  
For L.K. KEJRIWAL & CO.  
Chartered Accountants

For and on behalf of the Board

(L.K. Kejriwal)  
Partner  
Membership No.011848  
Firm's ICAI Reg. No. 001368 C

( K Murali )  
Director

( B Mukherjee )  
Director

Place : Mumbai ( G P Meena )  
Date : 21/05/2010 Chief Finance Officer

( B Rajesh ) ( Heena Shah )  
GEO & Manager Company Secretary

## Schedules forming part of the Balance Sheet

As on 31.03.2010  
amount ( ₹ )

### SCHEDULE - A - Share Capital

Authorised 25,00,00,000 Equity Shares of ₹. 10 each.	2,500,000,000.00
Issued, Subscribed and paid up 10,00,00,000 Equity Shares of ₹. 10 each fully paid up	1,000,000,000.00
	1,000,000,000.00

#### Notes:-

- 1) Of the above 9,99,99,994 equity shares were allotted to the Holding Company "Hindustan Petroleum Corporation Ltd" and balance 5 equity shares to the 6 nominees of the Holding Company.
- 2) Of the above paid up Capital of ₹. 1,00,00,00,000, ₹. 50,82,84,752/- was received in cash and ₹. 49,17,15,248/- was on a/c of Pre- incorporation and Preliminary expenses incurred by the Holding Company

SCHEDULE - B - Reserves and Surplus 0.00

0.00

SCHEDULE - C - Secured Loans 0.00

0.00

SCHEDULE - D - Unsecured Loans 0.00

0.00

SCHEDULE - E - Deferred Tax 0.00

0.00

### Schedule - G - Capital Work In Progress (at cost)

(A) Payment for Leasehold Land and Appurtenants		
Sugali	50,00,00,000	
Lauriya	45,00,00,000	
Total	95,00,00,000	
Less : Sale of scrap	4,13,47,196	908,652,804.00
(B) Advance to Contractors for Capital Expenditure		815,506,779.00
(C) Unallocated Capital Expenditure		230,434,902.00

## Schedules forming part of the Balance Sheet

(D)	Construction period Expenses Pending Apportionment	amount ( ₹ )
	Consultancy Expenses	16,261,480.00
	Rent	330,000.00
	Contract Wages & Office Expenses	2,745,618.00
	R & M Expenses	8,580,571.00
	Security Advisor Fee	480,000.00
	Security Expenses	2,581,069.00
	Taxi Hire Expenses	2,324,204.00
	Travel Expenses	666,742.00
	Establishment Expenses	16,202,827.00
	Depreciation	148,747.00
	Sub Total	50,321,258.00
	Total	2,004,915,743.00
SCHEDULE - H -INVENTORIES		
		0.00
		0.00
SCHEDULE - I - SUNDRY DEBTORS		
		0.00
		0.00
SCHEDULE - J - CASH & BANK BALANCES		
	Cash and Cheques on hand	0.00
	Balance with Scheduled Banks:	
	In Current Accounts	6,387,969.70
		6,387,969.70
SCHEDULE - K - LOANS AND ADVANCES		
	(Unsecured, considered good)	
	Tax Deducted at Source on Fixed Deposit with Bank	5,180.00
	Advances to Cane Growers	914,143.00
		919,323.00
SCHEDULE - L - CURRENT LIABILITIES		
	Payable to EPCC Contractor	22,357,707.00
	Operating Expenses Payable to HPCL	24,047,691.00
	Accrued Expense - Payable	118,113,737.00
	TDS Payable	930,637.00
	Security Deposit from Contractor	15,000.00
	Payable to Govt. of Bihar	237,500,000.00
		402,964,772.00
SCHEDULE - M - PROVISIONS		
	Provision for Income Tax	21,876.00
		21,876.00

## Schedules forming part of the Balance Sheet

SCHEDULE - N - PRELIMINARY EXPENSES TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED	amount ( ₹ )
Preliminary Expenses	13,164,170.00
Less: Preliminary Expenses Written off	-13,164,170.00
	0.00
 SCHEDULE - O - SALES/INCOME FROM OPERATIONS	
	0.00
	0.00
 SCHEDULE - P - OTHER INCOME	
Interest on Fixed Deposit	51,795.00
Miscellaneous Income	46,000.00
	97,795.00
 SCHEDULE - Q - INCREASE/DECREASE IN STOCK	
	0.00
	0.00
 SCHEDULE - R - PACKING MATERIALS CONSUMED	
	0.00
	0.00
 SCHEDULE - S - OPERATING EXPENSES	
	0.00
	0.00
 SCHEDULE - T - ADMINISTRATIVE EXPENSES	
Fee to Cane Advisor	400,000.00
Cane Development Expense	3,343,298.00
Review & Conference	206,544.00
Salary & Wages	971,971.00
Statutory Fees and Taxes	222,045.00
Telephone and Fax	122,001.00
Printing and Stationery	120,719.00
Postage and Telegram	2,040.00
Auditor Remuneration	
- Audit Fees	33090
- Tax Audit Fees	-
- Certification Fees	-
- Other Services	-
- Reimbursement of Expenses	-
	33,090.00
Land Lease Payment	2.00
Legal & Consultation Fees	106,050.00
	5,527,760.00

## Schedules forming part of the Balance Sheet

SCHEDULE - U - SELLING AND DISTRIBUTION EXPENSES	amount ( ₹ )
	0.00
	0.00
 SCHEDULE - V - BANK CHARGES	
Bank Charges including guarantee commission	2,711,513.00
	-
	2,711,513.00
 SCHEDULE - W - COST OF EMPLOYEES	
Salaries and Wages [of personnel on deputation from HPCL]	6,011,729.00
Staff Welfare	11,600.00
Employee Recruitment and Training	1,367.00
	0.00
	6,024,696.00



1st Annual Report 2009-10

## Schedules forming part of the Balance Sheet as at 31st March, 2010

### SCHEDULE F - FIXED ASSETS

(Amount in ₹)

Tangible Assets	Gross Block				Depreciation/Amortisation			Net Block	
	As on 16.10.2009	Additions	Deletions/ Adjustments	As on 31.03.2010	As on 16.10.2009	For the Year	Deletions/ Adjustments	As on 31.03.2010	As on 16.10.09
Leasehold Land				-					
Plant & Machinery	-	3,123,964	-	3,123,964	-	87,568	-	87,568	3,036,396
Furniture & Fixtures	-	1,969,914	-	1,969,914	-	53,743	-	53,743	1,916,171
Computers & Printers	-	66,261	-	66,261	-	7,436	-	7,436	58,825
<b>TOTAL</b>	-	5,160,139	-	5,160,139	-	148,747	-	148,747	5,011,392

## Cash Flow Statement for the period ended 31st March, 2010

	PARTICULARS	AMOUNT ( ₹ )	AMOUNT ( ₹ )
(A)	CASH FLOW FROM OPERATING ACTIVITIES		
1	NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS		(27,330,344).00
i)	Depreciation		
ii)	Preliminary Expenses written off	13,164,170.00	
iii)	Interest Income	(51,795).00	13,112,375.00
2	OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		(14,217,969).00
	Working Capital Changes		
	Decrease in Current Assets (Except Cash & Cash Equivalents)	-	
	Increase in Current Liabilities	402,964,772.00	
	Decrease in Current Liabilities	-	
	Increase in Current Assets (Except Cash & Cash Equivalents)	(919,323).00	402,045,449.00
3	CASH GENERATED FROM OPERATIONS BEFORE TAX		387,827,480.00
	Income Tax Paid		
	Tax Refund Received	-	
4	CASH FLOW BEFORE EXTRAORDINARY ITEMS		387,827,480.00
	Less: Extraordinary Items- Preliminary Expenses		(13,164,170).00
	NET CASH INFLOW/( OUTFLOW) FROM OPERATING ACTIVITIES AFTER TAX & EXTRAORDINARY ITEMS		374,663,310.00
(B)	CASH FLOW FROM INVESTING ACTIVITIES		
1	Interest Received	51,795.00	
2	Purchase of Fixed Assets & Investments	(5,160,139).00	
3	Capital Work in Progress - Project Management Expenses	(2,004,766,996).00	(2,009,875,340).00
	NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(2,009,875,340).00
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
1	Proceeds from Issue of Shares	1,000,000,000.00	
	Advance against Equity pending Allotment	641,600,000.00	
	NET CASH INFLOW FROM FINANCING ACTIVITIES		1,641,600,000.00
(D)	NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		6,387,970.00
(E)	Add: Cash & Cash Equivalent at		-
(F)	Cash & Cash Equivalent as at 31.03.2010		6,387,970.00

As per our report of even date attached  
For L.K. KEJRIWAL & CO.  
Chartered Accountants

(L.K. Kejriwal)  
Partner  
Membership No.011848  
Firm's ICAI Reg.No. 001368 C

Place : Mumbai  
Date : 21/05/2010

For and on behalf of the Board

( K Murali )  
Director

( B Mukherjee )  
Director

( G P Meena )  
Chief Finance Officer

( B Rajesh )  
CEO & Manager

( Heena Shah )  
Company Secretary

## Statement of Significant Accounting Policies and Notes forming part of accounts

### SCHEDULE - X : SIGNIFICANT ACCOUNTING POLICIES STATEMENT OF ACCOUNTING POLICIES:

The financial statements are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), Accounting Standards referred to in the Companies (Accounting Standards) Rule, 2006 issued by the Central Government and the relevant provisions of the Companies Act, 1956. All income and expenditure having material bearing are recognized on accrual basis, except where otherwise stated. Necessary estimates and assumption of income and expenditure are made during the reporting period and difference between the actual and the estimates are recognized in the period in which the results materialize.

#### 1. FIXED ASSETS

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

#### 2. INTANGIBLE ASSETS

- a. Costs incurred on technical know-how/license fee relating to process design / plants / facilities are capitalized as Intangible Assets.
- b. Cost of Software directly identified with hardware is capitalized along with the cost of hardware. Application software is capitalized as Intangible Asset.

#### 3. CONSTRUCTION PERIOD EXPENSES ON PROJECTS

- a. Expenditure directly or indirectly related with the project, during construction period, start-up and commissioning of the project are capitalized.
- b. Preliminary, pre-incorporation and pre-operative expenses not capitalized in line with AS 26, are recognized as an expense when incurred.

#### 4. DEPRECIATION

- a. Depreciation on Fixed Assets is provided on the Straight Line method, in the manner and at the rates prescribed under Schedule XIV to the Companies Act, 1956 and is charged pro rata on a monthly basis on assets, from/up to and inclusive of the month of capitalization/sale, disposal or deletion during the year.
- b. All assets costing up to ₹. 5000/- are fully depreciated in the year of capitalization.
- c. Premium on leasehold land is amortized over the period of lease. The lease rent is charged in the respective year.

## Statement of Significant Accounting Policies and Notes forming part of accounts

- 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 application software are amortized on a straight line basis over the useful life of the parent asset.
- f. Application software are normally amortized over a period of four years, or over its useful life, whichever is earlier.

### 5. IMPAIRMENT OF ASSETS

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

### 6. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

6.2 No provision is recognized for:

- (i) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.
- (ii) Any present obligation that arises from past events but is not recognized because
  - a. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
  - b. A reliable estimate of the amount of obligation cannot be made.

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

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

## Statement of Significant Accounting Policies and Notes forming part of accounts

### 7. TAXES ON INCOME

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

### 8. EMPLOYEE BENEFITS

Presently the manpower of the company comprises personnel from HPCL on deputation basis. As per HPCL's accounting policy, liability towards long term defined employee benefits-leave encashment, gratuity, pension, post - retirement medical benefits, long service award, ex-gratia and death benefits are determined on actuarial valuation by independent actuaries at the year end by using projected unit credit method. Liability so determined is funded in the case of leave encashment and gratuity, and provided for in other cases. In respect of provident fund, the contribution for the period is recognized as expenses and charged to Profit & Loss Account. Short term employee benefits are recognized as an expense at an undiscounted amount in the profit & loss account of the year in which related services are rendered.

## Statement of Significant Accounting Policies and Notes forming part of accounts

### SCHEDULE - Y : NOTES ON ACCOUNTS

A wholly owned subsidiary company 'HPCL Biofuels Ltd' has been incorporated by holding company Hindustan Petroleum Corporation Ltd, a Government company under Companies Act, 1956, on 16th October, 2009 at Patna to set up Integrated Sugar, Ethanol & Co-gen Power Plants at Sugauli in East Champaran District and Lauriya in West Champaran District in Bihar at a total cost of ₹. 613.54 Crores.

Each of the above plant will have crushing Capacity of 3500 TCPD, Distillery capacity 60 KLPD and Cogen capacity of 20 MW. 50% juice will be converted to Sugar and 50% juice will be converted to Ethanol.

#### 1. Lease hold land

The holding company, Hindustan Petroleum Corporation Ltd, had executed on 18/01/2009 Lease Deeds (not registered so far) as lessee with Bihar State Sugar Corporation Ltd (the Bihar State Govt undertaking) as the lessor for the sugar units at Lauriya (Dist: West Champaran, Bihar) and at Sugauli (Dist: East Champaran, Bihar) and its properties (including lease hold land of 195.44 acres and 289.37 acres respectively) with all rights, easements and appurtenances thereto, except and reserving unto the lessor all mines, minerals in and under the said land or any part thereto, for establishing factories or manufacturing of Ethanol, allied sugarcane, agriculture related products, cogeneration and other petroleum products for ₹. 45 crores and ₹. 50 Crores respectively.

The Lease of the land is for 60 years subject to renewal at the option of either party for a period 30 years thereafter without any payment obligation of the lessee other than the rent of ₹. 1 per annum.

Lease cost has been shown under Capital work in progress in the Balance sheet as on 31st March 2010 as the lease deed was not registered till that date.

The amount of sale proceeds of MS scrap of the plant & machinery and structures sold thru MSTC Ltd. ₹. 4.13 Crs has been deducted from the above amount.

#### 2. Advance against equity pending allotment

Out of the ₹. 64.16 Crs. received as an advance against equity from holding company Hindustan Petroleum Corporation Ltd, ₹. 28.94 Crs. was received in cash (Fund transfer) and balance ₹. 35.22 Crs. was the amount of payment to EPC contractors made by the holding company on behalf of the company.

#### 3. Cenvat Credit

In terms of accounting standard 9 on "Revenue Recognition" the Cenvat credit will be recognized as income in the year the company starts selling its products when there will be full certainty of Cenvat credits.

## Statement of Significant Accounting Policies and Notes forming part of accounts

4.

Sl. No.	Description	Amount (₹. in Crs.)
A.	Estimated amount of contracts remaining to be executed on capital account nor provided for	524.34
	Total	524.34
B.	Claims against the company not acknowledged as debts	Nil
C.	Other Contingent Liabilities	
	(i) Performance Guarantee issued to Govt. of Bihar for Sugauli Unit given by HPCL	6.95
	(ii) Performance Guarantee issued to Govt. of Bihar for Lauriya Unit given by HPCL	7.08
	(iii) Corporate Guarantee given to the State Bank of India for Agriculture Financing arrangements with farmers	2.00
	Total	16.03
D.	Managerial Remuneration	
	Salary & Allowances	
	(Chief Executive Officer and Chief Finance Officer are 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 and leave encashment)	0.18
E.	Expenditure in Foreign Currency	Nil
F.	Earning in Foreign Currency	Nil
G.	C I F Value of imports during the year	Nil
H	Information on each class of goods purchased, sold and stocks during the year	Nil

## Statement of Significant Accounting Policies and Notes forming part of accounts

### 5. Related Parties

Nature of Relationship	Name of related parties
Promoters	Hindustan Petroleum Corporation Ltd.
Key Management Personnel	Shri. B Rajesh (CEO) Shri. G. P. Meena (CFO)
Relative of Key Management personnel	Nil

Details of transaction between the company and related party :

Nature of transaction with HPCL	₹.
Issue of equity share capital (Equity Shares at ₹. 10 each)	100,00,00,000
Advance against equity pending allotment	64,16,00,000
Amount payable for Expenses incurred on behalf of HBL	2,40,47,691
Manpower cost of employees on deputation and establishment expenses	2,22,14,556

### 6. Cash Flow Statement

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

### 7. Deferred Tax Liability

Deferred tax has been considered in the accounts as per provisions of Accounting Standard 22 (AS - 22) deferred tax asset has not been recognized in accordance with the accounting concept of prudence.

### 8. Treatment of Incorporation, Preliminary & Pre-operative Expenses

As per provisions of AS 26 all preliminary expenses, pre-incorporation and pre-operative expenses not related to cost of the project have been written off and charged to the Profit & Loss account.

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

## Statement of Significant Accounting Policies and Notes forming part of accounts

10. As the company was incorporated on 16th October 2009, profit & loss account is drawn for the period 16/10/2009 to 31/03/2010. Being the 1st year, previous year figures, are not shown.
11. The accounts adopted by the Board on 27 April, 2010 have been revised in view of suggestions from the Comptroller and Auditor General of India as under:
- Capital Work-in-progress increased by ₹. 23,82,09,396
  - Current Liabilities increased by ₹. 23,79,30,590
  - Net Decrease in Expenditure by ₹. 2,78,806 resulting in decrease of Loss by ₹. 2,78,806.
12. Figures have been rounded off to nearest rupee.
- V. Generic Names of Three Principal Products of Company  
(As per monetary terms)

Particulars	Product's Generic Name
Item Code (ITC)	17019100
Product Description	Sugar
Item Code (ITC)	29221920
Product Description	Ethanol
Item Code (ITC)	98010013
Product Description	Co-gen Power

### SIGNATURE TO SCHEDULES "A" TO "Y"

As per our report of even date attached

For L. K. KEJRIWAL & CO.  
Chartered Accountants

For and on behalf of the Board

(L. K. Kejriwal)  
Partner

Membership No. 011848  
Firm's ICAI Reg. No. 001368 C

(K Murali)  
Director

(B Mukherjee)  
Director

Place - Mumbai

(G P Meena)

(B Rajesh)

(Heena Shah)

Date - 21/05/2010

Chief Finance Officer

CEO & Manager

Company Secretary

## C&AG's Comments

### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HPCL BIOFUELS LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

The preparation of financial statements of HPCL Biofuels Limited for the year ended 31<sup>st</sup> March, 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27-04-2010.

I on behalf of the Comptroller and AUDITOR GENERAL OF INDIA have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of HPCL Biofuels Limited for the year ended 31<sup>st</sup> March, 2010. In view of the revisions made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note No. 11 of the Notes forming part of Accounts (Schedule Y), I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under Section 619 (4) of the Companies Act, 1956.

For and on behalf of  
the Comptroller & Auditor General of India

Sarit Jafa  
Principal Director of Commercial Audit  
& ex-officio Member Audit Board II, Mumbai

Place : Mumbai  
Date: 4 June 2010

## Notice Of First Annual General Meeting

NOTICE is hereby given that the First Annual General Meeting of HPCL Biofuels Limited will be held at Hotel Chanakya, Bir Chand Patel Marg, Patna - 800 001, Bihar on Friday, December 10, 2010 at 4.30 P.M. to transact the following business:

### Ordinary Business :

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the period 16th October, 2009 to 31st March, 2010 together with the Reports of Directors and Auditors thereon.
- (2) To appoint a Director in place of Shri. S. Roy Choudhury who retires by rotation and being eligible offers himself for reappointment.
- (3) To appoint a Director in place of Shri. B. Mukherjee who retires by rotation and being eligible offers himself for reappointment.
- (4) To appoint a Director in place of Shri. K. Murali who retires by rotation and being eligible offers himself for reappointment.
- (5) To approve payment of ₹. 70,000/- ( Rupees Seventy Thousand only) as remuneration to M/s. Ajay Kishore & Co., Chartered Accountants as Auditors of the Company appointed by the Comptroller & Auditor General of India for auditing the Accounts of the Company for the Financial Year 2010-11 and to authorize the Board of Directors for fixing the remuneration of Statutory Auditors from Financial Year 2011-12 onwards.

## Special Business :

To consider and if thought fit to pass, with or without modification(s) the following resolution as an Ordinary resolution:

"RESOLVED that Shri. R. S. Pandey who was appointed as an Additional Director of the Company by the Board of Directors under Article 121 of the Articles of Association of the Company with effect from 06.08.2010 and who holds office under the said Article and pursuant to Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board  
For HPCL Biofuels Ltd.

Heena Shah  
Company Secretary

Dated: 26.10.2010

Registered Office:

No. 271, Road No. 3E

Post Box No. 126(Patna GPO)

New Patliputra Colony

Patna - 800 013, Bihar.

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company not later than forty eight hours prior to the time of commencement of the meeting.
3. Corporate member intending to send their authorized representative to attend and vote on their behalf at the Meeting are requested to send an instrument of proxy duly signed by the authorized official.
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company.

## Explanatory Statement

### Explanatory Statement pursuant to section 173(2) in respect of item no. 5 & 6

5. HPCL Biofuels Limited is a Government Company within the meaning of Section 617 of the Companies Act, 1956. In terms of the provisions of Section 619 of the Companies Act, 1956, Statutory Auditor/s for a Government Company is/are appointed by the Comptroller & Auditor General of India (C&AG). In terms of Section 224 (8) (aa) of the Companies Act 1956, the remuneration of the Auditors is required to be fixed by the Company in a General Meeting or in such a manner as the Company in a General Meeting may determine. The Board of Directors of the Company have recommended a remuneration of ₹. 70000/- ( Rupees Seventy Thousand only) plus out of pocket expenses payable to M/s Ajay Kishore & Co, Auditors of the Company, appointed by the C&AG for auditing the Accounts of the Company for the Financial Year 2010-11 based on the application made by the Company to C&AG, regarding appointment of Statutory Auditors.

Under Section 224(8) (aa) of the Companies Act, the remuneration of the Statutory Auditors appointed under Section 619 by the C&AG shall be approved by the Company in General Meeting or in such manner as the Company in General Meeting may determine. Approval of shareholder is requested for authorizing the Board of Directors for fixing the remuneration of Statutory Auditors from Financial Year 2011-12 onwards.

6. Shri. R. S. Pandey was appointed as an Additional Director on the Board effective 06.08.2010 consequent to his appointment as Non-executive Chairman of the Board of the Company. Shri R S Pandey assumed charge as non-executive Chairman of Board of the company on 06.08.2010. In terms of Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company, he holds office upto the date of next Annual General Meeting and is eligible for re-appointment. The Company has received a notice proposing the candidature of Shri R S Pandey for the office of a Director in terms of Sections 255 & 257 of the Companies Act, 1956.

The Board recommends appointment of Shri R S Pandey. None of the Directors other than Shri. R. S. Pandey is interested in the resolution.

By Order of the Board of Directors,

Heena Shah  
Company Secretary

Date:26.10.2010  
Registered Office:  
No. 271, Road No. 3E  
Post Box No. 126(Patna GPO)  
New Patliputra Colony  
Patna - 800 013, Bihar.



# Proxy Form

## HPCL BIOFUELS LIMITED

### PROXY FORM

I/We ----- (name of the member) residing at -----  
in the district of ----- being a Member/Members of the above Company, hereby  
appoint ----- ( name of the person who is attending as Proxy ) residing  
at ----- in the district of ----- or failing him-----  
----- residing at ----- in the district of -----as my/our Proxy to  
attend and vote for me/us and on my/our behalf at the 1st Annual General Meeting of the Company to  
be held on Friday, December, 10th, 2010 and any adjournment thereof.

Signed this----- day of \_\_\_\_\_, 2010

Registered Folio No.:



# Registered Office



**Regd. Office :- HPCL Biofules Limited.  
No.271, Road No.3E, Holding No.437 & 438, Ward No.22,  
New Patliputra Colony, Patna-800 013 Bihar.**