

वार्षिक रिपोर्ट • Annual Report • 2014-15

एचपीसीएल बाँयोफ्यूलस लिमिटेड • HPCL Biofuels Limited

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

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## BOARD OF DIRECTORS



Mr. Pushp Kumar Joshi  
Chairman



Mr. K V Rao  
Director



Mr. B. K. Namdeo  
Director

## CHIEF EXECUTIVE OFFICER AND "MANAGER"



Mr. Vinod Nehete  
CEO

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## Board of Directors

Mr. Pushp Kumar Joshi  
Mr. K. V. Rao  
Mr. B. K. Namdeo

## Manager & CEO

Mr. Vinod Nehete

## Chief Finance Officer

Mr. R. Sankaran

## Company Secretary

Ms. Heena Shah

## Statutory Auditors

S. K. Jha & Associates  
Chartered Accountants

## Bankers

State Bank of India

## Registered Office:

### HPCL Biofuels Limited

No. 271, Road No. 3E,  
Post Box No. 126,  
New Patliputra Colony,  
Patna – 800 013, Bihar.  
www.hpclbiofuels.co.in  
E-mail: info@hpclbiofuels.co.in

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## Corporate Objectives

*To become market leader in producing Ethanol from Sugarcane juice.  
The ethanol produced will be sold to Oil Marketing Companies for blending  
in Petrol, thereby helping the nation in substantial savings in foreign exchange.*

**HPCL BIOFUELS LIMITED**

(CIN: U24290BR2009GOI014927)

**Registered Office:** No. 271, Road No. 3E, Post Box No. 126 (Patna GPO), New Patliputra Colony, Patna - 800 013, Bihar. Email: infohpclbiofuels.co.in  
Website – www.hpclbiofuels.co.in, phone – 0612-2260185

**NOTICE**

Notice is hereby given that the SIXTH ANNUAL GENERAL MEETING OF HPCL BIOFUELS LIMITED will be held at its registered office No. 271, Road No. 3E, Post Box No. 126 (Patna GPO), New Patliputra Colony, Patna - 800 013, Bihar on Monday, 21st September, 2015 at 3:00 p.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2015 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pushp Kumar Joshi (DIN 05323634), who retires by rotation and being eligible offers himself for reappointment.
3. To ratify payment of ₹1,50,000/- (Rupees One Lakh Fifty Thousand only) as remuneration payable to M/s. S K Jha & Associates, statutory auditors of the company appointed by Comptroller & Auditor General of India for financial year 2015-16 and to authorized the Board of Directors for fixing the remuneration of Statutory Auditors from Financial Year 2016-17 onwards.

**SPECIAL BUSINESS:**

4. APPROVAL OF REMUNERATION PAYABLE TO COST AUDITOR FOR THE YEAR 2015-16

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the remuneration payable to M/s. R Nanabhoy & Co, Cost Accountants (Firm Registration No. 7464), who was appointed by the Board of Directors of your Company as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending on 31st March, 2016, amounting to ₹ 51,000 (Rupees Fifty One Thousand only) as also the payment of service tax as applicable and re-imbusement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby approved.

5. TAKING NOTE OF REDUCTION OF MORE THAN 50% OF THE PEAK NETWORTH OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions of Section 23 and other applicable provisions if any, of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA) including other applicable Acts, the Company, hereby considers and take note of reduction of more than 50% of the Networth of the Company as at the end of the financial year 31.03.2015 in relation to its peak networth of the company during the immediately preceding four financial years”

By Order of the Board  
**For HPCL Biofuels Ltd.**

Heena Shah  
Company Secretary

Dated: 9th September, 2015

**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 ANNUAL GENERAL MEETING (“AGM”) IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND, ON A POLL, TO VOTE ON HIS/HER BEHALF, AND A PROXY NEED NOT BE A MEMBER. The instrument appointing the proxy, in order to be effective, must be deposited at the Company’s Registered Office, duly completed and signed, not less than 48 (Forty Eight) hours before the AGM. Proxies submitted on behalf of limited companies, etc. must be supported by appropriate resolutions or authority, as applicable. A person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other Member.
2. Corporate member intending to send their authorized representative to attend and vote on their behalf at the Meeting are requested to send letter of authorisation.

3. To support the Green Initiative, The Notice of the AGM along with the Annual Report for FY 2014-15 is being sent by electronic mode to all the Members, whose e-mail addresses are registered with us. The Notice of the AGM is also posted on the website of the Company [www.hpclbiofuelslimited.co.in](http://www.hpclbiofuelslimited.co.in).
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days during business hours upto the date of meeting for inspection.

**Statement pursuant to section 102 of the Companies Act, 2013, in respect of item no. 4 & 5 of the NOTICE is enclosed and forms part of this notice.**

#### **Item No. 4**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the company for the financial year ending March 31, 2015 for a remuneration of ₹ 51,000/- (Rupees Fifty One Thousand only).

In accordance with provisions of section 148 of the Companies Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditors has to be approved by the shareholders of the company.

Accordingly, the consent of the members is sought for passing the ordinary resolution as set out at item no. 4 of the notice for approval of the remuneration payable to cost auditors for the financial year ending on March 31, 2016.

None of the Directors/KMP of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no.4 of the Notice.

The Board commends the ordinary resolution set out at in item no.4 of the notice for approval of shareholders.

#### **Item No. 5**

As per Section 23 of The Sick Industrial Companies (Special Provisions) Act 1985, if the accumulated losses of an industrial undertaking as at the end of any financial year have resulted in erosion of 50% or more of its peak networth during the immediately preceding four financial years, such company is required:

- a) To report the fact of such erosion to the Board for Industrial and Financial Reconstruction (BIFR)
- b) To hold a General Meeting of the shareholders of the company for considering such erosion.
- c) The Board of Directors shall forward to every member of the company a report as to such erosion and the causes for such erosion.

None of the Directors, Key Managerial Personnel and their relatives are interested in the resolution.

**REPORTING UNDER SECTION 23(1)(B) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985:**

In line with the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, the company has to report to the BIFR due to erosion of more than 50% of peak networth over the last four financial years as on 31.03.2015.

The company has reported a loss of 84.37 crore (PBT) for the year ended 31.03.2015. The company initiated various measures to improve the physical and financial performance during the year. The Company has achieved comparative better physical performance during the financial year 2014-15 against its previous years of operation by registering recovery of 8.51%, as a result of various measures implemented by the company. Despite better operational performance, the fall in networth from 308.60 Cr as on 31.03.2014 to 224.23 Cr as on 31.03.2015 was mainly attributed to extraneous factors like the steep fall in sugar prices from July 2014 beyond the control of the company. Considering reduction in networth as on 31.03.2015, the company is required to report to BIFR within 60 days from the date of adoption of accounts by the members of the Company.

The Directors, therefore, recommend the Ordinary Resolution as set out in item No. 5 of the Notice for approval by members.

By Order of the Board of Directors,  
**For HPCL Biofuels Ltd.**

Heena Shah  
Company Secretary

Date : 9th September, 2015

#### **Registered Office:**

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

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Sixth Annual Report and audited accounts for the financial year ended 31<sup>st</sup> March, 2015.

### PHYSICAL PERFORMANCE

Highlights of the physical performance of the plants during the year 2014-15 are given below:

Particulars	UoM	Sugauli	Lauriya
No of days operated	Days	129	118
Quantity of cane crushed	Lac MT	3.08	2.81
Sugar manufactured	MT	23,698	22,495
Sugar Recovery	%	7.69	8.01
Ethanol manufactured	KL	6917	6200
Power generated	MW hr	28,802	25,240
Power exported	MW hr	13,971	11,152

### FINANCIAL PERFORMANCE

Summary of financial performance is given as under:

	For the year ended 31/03/2015 (₹)	For the year ended 31/03/2014 (₹)
Income from Operations	187,41,94,796	133,33,99,425
Other Income	95,31,801	20,55,114
Total Income	<b>188,37,26,597</b>	<b>133,54,54,539</b>
Total Expenses	200,72,99,304	139,77,12,769
PBDIT	<b>(12,35,72,707)</b>	<b>(6,22,58,230)</b>
Less-Depreciation	28,38,79,282	31,69,15,819
Less-Interest	43,59,95,940	78,85,58,964
Profit / (Loss) before Prior Period Items and Tax	<b>(84,34,47,929)</b>	<b>(116,77,33,013)</b>
Prior Period Item	(2,38,046)	89,15,457
Profit / (Loss) for the year before Tax	<b>(84,36,85,975)</b>	<b>(115,88,17,556)</b>
Provision/(Reversal) for Taxes	0	0
Profit / (Loss) for the year after Tax carried forward to Balance Sheet	<b>(84,36,85,975)</b>	<b>(115,88,17,556)</b>

### PLANT OPERATIONS

The earlier crushing season 2013-14 was delayed due to the impasse in the fixation of the price to be paid for sugar cane and hence had spilled over into FY 2014-15. On the other hand, the crushing season 2014-15 started on time but was shorter than usual due to lower availability of cane. Hence the physical / financial numbers for the year FY 2014-15 includes the spill over of earlier season and the current full season. However, the spill over of earlier season was not very encouraging as the temperatures had risen, leading to very low recovery. Hence the discussions on the plant performance are mainly focused on the season 2014-15.

Owing to lower capacity utilization of the previous seasons and the declining trend in sugar prices, the liquidity of the company was in great strain. Payments to the farmers were considerably delayed which had affected the cane availability during the year. Though in general there was a drop in cane production, the financial strain had a telling effect on the farmer's sentiments and hence the season had to be closed earlier than normal.

### **Sugar Plant**

Cane crushing during the season 2014-15 at Sugauli was lower at 2.20 lac MT against 3.02 lac MT of season 2013-14 while at Lauriya it was at 2.51 lac MT against 2.62 lac MT of previous season. However, the sugar recovery was better at both Sugauli and Lauriya which stood at 8.55% and 8.51%(7.24% and 7.53% for previous year) respectively due stabilization of the plants, especially after the boiling house expansion.

### **Ethanol Plant**

Ethanol plants have performed quite well and even beyond their rated capacity. However, the production was restricted to the molasses in stock and generated during the season. Due to uneven availability of cane, bagasse flow was affected leading to steam imbalances. This has affected converting entire molasses into ethanol.

### **Cogen Plant**

Though the Cogen plants have stabilised, power generation was still less than last year due to lower number of days of operation and shortage of bagasse due to lesser crushing. Price of bagasse also soared during the season making it unviable to operate the cogen plant on bought out bagasse. The design capacity is however yet to be achieved in both the plants.

### **CANE MANAGEMENT**

Development of its cane command area in terms of increasing the acreage of cane cultivation as well as the productivity of cane in the cane command area has been in the focus of your company all through. However, the delay in making payments had resulted the farmers supplying to neighbouring mills in view of the overall reduction in the cane availability.

All our efforts have been taken to improve availability of cash by increasing the working capital limit from ₹43 cr to ₹70 cr, refinancing the term loan with further moratorium to conserve on the precious working capital and also by taking advance from HPCL against the ethanol supplies. But the steep drop in sugar prices has put the company into a very difficult situation, like all other sugar mills in the country.

### **MARKETING ACTIVITIES**

#### **Sugar**

Entire sugar sales is done only through NCDEX online platform and the realisations are on par with the mills in Bihar. There had been no outstanding collections at any point during the year. However, the severe downside during the year has led to sugar realisation being ₹28 per kg which very much lower than the cost of production of about ₹36 per kg.

#### **ETHANOL**

HPCL had placed orders for uplifting all the ethanol in stock as well to be produced in the year 2014-15. Your company acknowledges with gratitude the help extended by HPCL by way of advance against the supplies. Newer locations are being added to the list where ethanol is being supplied.

#### **Power**

Entire surplus power generated has been exported to the BSEB grid and their payments had been on time much to the relief of your company. During the year, BSEB had also settled the arrears for previous period where the rates have been increased by BERC based on an appeal filed by your company in this regard.

### **DIVIDENDS & RESERVES**

Since the company has commissioned it's both the plants during season of financial year 2011-12 and is yet to achieve commercial viability, Directors have decided not to declare any dividend for the year. As there are no profits, there is no amount available for carrying to any reserve.

### **REFINANCING OF TERM LOAN**

The balance term loan of ₹308.80 cr with Union Bank of India was refinanced through State Bank of India with a two year further moratorium, slightly lesser interest rate and a long repayment schedule of 12 years with structured instalments. This has eased out the cash flow to a great extent since the loan repayment money could be used in the business.

### **EROSION OF NET WORTH**

As on 31<sup>st</sup> March 2015, ie the Balance Sheet date, the net worth of the company has been eroded beyond 50% of the peak net worth. This is mostly due to the steep fall in the sugar prices coupled with teething problems of the initial years. The company is taking steps to report the matter to the BIFR under Section 23(1) of the SICA 1985 within the time stipulated from the date of AGM. The company is also taking necessary steps to improve the networth in the coming years.

### **CREDIT RATING**

Your company has been able to retain rating as 'Fitch A(ind)' for the year 2014-15 from M/s Fitch Ratings for the National Long-Term rating, reinforcing the faith of the rating agency in the inbuilt resilience of your company.

### **INSURANCE**

Insurance for Plant & Machinery has been obtained from Oriental Insurance Company for the period 20th January 2015 to 19<sup>th</sup> January 2016. With a good track record in safe operations and dialogue with the insurers, your company has been able to get a very competitive premium amounts without any reduction in the coverage.

### **RENEWABLE ENERGY BENEFITS**

Your company had got registered with the competent authority for issue of Renewable Energy Certificates (REC) in respect of the captive consumption of power generated by its cogen plant operating on Bagasse / Biomass. Renewable Energy Certificates have been obtained by the company in accordance with the rules and they are being regularly sold through Power Exchange. The earnings from REC sale during the year was ₹61 lacs and value of REC on hand as on 31<sup>st</sup> March 2015 was ₹2.06 cr. This has opened up another revenue stream for the company.

### **RELATED PARTY TRANSACTIONS**

Your company has obtained purchase orders to supply ethanol to the holding company HPCL at arm's length prices. It also buys lubes and sulphur from the holding company at market rates. Lubes and Sulphur are purchased from HPCL as they are the manufacturers and hence the price is the most competitive. The value of such transactions with the related party, is given in Annexure 4 to the report.

### **EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There was no qualifications, reservations or adverse remarks made by the statutory Auditors in their report. However, Secretarial Audit Report for the year 2014-15 has been annexed to the report.

### **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT : Nil**

### **STATUTORY AUDITORS**

M/s. S K Jha & Associates, Chartered Accountants, were appointed as Statutory Auditors by Comptroller & Auditor General of India (C&AG) by their letter dated 1st August 2014 and will retire at the conclusion of this Annual General Meeting.

As per provisions of the Companies Act, the Board of directors have advised C&AG to appoint Auditors of the Company for the financial year 2015-16 to hold office of the auditors from conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM. The same firm has since been appointed by CAG as auditors for 2015-16.

### **COST AUDITOR:**

M/s.R.Nanabhoy&Co have been appointed as cost auditors, in accordance with the guidelines issued in this regard. The cost statements for the year 2014-15 as stipulated under the cost audit rules have been prepared and submitted to them for audit. The cost audit report would be filed within the stipulated due date.

### **CORPORATE SOCIAL RESPONSIBILITY**

As the company is not coming within the limits prescribed under section 135(1) of the Companies Act 2013, the requirements relating to Corporate Social Responsibility do not apply to the company.

### **AUDIT COMMITTEE**

The Audit Committee of your Company comprising of Sri PK Joshi, Sri KV Rao and Sri BK Namdeo, has carried out its functions in accordance with provisions of the Companies Act.

### **NOMINATION AND REMUNERATION COMMITTEE (NRC)**

By virtue of having paid capital of more than ₹500 Cr, your company has constituted a NRC committee comprising of Sri PK Joshi, Sri KV Rao and Sri BK Namdeo. The directors of the company are nominated by the holding company who do not receive any remuneration from HBL. Key Management Personnel, viz, CEO & Manager, CFO and Company Secretary are deputed by the holding company and their remuneration is as per the pay scales of the holding company.

### **INVESTMENTS & GUARANTEES BY THE COMPANY**

Your company has not invested in any other person, firm or company and has not given guarantee or loan to any other person, firm or company.

## DEPOSITS

Your Company has not accepted any deposits from Public during the year.

## DIRECTORS

The Board of Directors of the company during the year comprised of Shri Pushp Kumar Joshi, Shri K V Rao and Shri B K Namdeo, who continue to be on the Board. Shri Pushp Kumar Joshi was nominated as Chairman of the company w.e.f. 14<sup>th</sup> November 2014.

The Board had met 9 times during the financial year 2014-15.

## INDEPENDENT DIRECTORS & A WOMEN DIRECTOR

Under the Companies Act 2013, there is a requirement for Independent Directors including a Women Director on the Board of the company and earlier there was no such requirement. As the company is a wholly owned subsidiary of HPCL, the issue was taken up with them for appointment of Independent Directors. They have taken up with the Government of India for the appointments but as on date, these appointments have not been made. Due to this, the audit committee of the company could not have an Independent Director.

## VIGIL MECHANISM

The vigilance department of the promoter company, ie, HPCL takes care of the vigilance requirements of your company also, as advised by the Government.

## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company has appointed Ms. Rupal D Jhaveri, Practising Company Secretary to undertake the secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as Annexure 2. There are three observations as under;

1. Appointment of Independent & woman Director – covered in the report.
2. A Board meeting without adequate Notice to Directors – Company will ensure compliance in Future.
3. SICA Compliance on Erosion of network – covered in the report.

## CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance as provided under the Companies Act, 2013 and DPE Guidelines on Corporate Governance, with the exception of appointment of Independent Directors & Women Directors on the Board. The matter is being pursued with the Administrative Ministry by holding Company.

The detailed Corporate Governance Report forms part of this Annual Report separately.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

## PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has made arrangement for coverage of it's all women employees under the constituted Internal Complaints Committees (ICC) of its holding Company, HPCL.

During the year there were no complaints received by the Company under the provisions of the Act.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

## EXTRACTS OF ANNUAL RETURN

Extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure 3 and is attached to this Report.

## SHARES

### a. BUY BACK OF SECURITIES

The Company has not bought back any of its securities during the year under review.

### b. SWEAT EQUITY

The Company has not issued any Sweat Equity Shares during the year under review.

### c. BONUS SHARES

No Bonus Shares were issued during the year under review.

### d. EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of the Companies Act, 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 along with proper explanations relating to material departures;
- b. The Company has selected such accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as on 31<sup>st</sup> March, 2015 and of the Profit and Loss account of the Company for the year ended on 31<sup>st</sup> March 2015.
- c. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. These Accounts have been prepared on a going concern basis.
- e. The Company has laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively
- f. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

### SAFETY, HEALTH AND ENVIRONMENT

Your Company is focused on the Health, Safety and Environment management which is an integral part of all activities carried out at both the Plants i.e. at Sugauli & at Lauriya. It is a proud moment to note that your Company had accident free operations during the period under review.

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

Your company believes that employees are its biggest assets and hence it takes care to ensure the health & well being of all employees.

### PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/ OUTGO AS PER COMPANIES (ACCOUNTS) RULES, 2014.

In accordance with the requirements of the Companies Act, read with applicable Rules, statement showing the particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is enclosed hereto and forms part of this report marked as Annexure 1.

### PARTICULARS OF EMPLOYEES

As regards provisions of the Companies Act, read with applicable, none of the employees was in receipt of remuneration exceeding the limits prescribed.

### ACKNOWLEDGEMENTS

The Directors gratefully acknowledge the valuable guidance and support extended by HPCL, Dept. of Industries and Dept. Cane Government of Bihar, BSEB and BSPCB of Government of Bihar, MOE&F, Gol, Ministry of Food & Public Distribution Gol and other State Government Agencies.

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

On behalf of the Board of Directors

Place : Mumbai

Date : 9th September, 2015

**P K Joshi**  
Chairman

## ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE 1

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per The Companies (Accounts) Rules, 2014.

### A. CONSERVATION OF ENERGY

- (a) The Company is a green field project and is undertaking manufacturing of Sugar, Ethanol & Cogen Power from crushing of Sugar cane at Sugauli & Lauriya, in the State Bihar.
- (b) The year 2014-15 has been the fourth year of the operation of the plants which are in the phase of stabilization and hence measures for reduction of energy consumption would be studied, implemented and their impacts would assessed in the coming years.

### B. TECHNOLOGY ABSORPTION

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

Your company is in constant dialogue with the Cane department of GoB as well as the agricultural university at Pusa in various areas of cane development. In the years to come, as more specific program would be developed in

- 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 maximizing ethanol production

2. Future plan action.

Would embark on the scheme as the plants stabilize in commercial terms

3. Expenditure on R & D.

Nil (Previous year Nil)

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation.

The following technologies have been used in the plants and the personnel are getting trained in operating and trouble-shooting the equipments along with the technology.

- a) Cane Diffusion Technology
- b) Producing Ethanol directly from Sugar Cane Juice
- c) Molecular Sieve Technology

2. Benefits derived as a result of the above efforts.

Benefits will accrue in the coming years as the plants stabilize on commercial terms.

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

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

Not Applicable

- 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.

Not Applicable

### 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

Total foreign exchange earnings Nil

**SECRETARIAL AUDIT REPORT**

ANNEXURE 2

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HPCL Biofuels Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the HPCL Biofuels Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the HPCL Biofuels Limited for the financial year ended on March 31, 2015 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

We have relied on the representation made by the Company and its officers in respect of the systems and mechanism followed by the company for compliances under the others laws as may be applicable which are as below-

- The Employment Exchange (CNV) Act, 1959 & Rules
- Industrial Disputes Act, 1947
- The Contract Labour (R&A) Act, 1970 & Rules
- The Payment of Wages Act 1936 & Related Rules
- Payment of Gratuity Act, 1972
- Professional Tax Act 1975
- Employees' Provident Funds Scheme, 1952& EPS, 1995
- Employees state insurance Act 1948
- Income Tax Act, 1961
- Wealth tax Act, 1957
- Chapter V of Finance Act, 1994 (relating to Service Tax)
- The Central Excise Act 1944
- Entry tax Rules (as applicable)
- Octroi Rules & Regulations
- Bihar State Factories Rules 1950
- The Bihar Sugarcane (Regulation of supply and purchase) Act 1981
- The Factories Act, 1948
- BOCW Act, 1996, its CESS Act, 1996 and its rules
- Equal Remuneration Act 1976
- Industrial Employment (Standing Order) Act 1946

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India are effective from July 1, 2015 and hence are not applicable for the period under review.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- 1. The Company is a Government Company, by virtue of being a wholly owned subsidiary of another government company. The directors of the Company are therefore appointed in accordance with the directions/instructions issued by the Central Government. The company has requested the Central Government to nominate individuals for the purpose of appointment as independent directors, including a woman director on the Board. We are informed that the company is has not received any direction/instruction from the Central Government till date, in this respect and in the circumstances, the company could not appoint any independent directors on its Board nor does the Board include a Woman director as required under the provisions of Section 149 of the Act.**
- 2. Article 129 of the Articles of Association of the company provides that, any given meeting of the Board may be held upon shorter notice if all the Directors present at the meeting waive such notice period. However no confirmation of waiver of the notice period by the directors of the Company is available on record in respect of the Board meeting held at a shorter notice on 30th July 2014.**
- 3. The company has accumulated losses in excess of 50% of its peak net worth of the preceding four financial years. We have been informed that the company is taking necessary action to comply with requirements under the Sick Industrial Companies Act, 1985.**

#### **I further report that**

The Board of Directors of the Company is constituted with Non-executive directors. The company has not appointed Independent directors, nor does the Board of directors include a woman director as required under the Act. The Company does not have any executive directors as there is a Manager who is responsible for the executive functions. There was no change in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings at least 7 days in advance except in case of the Board meeting held on 30<sup>th</sup> July 2014. Also agenda was sent, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decision is carried through with the unanimous approval of the members of the Board.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that during** the audit period the Company has not conducted any major event with respect to the Act.

Place: Mumbai  
Date: 18.08.2015

**Rupal Dhiren Jhaveri**  
FCS No: 5441  
Certificate of Practice No. 4225

## FORM NO. MGT-9

ANNEXURE 3

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015  
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1)  
of the Company (Management & Administration) Rules, 2014.

## I. REGISTRATION &amp; OTHER DETAILS:

1. CIN U24290BR2009GOI014927
2. Registration Date 16<sup>th</sup> October 2009
3. Name of the Company HPCL BIOFUELS LIMITED
4. Category/Sub-category of the Company
5. Address of the Registered office & contact details 271, Road No 3E  
New Pataliputra Colony  
Patna 800 013 Ph: 06122260069
6. Whether listed company NO
7. Name, Address & contact details of the Registrar & Transfer Agent, if any. Not Applicable

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Sugar	15421	50.37
2.	Ethanol	24116	33.94
3.	Cogen Power	40108	10.51

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1.	Hindustan Petroleum Corporation	L23201MH1952GOI008858	Holding	100%	

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
1. <b>Indian</b>									
a) Individual/ HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.		205520000	205520000	100%		205520000	205520000	100%	nil
e) Banks / FI									
f) Any other									
<b>Total shareholding of Promoter (A)</b>		205520000	205520000	100%		205520000	205520000	100%	nil
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>		Nil	Nil	Nil		Nil	Nil	Nil	Nil
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual share holders holding nominal share capital upto ₹1 lac									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies - D R									
<b>Sub-total (B)(2):-</b>		Nil	Nil	Nil		Nil	Nil	Nil	Nil
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>		Nil	Nil	Nil		Nil	Nil	Nil	Nil
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>		Nil	Nil	Nil		Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>		205520000	205520000	100%		205520000	205520000	100%	Nil

**B) Shareholding of Promoter**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	HPCL	205519990		—	205519990		—	
2.	S Bhosekar	1		—	1		—	
3.	P C Agarwal	1		—	1		—	
4.	K V Rao	1		—	1		—	
5.	P K Joshi	1		—	1		—	
6.	B K Namdeo	1		—	1		—	
7.	V N Nehete	1		—	1		—	
8.	G Mohan	1		—	1		—	
9.	V K Patel	1		—	1		—	
10.	M K Singh	1		—	1		—	
11.	Bhattacharjee S	1		—	1		—	

**C) Change in Promoters' Shareholding** (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares shares of the	% of total company	No. of shares shares of the	% of total company
	At the beginning of the year	205520000	100%	205520000	100%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	205520000	100%	205520000	100%

**D) Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Not Applicable			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
	At the end of the year				

E) **Shareholding of Directors and Key Managerial Personnel**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4	0.0001%	4	0.0001%
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	3	0.0001%	3	0.0001%

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ Cr)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	308.80	—	—	308.80
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	308.80	—	—	308.80
<b>Change in Indebtedness during the financial year</b>				
* Addition				
* Reduction				
<b>Net Change</b>	—	—	—	—
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	308.80	—	—	308.80
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	308.80	—	—	308.80

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. **Remuneration to Managing Director, Whole-time Directors and/or Manager**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
1.	Gross salary	—	—	—	—
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	—	—	—
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—	—
2.	Stock Option	—	—	—	—
3.	Sweat Equity	—	—	—	—
4.	Commission				
	- as % of profit	—	—	—	—
	- others, specify...	—	—	—	—
5.	Others, please specify	—	—	—	—
	Total (A)	—	—	—	—
	Ceiling as per the Act	—	—	—	—

**B. Remuneration to other directors**

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	—	—	—	—	—
	Fee for attending board committee meetings	—	—	—	—	—
	Commission	—	—	—	—	—
	Others, please specify	—	—	—	—	—
	Total (1)	—	—	—	—	—
2.	Other Non-Executive Directors	—	—	—	—	—
	Fee for attending board committee meetings	—	—	—	—	—
	Commission	—	—	—	—	—
	Others, please specify	—	—	—	—	—
	Total (2)	—	—	—	—	—
	Total (B)=(1+2)	—	—	—	—	—
	Total Managerial Remuneration	—	—	—	—	—
	Overall Ceiling as per the Act	—	—	—	—	—

**C. Remuneration to key managerial personnel other than MD/Manager/WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CFO	CS	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	37,60,554	26,69,309	19,32,947	83,62,810
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,69,976	6,71,025	95,761	9,36,762
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	—	—	—	—
3.	Sweat Equity	—	—	—	—
4.	Commission				
	- as % of profit	—	—	—	—
	- others, specify	—	—	—	—
5.	Others, specify (PF-Co contribution, DCS exemption & Co Borne Tax)	3,16,726	4,14,408	2,25,339	9,56,473
	Total	42,47,256	37,54,742	22,54,047	1,02,56,045

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>B. DIRECTORS</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

(PURSUANT TO CLAUSE (H) OF SUB-SECTION (3) OF SECTION 134 OF THE ACT AND RULE 8(2) OF THE COMPANIES (ACCOUNTS) RULES, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil
b)	Nature of contracts/arrangements/transaction	Nil
c)	Duration of the contracts/arrangements/transaction	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e)	Justification for entering into such contracts or arrangements or transactions'	Nil
f)	Date of approval by the Board	Nil
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Nil

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	HPCL, Holding Company
b)	Nature of contracts/arrangements/transaction	Sale of Ethanol / Purchase of lubes & sulphur / deputation of personnel
c)	Duration of the contracts/arrangements/transaction	April 2014 to March 2015
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Sales of ethanol Rs.740,188,160. Purchase of lubes / Sulphur Rs.60,45,064 Salary etc. of personnel deputed from HPCL Rs.14,889,469. Interest paid to HPCL on advance Rs. 26,007,418
e)	Date of approval by the Board	
f)	Amount paid as advances, if any	Advance taken from HPCL Rs.74.65 Cr. Balance as on 31.3.2015 Rs. 335,654,966

On behalf of the Board of Directors

Place: Mumbai  
Date: 9th September, 2015

P K Joshi  
Chairman

**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 MARCH, 2015.**

The preparation of financial statements of **HPCL Biofuels Limited** for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 7 May 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **HPCL Biofuels Limited** for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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



**Parama Sen**  
**Principal Director of Commercial Audit**  
**& ex-officio Member Audit Board II, Mumbai**

Place: Mumbai  
Date: 22 July 2015

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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

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

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

### **Auditor's Responsibility**

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

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

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

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

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

### **Opinion**

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

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

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

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

- 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.
- In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) We have been informed by means of a certificate from the Company Secretary of the Company that none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 50 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S K JHA & ASSOCIATES**  
Chartered Accountants

**(CA. RATENDRA KUMAR)**  
Partner

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

Membership Number- 075813  
Firm Registration Number- 006189C

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

- i)
  - a) The company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets.
  - b) Physical verification of these fixed assets has been conducted during the year, the periodicity of which appears reasonable. No material discrepancy was reportedly noticed on such physical verification.
- ii)
  - a) Physical verification of inventory has been conducted by the management during the year, the periodicity of which appears reasonable.
  - b) The procedures of physical verification of inventory followed by the management appear reasonable and adequate in relation to the size of the company and nature of its business.
  - c) Proper records of inventory appear to have been maintained. Material discrepancies have been noticed on physical verification, some of which have been properly dealt with in the books of accounts. Some of the material discrepancies noticed on such verification have not been so dealt with in the books of accounts since the same are being further probed by the management which has been disclosed in the financial statements.
- iii) According to the information and explanation given to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv) In our opinion and according to the information and explanations given to us, there appears to be adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.
- vi) We have broadly reviewed the books of account relating to material, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
- vii)
  - a) On the basis of our examination of the records and according to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities. There is no arrear of undisputed statutory dues as on the last day of the financial year which was outstanding for a period of more than 6 months from the date the same became payable.
  - b) According to the information and explanations given to us, the following amounts have not been deposited on account of any dispute:
 

Nature of Demand	Amount involved	Forum where dispute is pending
Disallowance of input tax credit on capital goods for 2010-11	6,98,44,013/-	Sales Tax Tribunal, Bihar
Demand of Entry Tax for 2010-11	68,11,732/-	Sales Tax Tribunal, Bihar
  - c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- viii) The accumulated losses of the company at the end of the financial year are not less than fifty percent of its net worth and it has incurred cash losses in this financial year and in the immediately preceding financial year.
- ix) On the basis of our examination of the records and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- x) The company has given guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof do not seem prejudicial to the interests of the company.
- xi) According to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
- xii) No fraud on or by the company during the year were either noticed during our checking or were reported to us.

For **S K JHA & ASSOCIATES**  
Chartered Accountants

**(CA. RATENDRA KUMAR)**  
Partner

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

Membership Number- 075813  
Firm Registration Number- 006189C

**AUDITOR'S REPORT ON DIRECTIONS/SUB-DIRECTIONS ISSUED UNDER SECTION  
143(5) OF THE COMPANIES ACT, 2013**

**Financial Year 2014-15**

	<b>Directions/Sub-Directions</b>	<b>Report</b>
1.	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including committed & General Reserves) may be examined including the mode and present stage of disinvestment process."	Not Applicable
2.	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons therefor and the amount involved.	Not Applicable
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	Not Applicable
4.	A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	As per Annexure-1 enclosed

For **S K JHA & ASSOCIATES**  
Chartered Accountants

**(CA. RATENDRA KUMAR)**  
Partner

Membership Number- 075813  
Firm Registration Number- 006189C

Place: Patna  
Date of Report: 14 July, 2015

**Annexure-1: ANNEXURE TO AUDITOR'S REPORT ON DIRECTIONS/SUB-DIRECTIONS ISSUED  
UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013**

**Financial Year 2014-15**

**Details of Litigations pending in Tribunals / Courts**

Sl No	Description	Forum Pending	Amount Rs	Reason for pendency
1.	Demand for ET availed during 10-11 for Ethanol Plants. All documents submitted but wrongly held by the assessing authority as consumables. Appeal pending in the Tribunal against the demand.	Appellate Tribunal, VAT, GoB	6,98,44,013	Appellate Tribunal was not functional in Bihar due to some vacant positions.
2.	Demand of VAT on calculated method ignoring the actual VAT paid	Appellate Tribunal, VAT, GoB	68,11,732	Appellate Tribunal was not functional in Bihar due to some vacant positions.

**Details of Arbitrations in progress**

Sl No	Description	Forum Pending	Amount	Reason for pendency
1	Arbitration initiated by M/s KBK – Chem. Arbitrator appointed. Claim and counter claim filed. Verification of documents completed.  An amount of Rs.11.97 cr towards penalty for shortfall in performance and Rs.3.17 cr towards additional retention against defective supplies, recovered from the party is kept as retention money in Payable to Contractor / Vendor (Capital Assets) in Other Current Liabilities.	Arbitrator	Counter Claim Rs. 38.10 Cr.	The final reconciliation with party is being completed and based on that the Arbitration proceedings will be finalized very soon.

**Existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases**

All expenses under Legal head are governed by Limits of Authority Manual of the company and after clearance of HPCL legal department, as applicable.

For **S K JHA & ASSOCIATES**  
Chartered Accountants

**(CA. RATENDRA KUMAR)**  
Partner

Place: Patna  
Date of Report: 14 July, 2015

Membership Number- 075813  
Firm Registration Number- 006189C

## Balance Sheet as at 31st March, 2015

PARTICULARS	Note No.	As at 31.03.2015 Amount (₹)	As at 31.03.2014 Amount (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	3	6,251,715,110	6,251,715,110
(b) Reserves & Surplus	4	(4,009,395,058)	(3,165,709,083)
(c) Money Received against Share Warrants		—	—
<b>Share Application Money Pending Allotment</b>			
<b>Non-Current Liabilities</b>			
(a) Long-Term Borrowings	5	3,088,018,946	2,627,003,607
(b) Deferred Tax Liabilities (Net)	-	—	—
(c) Other Long Term Liabilities	6	—	—
(d) Long-Term Provisions	7	5,588,855	3,283,373
<b>Current Liabilities</b>			
(a) Short-Term Borrowings	8	641,832,431	220,012,985
(b) Trade Payables	9	1,003,159,058	979,435,059
(c) Other Current Liabilities	10	993,052,967	1,516,861,500
(d) Short-Term Provisions	11	36,615	38,201
<b>TOTAL</b>		<b>7,974,008,924</b>	<b>8,432,640,752</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	13	6,338,928,333	6,581,400,110
(ii) Intangible Assets		2,483,437	3,265,457
(iii) Capital Work-in-Progress	12	—	42,691,747
(iv) Intangible Assets under Development		—	—
(v) Fixed Assets Held for Sale		—	—
(b) Non-Current Investments	14	—	—
(c) Deferred Tax Assets (Net)		—	—
(d) Long-Term Loans & Advances	15	238,107,012	323,906,716
(e) Other Non-Current Assets	16	—	—
<b>Current Assets</b>			
(a) Current Investments	17	—	—
(b) Inventories	18	1,134,806,882	1,134,777,772
(c) Trade Receivables	19	1,629,372	102,589,994
(d) Cash & Cash Equivalents	20	35,237,101	86,379,097
(e) Short-Term Loans & Advances	21	205,338,714	140,011,969
(f) Other Current Assets	22	17,478,073	17,617,890
<b>TOTAL</b>		<b>7,974,008,924</b>	<b>8,432,640,752</b>

The accompanying notes are Integral Part of the Financial Statements

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

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

Place : Mumbai  
Date : 07/05/2015

**(P. K. Joshi)**  
Chairman

**(Vinod Nehete)**  
CEO & Manager

For and on behalf of the Board

**(K.V. Rao)**  
Director

**(R. Sankaran)**  
Chief Finance Officer

**(B. K. Namdeo)**  
Director

**(Heena Shah)**  
Company Secretary

## Statement of Profit and Loss for the year ended 31st March, 2015

PARTICULARS	Note No.	For the Year ended 31.03.2015 Amount (₹)	For the Year ended 31.03.2014 Amount (₹)
		<b>Income</b>	
I. Revenue from Operations (Gross)	23	1,977,506,090	1,416,259,720
Excise Duty		(103,311,294)	(60,606,932)
Revenue from Operations (Net)		1,874,194,796	1,355,652,788
II. Other Income	24	9,531,801	2,055,114
<b>Total Revenue (I+II)</b>		<b>1,883,726,597</b>	<b>1,357,707,902</b>
<b>Expenses</b>			
Cost of Materials Consumed	25	1,492,959,782	1,177,496,365
Consumption of Stores & Consumables		61,506,480	24,020,423
Packing Expenses		20,929,849	14,521,970
Excise Duty on Inventory Differential		(913,780)	8,569,387
Power & Fuels	26	52,315,156	49,439,319
Changes in Inventories of Finished Goods, WIP & Stock in Trade	27	(9,539,006)	(92,176,953)
Employee Benefits Expense	28	154,555,725	121,661,153
Chemicals Consumed		31,133,115	19,964,537
Finance Costs	29	435,995,940	788,558,964
Depreciation & Amortization Expense		283,879,282	316,915,819
Other Expenses	30	213,052,647	95,220,122
<b>Total Expenses</b>		<b>2,735,875,190</b>	<b>2,524,191,106</b>
<b>Profit / (Loss) Before Exceptional &amp; Extraordinary Items and Tax</b>		<b>(852,148,593)</b>	<b>(1,166,483,204)</b>
<b>Exceptional Items</b>			
Prior Period Items	31	(238,046)	8,915,457
Provision for Gain/(Loss) on Inventory Variation	31A	8,700,664	(9,649,027)
<b>Profit / (Loss) Before Extraordinary Items &amp; Tax</b>		<b>(843,685,975)</b>	<b>(1,167,216,774)</b>
Extraordinary Items	32	—	8,399,218
<b>Profit / (-Loss) Before Tax</b>		<b>(843,685,975)</b>	<b>(1,158,817,556)</b>
<b>Tax Expense</b>			
(1) Current Tax Expense for Current Year		—	—
(2) (Less): MAT Credit		—	—
(3) Provision for Tax for Earlier year Written off/provided for		—	—
(4) Deferred Tax		—	—
(5) Current Tax Expenses Pertaining to Prior Years		—	—
<b>Net Current Tax</b>		—	—
<b>Profit / (Loss) from Continuing Operations</b>		<b>(843,685,975)</b>	<b>(1,158,817,556)</b>
<b>Discontinuing Operations</b>			
Profit / (Loss) from Discontinuing Operations (Before Tax)		—	—
<b>Total Operations</b>			
Tax Expense on Discontinuing Operations		—	—
Profit/(Loss) from Discontinuing Operations (After Tax)		—	—
<b>Profit / (Loss) for the Year</b>		<b>(843,685,975)</b>	<b>(1,158,817,556)</b>
<b>Earnings Per Equity Share (of ₹ 10/- each) :-</b>			
(1) Basic before extraordinary items		(4.11)	(5.79)
(2) Diluted before extraordinary items		(4.11)	(5.79)
(3) Basic after extraordinary items		(4.11)	(5.64)
(4) Diluted after extraordinary items		(4.11)	(5.64)

The accompanying notes are Integral Part of the Financial Statements

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

For and on behalf of the Board

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

**(P. K. Joshi)**  
Chairman

**(K.V. Rao)**  
Director

**(B. K. Namdeo)**  
Director

Place : Mumbai  
Date : 07/05/2015

**(Vinod Nehete)**  
CEO & Manager

**(R. Sankaran)**  
Chief Finance Officer

**(Heena Shah)**  
Company Secretary

**Notes Forming Part of the Financial Statements for the year 2014-15****1. CORPORATE INFORMATION**

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

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****A. Preparation of Financial Statements**

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

**B. Fixed Assets**

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

**C. Intangible Assets**

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

**D. Construction Period Expenses**

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

**E. Depreciation**

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

**F. Impairment of Assets**

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

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

1. A provisions is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made.
2. No provision is recognized for:
  - Any obligation that may arise from past events but the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.
  - Any obligation that may arise from past events but is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
  - Any obligation, the reliable estimate of which cannot be made.

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

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

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

### H. Taxes on Income

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

### I. Employee Retirement Benefits

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

### J. Inventory Cost

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

### K. Cash Flow Statement

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

### L. Excise Duty

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

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

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

### NOTE 3 SHARE CAPITAL

#### A. Authorised:

25,00,00,000 Equity Shares of ₹ 10 each  
45,00,00,000 Preference Shares of ₹ 10 Each

#### B. Issued, Subscribed, Called up & Fully Paid:

20,55,20,000 Equity Shares of ₹ 10 each Fully Paid up  
(100% Held by HPCL)

	As At 31st March, 2015	(Amount in ₹) As At 31st March, 2014
	2,500,000,000	2,500,000,000
	4,500,000,000	4,500,000,000
<b>TOTAL</b>	<b>7,000,000,000</b>	<b>7,000,000,000</b>
	2,055,200,000	2,055,200,000
<b>TOTAL</b>	<b>2,055,200,000</b>	<b>2,055,200,000</b>

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

- 1) Of the above 20,55,20,000 equity shares were allotted to the holding company "Hindustan Petroleum Corporation Ltd" except 6 equity shares which were allotted to 6 nominees of the holding company.
- 2) Of the above paid up Equity Capital of ₹ 2,055,200,000/- ₹ 1,51,68,25,525 was received in cash after adjustment of ₹ 53,83,74,475/- (₹ 49,17,15,248 towards preliminary & pre-incorporation expense and ₹ 4,66,59,227 towards other expenses) incurred by HPCL, holding company on behalf of HPCL Biofuels Ltd.  
41,96,51,511 nos 5 % Non Cumulative 14 year redeemable Preference Shares @ ₹ 10/- each (100 % held by HPCL)

**TOTAL**

Above 41,96,51,511 Preference Shares were issued to HPCL on conversion of Bridge Loans of ₹ 385,46,00,000/- and accrued interest of ₹ 34,19,15,110/- as of 24th March 2014.

**TOTAL**As at 31.03.2015  
Amount (₹)As at 31.03.2014  
Amount (₹)

4,196,515,110

4,196,515,110

4,196,515,110

4,196,515,110

6,251,715,110

6,251,715,110

**Reconciliation of outstanding shares (nos.)**

	CY	PY	₹	₹
Equity Shares outstanding as on beginning of the year	20,55,20,000	20,55,20,000	2,055,200,000	2,055,200,000
Shares issued during the year	Nil	Nil	—	—
Equity Shares outstanding as on end of the year	20,55,20,000	20,55,20,000	2,055,200,000	2,055,200,000
Preference Shares outstanding as on beginning of the year	41,96,51,511	Nil	4,196,515,110	—
Shares issued during the year	Nil	41,96,51,511	—	4,196,515,110
Preference Share outstanding as on end of the year	41,96,51,511	41,96,51,511	4,196,515,110	4,196,515,110

**NOTE 4****RESERVES & SURPLUS**

Capital Reserve			—	—
Capital Redemption Reserve			—	—
Share Premium Account			—	—
Debenture Redemption Reserve			—	—
Revaluation Reserve			—	—
General Reserve			—	—
<b>TOTAL</b>			—	—
Capital Grant			—	—
Surplus / (Deficit) in Statement of Profit and Loss				
Opening Balance			(3,165,709,083)	(2,006,891,527)
Add: Profit / (Loss) for the Year			(843,685,975)	(1,158,817,556)
Profit Appropriated to General Reserve			—	—
Profit Appropriated to Debenture Redemption Reserve			—	—
Profit Appropriated to Proposed Dividend			—	—
Profit Appropriated to Tax on Distributed Profits			—	—
<b>Closing Balance</b>			<b>(4,009,395,058)</b>	<b>(3,165,709,083)</b>
Other Reserve			—	—
<b>TOTAL</b>			<b>(4,009,395,058)</b>	<b>(3,165,709,083)</b>

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

	As at 31.03.2015 Amount (₹)	As at 31.03.2014 Amount (₹)
<b>NOTE 5</b>		
<b>LONG-TERM BORROWINGS</b>		
<b>Secured Loans (Against Hypothecation of Fixed &amp; Current Assets)</b>		
Bank Term Loan (Repayable in 48 Structured Quarterly Instalments Starting from Q2 of 2016-17) (Rate of Interest @ Base Rate + 1.70% Fixed Spread)	3,088,018,946	3,088,003,607 (461,000,000)
<b>TOTAL (A+B)</b>	<b>3,088,018,946</b>	<b>2,627,003,607</b>
<b>NOTE 6</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Other Deposits	—	—
Accrued Charges/Credits	—	—
Other Liabilities	—	—
<b>TOTAL</b>	<b>—</b>	<b>—</b>
<b>NOTE 7</b>		
<b>LONG TERM PROVISIONS</b>		
Provision for Gratuity	4,190,171	2,131,467
Provision for Leave Encashment	1,398,684	1,151,906
<b>TOTAL</b>	<b>5,588,855</b>	<b>3,283,373</b>
<b>NOTE 8</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Cash Credit (Hypothecation of Debtors & Inventory) (Rate of Interest @ Base Rate + 1.25% Fixed Spread)	641,832,431	220,012,985
Overdrafts from Banks (Secured by Hypothecation of Stock-in-Trade)	—	—
<b>TOTAL A</b>	<b>641,832,431</b>	<b>220,012,985</b>
<b>Un-Secured Loans</b>		
Short Term Loans from Banks (Repayable in Foreign Currency)	—	—
Clean Loans from Banks	—	—
Inter Company Deposits	—	—
Commercial Paper	—	—
Loans & Advances from Related Parties	—	—
<b>TOTAL B</b>	<b>—</b>	<b>—</b>
<b>TOTAL (A+B)</b>	<b>641,832,431</b>	<b>220,012,985</b>
<b>NOTE 9</b>		
<b>TRADE PAYABLES</b>		
(i) Total Outstanding dues of Micro, Small & Medium Enterprises	—	—
(ii) Total outstanding dues of creditors other than above Creditors	—	—
Operating Expenses Payable to HPCL	63,733,877	49,264,122
Accrued Expense - Payable	113,651,572	64,293,151
Advance Received From Farmers for Cane seeds	—	—
Payable to Cane Growers	708,445,989	835,794,831
Retention from Vendors	14,240,274	12,120,553
Payable to Trade Vendors	103,087,346	17,962,402
<b>TOTAL</b>	<b>1,003,159,058</b>	<b>979,435,059</b>

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

	As at 31.03.2015 Amount (₹)	As at 31.03.2014 Amount (₹)
<b>NOTE 10</b>		
<b>OTHER CURRENT LIABILITIES</b>		
WCT Payable	307,526	230,126
TDS Payable	1,306,907	39,018,845
Sales Tax Payable	—	1,978,904
Excise Payable	44,208,243	44,531,877
Payable to Contractor/Vendor (Capital Assets)	418,485,506	447,155,895
Security Deposit from Contractors	14,396,343	11,248,733
Road Map Scheme - Lauriya	12,032	11,032
Farmer Loan	85,924	36,499
Accrued Liability-EPCC Vendor	135,459,089	148,863,688
Payable to Zone Development Council	2,308,031	692,828
PF Contribution Employee	917,875	1,262,661
Unclaimed Cheque	1,107,071	835,354
Interest Accrued but not due	30,685,602	7,465,460
<b>Current Maturities of Long Term Debt</b>		
– Bank Term Loan (C.Y-Nil), (P.Y- 4 installments of ₹11.53 Cr each)	—	461,000,000
Inter Office Balance	—	—
Payable To Employee	7,943,696	15,651,601
Payable To Govt (Others)	—	13,112
Misc Other Current Liabilities	164,294	117,067
Advance From Customers	335,664,828	336,747,818
<b>TOTAL</b>	<b>993,052,967</b>	<b>1,516,861,500</b>
<b>NOTE 11</b>		
<b>SHORT-TERM PROVISIONS</b>		
Provision for Other Employee Benefits	36,615	38,201
Provision for Tax (Net)	—	—
Provision For Dividend	—	—
Provision for Fringe Benefit Tax	—	—
Tax on Distributed Profits	—	—
Provision for Other Tax and Govt Payable	—	—
Provision for Other Liabilities	—	—
<b>TOTAL</b>	<b>36,615</b>	<b>38,201</b>
<b>NOTE 12</b>		
<b>CAPITAL WORK-IN-PROGRESS</b>		
Unallocated Capital Expenditure and Materials at Site	—	42,691,747
Capital Stores	—	—
Capital Stores Lying with Contractors	—	—
Capital Goods in Transit	—	—
<b>TOTAL</b>	<b>—</b>	<b>42,691,747</b>
<b>Construction Period Expenses Pending Apportionment (Net of recovery) :</b>		
Establishment Charges	—	—
Interest	—	—
Other Borrowing Cost	—	—
Depreciation	—	—
Other Expenses Incurred During Construction	—	—
<b>TOTAL</b>	<b>—</b>	<b>—</b>

**Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)**

**NOTE 13  
DEPRECIATION & AMORTISATION**

(Amount in ₹)

Cost or Value	Tangible Assets						Total
	Leasehold Land	Freehold Land	Plant & Machinery	Furniture & Fixtures	Computers & Printers	Building	
<b>As on 01.04.13</b>	902,681,264	2,036,219	5,623,463,557	12,122,652	17,233,213	483,051,387	7,040,588,293
Additions	—	—	544,746,397	28,400	—	2,964,334	547,739,131
Disposals	—	—	(6,703,981)	—	—	—	(6,703,981)
Transfer to Assets held for Sale	—	—	—	—	—	—	—
<i>Other Adjustments</i>	—	—	(70,209,822)	—	—	—	(70,209,822)
Exchange Difference	—	—	—	—	—	—	—
Borrowing Cost	—	—	19,590,113	—	—	—	19,590,113
<b>31.03.14</b>	902,681,264	2,036,219	6,110,886,264	12,151,052	17,233,213	486,015,721	7,531,003,734
Additions	—	—	41,261,149	—	525,761	—	41,786,910
Disposals	—	—	—	—	—	—	—
<i>Other Adjustments</i>	—	—	—	—	(1,161,428)	—	(1,161,428)
Exchange Difference	—	—	—	—	—	—	—
Borrowing Cost	—	—	—	—	—	—	—
<b>At 31.03.15</b>	902,681,264	2,036,219	6,152,147,413	12,151,052	16,597,546	486,015,721	7,571,629,216
<b>Depreciation</b>							
<b>As on 31.03.14</b>	78,190,836	—	837,012,570	2,446,322	6,634,859	25,319,036	951,274,160
Charge for the Year	15,044,688	—	241,930,976	1,337,783	6,865,170	17,918,645	283,879,282
Disposal/Adjustments	—	—	—	—	—	—	—
<b>As on 31.03.15</b>	93,235,524	—	1,078,943,546	3,784,105	13,500,029	43,237,681	1,235,153,442
<b>Impairment Loss</b>							
As on 01.04.13	—	—	—	—	—	—	—
At 31.03.14	—	—	—	—	—	—	—
Charge for the Year	—	—	—	—	—	—	—
<b>As on 31.03.15</b>	—	—	—	—	—	—	—
<b>Net Block (Gross Value-Depreciation-Impairment Loss)</b>							
<b>As on 31.03.14</b>	824,490,428	2,036,219	5,273,873,694	9,704,730	10,598,354	460,696,685	6,581,400,111
<b>As on 31.03.15</b>	809,445,740	2,036,219	5,073,203,867	8,366,947	3,097,517	442,778,040	6,341,411,768

(Rounding off errors have been adjusted)

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

	As at 31.03.2015 Amount (₹)	As at 31.03.2014 Amount (₹)
<b>NOTE 14</b>		
<b>NON-CURRENT INVESTMENTS</b>		
<b>Trade Investments</b>		
<b>Quoted</b>		
Investment in Equity	—	—
Investments in Joint Venture	—	—
<b>Un - Quoted</b>		
Investment in Equity	—	—
Investments in Subsidiary	—	—
Investments in Joint Venture	—	—
Investment in Preference Shares	—	—
Investments in Joint Venture	—	—
<b>Total Trade Investments - A</b>	—	—
<b>Other Investments</b>		
<b>Quoted</b>		
Investment in Equity	—	—
Investment in Government or Trust Securities	—	—
<b>Un - Quoted</b>		
Investment in Government or Trust Securities	—	—
Investment in Debentures or Bonds	—	—
Investment in Other non - Current Investments	—	—
<b>Total Other Investments - B</b>	—	—
<b>Total Non - Current Investments (A+B)</b>	—	—
<b>NOTE 15</b>		
<b>LONG-TERM LOANS &amp; ADVANCES</b>		
<b>Secured, Considered Good</b>		
Advances Recoverable in cash or in kind or for value to be received	—	—
Interest Accrued thereon	—	—
Capital Advances	39,044,391	21,523,148
<b>Unsecured</b>		
<b>Unsecured, Considered Good</b>		
Capital Advances	—	—
Advances Recoverable in Cash or in kind or for Value to be Received (BSEB)	11,346,923	22,693,846
Balances with Excise, Customs, Port Trust etc.	186,918,198	278,854,222
Other Deposits	797,500	835,500
Prepaid Expenses	—	—
Amounts Recoverable under Subsidy Schemes	—	—
Share Application Money Pending Allotment	—	—
Advance Towards Equity	—	—
Loan given to Subsidiaries & JVs	—	—
Other Accounts Receivable	—	—
Less : Provision for Doubtful Receivables	—	—
	<b>TOTAL A</b>	<b>323,906,716</b>
<b>Unsecured, Considered Doubtful:</b>		
Accounts Receivable & Deposits	—	—
Less : Provision for Doubtful Receivables	—	—
	<b>TOTAL B</b>	<b>—</b>
	<b>TOTAL (A+B)</b>	<b>323,906,716</b>

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

	As at 31.03.2015 Amount (₹)	As at 31.03.2014 Amount (₹)
<b>NOTE 16</b>		
<b>OTHER NON-CURRENT ASSETS</b>	—	—
<b>NOTE 17</b>		
<b>CURRENT INVESTMENTS</b>		
Non - Trade Investments (Quoted)	—	—
<b>TOTAL</b>	—	—
<b>NOTE 18</b>		
<b>INVENTORIES</b>		
<b>A. Inventories as per books</b>		
<b>(Inventory Taken, Valued &amp; Certified by the Management)</b>		
Raw Materials (Including in Transit - Raw Materials)	—	—
Finished Products	1,017,347,275	944,368,880
Bio-Compost	3,500,000	4,550,000
Stock-in-Trade	11,313	50,148
Work in Progress	76,964,571	139,315,125
Packages	5,714,375	7,090,525
Process Materials & Lubes	5,995,064	13,144,451
Stores & Spares	26,222,647	35,907,670
<b>TOTAL</b>	<b>1,135,755,245</b>	<b>1,144,426,799</b>
<b>B. Provision for Gain/(Loss) on Inventory Variation</b>		
Finished Products	(948,363)	(15,476,743)
Work in Progress	—	5,827,716
<b>TOTAL</b>	<b>(948,363)</b>	<b>(9,649,027)</b>
<b>C. Net Inventories</b>		
Raw Materials (Including in Transit - Raw Materials)	—	—
Finished Products	1,016,398,912	928,892,137
Bio-Compost	3,500,000	4,550,000
Stock-in-Trade	11,313	50,148
Work in Progress	76,964,571	145,142,841
Packages	5,714,375	7,090,525
Process Materials & Lubes	5,995,064	13,144,451
Stores & Spares	26,222,647	35,907,670
<b>TOTAL</b>	<b>1,134,806,882</b>	<b>1,134,777,772</b>
<b>Trade Receivables Over six months (from the due date):</b>		
<b>NOTE 19</b>		
<b>OVER SIX MONTHS (FROM THE DUE DATE):</b>		
Secured Considered Good	—	—
Un - Secured Considered Good	—	—
Considered Doubtful	—	—
Less: Provision for Doubtful Debts	—	—
<b>TOTAL A</b>	—	—
<b>Others</b>		
Secured Considered Good	—	—
Un - Secured Considered Good	1,629,372	102,589,994
Considered Doubtful	—	—
Less: Provision for Doubtful Debts	—	—
<b>TOTAL B</b>	1,629,372	102,589,994
<b>TOTAL (A+B)</b>	<b>1,629,372</b>	<b>102,589,994</b>

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

	As at 31.03.2015 Amount (₹)	As at 31.03.2014 Amount (₹)
<b>NOTE 20</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
<b>i. Cash &amp; Cash Equivalents</b>		
Cash on Hand	2,231	16,298
Cheques Awaiting Deposit	—	—
<b>Balances With Scheduled Banks:</b>		
— On Current Accounts	35,234,870	86,362,799
— On Non-operative Current Accounts	—	—
<b>ii. Other Bank Balances</b>		
With Scheduled Banks:		
— On Fixed Deposit Accounts	—	—
— On Fixed Deposit Accounts (more than 12 months)	—	—
<b>TOTAL</b>	<b>35,237,101</b>	<b>86,379,097</b>
<b>NOTE 21</b>		
<b>SHORT-TERM LOANS &amp; ADVANCES</b>		
<b>Secured, Considered Good</b>		
Advances recoverable in cash or in kind or for value to be received	—	—
Interest Accrued thereon	—	—
<b>Unsecured</b>		
<b>Considered Good</b>		
Advances recoverable in cash or in kind or for value to be received	—	—
Balances with Excise, Customs, Port Trust etc.	107,733,198	107,623,618
Other Deposits	—	—
Prepaid Expenses	5,527,957	5,015,601
Amounts Recoverable under Subsidy Schemes	79,236,254	22,253,363
Share Application Money Pending Allotment	—	—
Loans to Related Party	—	—
Employee Advance	326,090	455,941
Vendor Advance	9,041,254	928,397
LD Recoverable	—	—
Receivable from Farmer for Cane Seed	1,018,020	863,049
Other Accounts Receivable	2,872,000	2,872,000
Provision for Doubtful Receivables	(416,059)	—
Other Advances	—	—
<b>TOTAL A</b>	<b>205,338,714</b>	<b>140,011,969</b>
<b>Unsecured, Considered Doubtful</b>		
Accounts Receivable & Deposits	—	31,119
Provision for Doubtful Receivables	—	(31,119)
<b>TOTAL B</b>	<b>—</b>	<b>—</b>
<b>TOTAL (A+B)</b>	<b>205,338,714</b>	<b>140,011,969</b>
<b>NOTE 22</b>		
<b>Other Current Assets</b>		
Interest Accrued on Bank Deposits/Investments	—	—
Rent Receivable	—	139,817
Other Recoverable	6,131,150	6,131,150
Instalment of BSEB Advance Receivable	11,346,923	11,346,923
<b>TOTAL</b>	<b>17,478,073</b>	<b>17,617,890</b>

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

	As at 31.03.2015 Amount (₹)	As at 31.03.2014 Amount (₹)
<b>NOTE 23</b>		
<b>REVENUE FROM OPERATIONS</b>		
<b>Gross Sales</b>		
Sale of Products	1,883,985,719	1,386,757,660
Sale of Services	—	—
Other Operating Income	93,075,663	29,502,060
Excise Duty	(103,311,294)	(60,606,932)
Recovery under Subsidy Schemes	444,708	—
<b>TOTAL</b>	<b>1,874,194,796</b>	<b>1,355,652,788</b>
<b>NOTE 24</b>		
<b>OTHER INCOME</b>		
<b>Other Operating Revenue</b>		
Rent Recoveries	3,149,368	624,600
Miscellaneous Income	6,370,849	313,644
<b>TOTAL A</b>	<b>9,520,217</b>	<b>938,244</b>
<b>Other Income</b>		
Interest On Deposits	—	—
Interest On Staff Loans	—	—
Interest On Customers' Accounts	—	—
Interest (Gross) Long Term Investments	—	—
Interest (Gross) Current Investments	—	—
Interest (Gross) On Others	11,584	36,371
Profit on Sale of Fixed Assets (Net)	—	—
Miscellaneous Income	—	1,080,499
<b>TOTAL B</b>	<b>11,584</b>	<b>1,116,870</b>
<b>TOTAL (A+B)</b>	<b>9,531,801</b>	<b>2,055,114</b>
<b>NOTE 25</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Cane Purchase	1,463,156,024	1,151,453,286
Cane Transportation	17,253,384	17,575,358
ZDC Commission	2,893,941	2,182,374
Cane - Other Procurement cost	9,656,433	6,285,347
<b>TOTAL</b>	<b>1,492,959,782</b>	<b>1,177,496,365</b>
<b>NOTE 26</b>		
<b>POWER &amp; FUELS</b>		
Bagasse Cost ,Fuels & Handling	16,750,587	26,698,831
Rice Husk & Firewood	—	1,628,119
Power Import	35,564,569	21,112,369
<b>TOTAL</b>	<b>52,315,156</b>	<b>49,439,319</b>

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

	As at 31.03.2015 Amount (₹)	As at 31.03.2014 Amount (₹)
<b>NOTE 27</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS &amp; STOCK IN TRADE</b>		
<b>Inventories at the end of the period (as per books)</b>		
Work in Progress	76,964,571	139,315,125
Finished Products	1,017,347,275	944,368,880
Bio Compost	3,500,000	4,550,000
Stock-In-Trade	11,313	50,148
<b>TOTAL A</b>	<b>1,097,823,159</b>	<b>1,088,284,153</b>
<b>Inventories at the beginning of the period</b>		
Work in Progress	139,315,125	140,037,547
Finished Products	944,368,880	843,335,012
Bio Compost	4,550,000	4,275,000
Stock-In-Trade	50,148	8,459,641
<b>TOTAL B</b>	<b>1,088,284,153</b>	<b>996,107,200</b>
<b>TOTAL (B-A)</b>	<b>(9,539,006)</b>	<b>(92,176,953)</b>
<b>NOTE 28</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages, Bonus, etc.	115,043,629	93,230,610
Employees Allowances & Other Benefits	29,457,347	20,633,782
Employees Recruitment & Training	38,818	2,558,219
Contribution to Provident Fund	7,356,985	5,563,464
Pension, Gratuity etc.	2,303,896	(324,922)
Employee Welfare Expenses	355,050	—
<b>TOTAL</b>	<b>154,555,725</b>	<b>121,661,153</b>
<b>NOTE 29</b>		
<b>FINANCE COSTS</b>		
(a) Interest Expense	435,995,940	788,446,604
(b) Other Borrowing Costs	—	112,360
(c) Applicable Net Gain/ Loss on Foreign Currency Transactions & Translation	—	—
<b>TOTAL</b>	<b>435,995,940</b>	<b>788,558,964</b>
<b>NOTE 30</b>		
<b>OTHER EXPENSES</b>		
Ethanol Transportation	79,060,960	—
Repairs & Maintenance - Buildings	2,316,455	1,367,068
Repairs & Maintenance - Plant & Machinery	26,692,726	11,586,613
Repairs & Maintenance - Other Assets	5,637,988	5,131,591
Insurance	5,965,276	7,536,916
Rates & Taxes	500,848	8,998,045
Rent	524,420	502,550
Travelling & Conveyance	9,250,473	8,092,956
Contract Labour	12,725,582	16,504,688

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

	As at 31.03.2015 Amount (₹)	As at 31.03.2014 Amount (₹)
Printing & Stationery	669,672	401,469
Electricity & Water	277,856	292,327
Advisor Fees	—	186,192
Cane Development Expense	1,180,054	1,381,792
Discount on Cogen	1,161,226	50,896
Other Supplies	436,507	164,477
Telephone & Fax	498,341	473,454
Postage & Telegram	220,298	169,809
Sitting Fees	—	80,000
Provision for Doubtful Debts (After Adjusting Provision no Longer Required)	416,059	—
Other Manufacturing Expenses	7,672,598	4,929,684
Additional Depreciation (as per note no. 55)	1,161,428	—
Security Charges	12,388,097	11,552,382
Advertisement & Publicity	135,537	442,310
Sundry Expenses & Charges (Not otherwise classified)	18,755,517	12,104,168
Consultancy & Technical Services	25,208,423	3,094,267
<b>Auditor Expenses</b>	—	—
– Statutory Audit Fees	120,000	80,000
– Other Services	—	24,000
– Other Expenses	76,306	72,468
<b>Exchange Rate Variation (Net)</b>	—	—
<b>TOTAL</b>	<b>213,052,647</b>	<b>95,220,122</b>
<b>NOTE 31</b>		
<b>PRIOR PERIOD INCOME/(EXPENSES)</b>		
Cane Development Expense	—	83,092
Other Expenses	—	(37,475)
Consumption of Stores & Consumables	—	(1,226,253)
Interest Received -Farmers	—	28,162
Interest on Borrowing Cost being Capitalised	—	9,339,931
Change in Fertiliser Inventory	—	728,000
Freight Outward & Contract Labour	(238,046)	—
<b>TOTAL</b>	<b>(238,046)</b>	<b>8,915,457</b>
<b>NOTE 31A</b>		
<b>PROVISION FOR GAIN/(LOSS) ON INVENTORY VARIATION (REFER NOTE NO. 49)</b>		
Reversal of Last Year Provision on Inventory Variation	9,649,027	—
Provision for Gain/(Loss) Current Year	(948,363)	(9,649,027)
	<b>8,700,664</b>	<b>(9,649,027)</b>
<b>NOTE 32</b>		
<b>EXTRAORDINARY ITEMS</b>		
ZDC Commission Reversal of Last Year Provision	—	8,399,218
<b>TOTAL</b>	<b>—</b>	<b>8,399,218</b>

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

## 33 (a) Disclosures for a manufacturing company

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

## (b) Raw Material

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

## (c) Manufactured Goods

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

**Note:** Figures in brackets represent previous year figures.

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

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

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

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

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

### 35. Segment Reporting

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

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

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

**Other Disclosures:**

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

**36. Lease Hold Land**

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

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

**37. Plant Capacity**

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

**38. Excise Claim with GOB**

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

**39. Consumption of Raw Materials**

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

**40. SLDC**

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

**41. Renewable Energy Certificates (REC)**

RECs earned for the captive consumption of power generated from renewable sources are not valued as stock on hand on the Balance Sheet dates, since the cost of obtaining them is very negligible and their realization is not certain. The income from the sale of RECs is accounted as revenue in the year of sales. The RECs on hand on 31<sup>st</sup> March 2015 was 13738 units (PY 4,559 units) and their value at the floor price of ₹1,500/- stood at ₹20,607,000 /- (PY ₹6,838,500/-).

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

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

**43. Cane Development Expenditure**

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

**44. Secured Loan**

Existing term loan with UBI was repayable in 36 equal quarterly instalments starting from January 2012 carrying a rate of interest @ base rate +1.75% fixed spread. During the year the company had refinanced the balance of this loan of ₹3,088,018,946/- with State Bank of India who have granted a two year moratorium on repayment and a further 12 year repayment period. The loan is repayable in 48 structured instalments starting from Q2 of FY2016-17 carrying interest @ base rate + 1.70% fixed spread. The term loan is secured by equitable mortgage of Land, Building & Fixed Assets The Balance of Term loan as on 31.03.2015 was ₹3,088,018,946/- (PY ₹3,088,003,607/-)

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

## Notes Forming Part of the Financial Statements 2014-15 (Contd.)

### 45. CENVAT / Input Tax Credit:

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

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

### 46. Provision for Gratuity & Leave Encashment

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

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

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

### 48. Provision for Income Tax

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

### 49. Provision for inventory variation

A net provision of ₹(9,649,027) relating to differences observed in physical verification of inventory was made as on 31<sup>st</sup> March 2014. Subsequently during the year, the holding company had appointed an external audit firm to do a complete inventory verification. The firm has since submitted their report observing normal losses. Subsequently, on 30/31.03.2015, the inventory was physically verified again. Based on these physical verification reports, the provision made during 2013-14 has been reversed.

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

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

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

Sl. No.	Description	2014-15 Amount (₹)	2013-14 Amount (₹)
A.	Estimated amount of contracts remaining to be executed on capital account not provided for.	7,77,75,396	1,824,088
B.	<b>Claims against the company not acknowledged as debts</b> Wrong disallowance of Input Tax Credit claimed on capital goods for 2010-11. Appeal lying before Sales Tax Tribunal, Bihar Erroneous demand for 2010-11 of Entry Tax based on proportional amounts, ignoring the actual tax paid Arbitration against M/s Robarant Engineers for termination of contract. Award in favour of HBL	69,844,013/- 6,811,732/- —	69,844,013/- 6,811,732/- 14,200,000
C.	<b>Other Contingent Liabilities</b> Corporate Guarantee given to the State Bank of India for Agriculture financing arrangement with farmers Interest and Penalty for Delay in deposit of Provident Fund dues.	20,000,000 —	20,000,000 32,103/-
D.	<b>Managerial Remuneration</b> Salary & Allowances (Chief Executive Officer on deputation from HPCL. The amount represents remuneration from HPCL and debited to the company. The salary includes salary, company contribution to PF, LFA, Bonus, medical, gratuity & leave encashment )	4028495	3,406,460
E.	Expenditure in Foreign Currency	Nil	Nil
F.	Earning in Foreign Currency	Nil	Nil
G.	C I F Value of imports during the year	Nil	Nil

### 51. Related parties

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

## Notes Forming Part of the Financial Statements for the year 2014-15 (Contd.)

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

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

## 53. Payments to auditors

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

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

## 54. Power Report

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

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

## 55. Additional Depreciation

For the assets which have already exhausted their useful life as per Schedule II by 31.03.2015, the carrying amount in the books, after retaining their residual values, has been charged off to the Profit & Loss account. This has been shown under the head 'Additional Depreciation' in the note 30. The total depreciation during the year as per old Schedule of companies Act 1956 would have been ₹ 33,97,44,460/-. Therefore the depreciation for current year is lower by Rs. 5,58,65,178/- due to charging of depreciation as per Schedule II of Companies Act, 2013.

## 56. Accounting of Cane Subsidy

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

## 57. Previous year figures

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

## 58. Presentation of Negative Amounts

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

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

For and on behalf of the Board

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

(P. K. Joshi)  
Chairman

(K.V. Rao)  
Director

(B. K. Namdeo)  
Director

Place : Mumbai  
Date : 07/05/2015

(Vinod Nehete)  
CEO & Manager

(R. Sankaran)  
Chief Finance Officer

(Heena Shah)  
Company Secretary

## Cash Flow Statement for the Year Ended 31st March, 2015

Sl. No.	PARTICULARS	For the Year ended 31st March, 2015 Amount (₹)	For the Year ended 31st March, 2014 Amount (₹)
<b>(A)</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>1</b>	<b>NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>	(843,685,975)	(1,189,470,137)
	(i) Depreciation	283,879,282	316,915,819
	(ii) Provision for Deferred Tax Liability	—	—
	(iii) Tax Payment of last year during Current Year	—	—
	(iv) Interest Income	—	—
<b>2</b>	<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	(559,806,693)	(872,554,318)
	<b>(a) Working Capital Changes</b>	—	—
	(i) Decrease in Current Assets (Except Cash & Cash Equivalents)	—	—
	(ii) Increase in Current Liabilities	445,543,445	956,718,522
	(iii) Decrease in Current Liabilities	(523,810,119)	(273,243,149)
	(iv) Increase in Current Assets (Except Cash & Cash Equivalents)	35,744,584	(223,494,874)
	<b>(b) Changes in Long Term Provisions</b>	—	—
	Provision for Gratuity & Leave Encashment	2,305,482	(218,096)
<b>3</b>	<b>CASH GENERATED FROM OPERATIONS BEFORE TAX</b>	(600,023,301)	(412,791,915)
	(i) Income Tax Paid	—	—
	(ii) Tax Refund Received	—	—
<b>4</b>	<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	(600,023,301)	(412,791,915)
	Less: Extraordinary Items- Cane Subsidy from GOB	—	30,652,581
<b>5</b>	<b>MISC EXPENDITURE (LAST YEAR P&amp;L BALANCE)</b>	—	—
	<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES AFTER TAX &amp; EXTRAORDINARY ITEMS</b>	<b>(600,023,301)</b>	<b>(382,139,334)</b>
<b>(B)</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	(i) Interest Received	—	—
	(ii) Purchase of Fixed Assets & Investments	45,174,219	(396,314,710)
	(iii) Capital Work in Progress - Project Management Expenses	42,691,747	113,479,695
	(iv) Inventory from Trial Production	—	—
	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>87,865,966</b>	<b>(282,835,015)</b>
<b>(C)</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	(i) Proceeds from Issue of Shares	—	4,196,515,110
	(ii) Loan Taken	461,015,339	(3,515,620,089)
	(iii) Advance against Equity pending Allotment	—	—
	<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>461,015,339</b>	<b>680,895,021</b>
<b>(D)</b>	<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	(51,141,996)	15,920,672
<b>(E)</b>	<b>Add: Cash &amp; Cash Equivalent as at Beginning of the Year</b>	86,379,097	70,458,425
<b>(F)</b>	<b>Cash &amp; Cash Equivalent as at End of the Year</b>	<b>35,237,101</b>	<b>86,379,097</b>

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

For and on behalf of the Board

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

**(P. K. Joshi)**  
Chairman

**(K.V. Rao)**  
Director

**(B. K. Namdeo)**  
Director

Place : Mumbai  
Date : 07/05/2015

**(Vinod Nehete)**  
CEO & Manager

**(R. Sankaran)**  
Chief Finance Officer

**(Heena Shah)**  
Company Secretary

## MANAGEMENT DISCUSSION & ANALYSIS

The year 2014-15 was a year of anxiety, turbulence and travail for the Indian Sugar Industry. The great expectations of the industry following the deregulation of the sugar marketing were dampened by drastic slide in the price of sugar pushing the industry into a defensive stance.

Late start of the season in 2013-14 carried cane crushing into April – May 2014. Being sunny months, the recovery was lower than normal but due to cane availability, crushing had to be continued. This had impacted the financial performance of the company for the year.

Ethanol pricing was a silver lining for the industry. Realisation per litre went up to Rs.37 per litre when the oil industry tenders were finalized for the year. As the ethanol sales of your company grow from 6,880 kl to 16,190 kl in the current year, this product showed signs of a good revenue stream in the years to come.

While the monsoon was okay as far as the sugar cane crop was concerned, the continuing downslide in the sugar price added to the woes of the industry in general, and your company in particular. Lower crude prices had increased the sugar production in Brazil, higher sugar production around the globe had depressed the price of sugar in the international market. This had restricted the exports from India leading to surplus stocks in the country. This in turn has led to drop in the sugar prices which are yet to recover in the domestic market. Pressures on the sugar mills to pay the farmers has pushed the prices further down from April 2015 onwards.

Both the mills of your company have stabilized in terms of plant performance and efficiency. But the cane availability during season 2014-15 was lower due to delayed payment to the farmers. This has had a telling effect on the financials for the year.

Despite the severe competitive and subdued market, your company had been able to sell sugar fairly well. The sales quantity of 46,211 MT was almost 37% above the previous year volume. The average realisation of Rs.27,982 per MT was well comparable with most mills in the northern India.

Ethanol supplies to the nearby state of Paschim Banga is likely to start soon, which will reduce the transportation cost incurred by your company thereby improving the realisation. As all the ethanol supplies were only to the holding company, HPCL, your company could even get some advance against the supplies to manage the working capital shortfall in meeting the payment to the cane growers.

Command area for the mills for cane growing continues to be at a healthy status giving a good comfort about the availability of cane for operating the mills for the full season. Development efforts of your company to improve the variety and yield of the sugar cane in the command area have started to yield results which is seen in the substantial increase in the sugar recovery during the season 2014-15.

The parent company had engaged one of their earlier statutory auditors to check the inventory accounting and the internal control systems in your company who have since given their reports. While there are no major areas of concern, the report has identified certain areas for improvement which is being worked upon by the management. There had also been studies conducted by sugar industry experts for improving the plant performance and productivity. Some of the suggestions have been implemented while others are on the anvil.

Your company has a healthy atmosphere in the area of industrial relations and it is this congenial work culture that would help the company turnaround in the next few years. In the area of environmental conservation the company is doing whatever is the best in the industry. There are also efforts being put in to operate the cogen plants on bagasse / other biomass during the off season to maximize the generation of electricity through renewable sources to benefit of the state of Bihar.

As the company is yet to post profit, the activities in the realm of CSR are yet to take off, though it does every possible thing to help the people of the vicinity in the remote districts of East and West Champaran of Bihar.

The coming year 2015-16 has opened with a subdued sugar market where the prices have a hit a six year low. The Union Government is seized of the issue and has already announced a bouquet of measures to ease the situation. One significant point relevant to your company is the exemption of excise duty on ethanol meant for blending in petrol and that amount would be paid to the sugar mills as higher price. This would help your company substantially.

Cyclical nature of the industry and events happening elsewhere in the globe have influenced the price and profitability of the industry as well as your company. Technical excellence, astute financial management and a cohesive work culture would help your company to weather these difficult times so that when the tide turns, it would be in a position to reap the benefits from the day one.

## CORPORATE GOVERNANCE REPORT

***“Strong Corporate Governance is indispensable to resilient and vibrant capital markets and is an important instrument of investor protection. It is the blood that fills the veins of transparent corporate disclosure and high quality accounting practices. It is the muscle that moves a viable and accessible financial reporting structure.”*** – Committee constituted by SEBI under the Chairmanship of Shri Kumar Mangalam Birla.

***Corporate Governance is nothing but a step towards strengthening of the organization so as to face the challenges. “It is stepping into the shoes of the shareholders, stakeholders, vendors, suppliers & employees by the Top Managers and CEO of the company”***

HBL being a 100% subsidiary of HPCL & Government Company, has inherited the legacy of the parent company in terms of higher standard of transparency and ethics in conduct of business. Being subsidiary of a PSU, it has following inherent strengths;

- Statutory Auditors are appointed by CAG.
- Multiple audits – Internal Audit, Cost Audit, Secretarial Audit
- Control of Holding Company
- Answerability to Government, Vigilance, RTI, Public Grievance
- Strong system and procedures mostly adopted from Holding Company

Your Company, although is an unlisted company, has been pioneer in voluntarily exercise of the good corporate governance practices in order to maintain transparency, accountability and ethics in line with the governance parameters set by its the promoter Company, Hindustan Petroleum Corporation Limited.

Although, Corporate Governance was mostly focused on listed companies with dispersed shareholdings and most of the compliance was voluntary even for unlisted subsidiary companies of listed Companies. But with notification of the Companies Act 2013, the bar for Corporate Governance has been raised even for unlisted public companies like HBL. There is a clear shift towards closely monitoring unlisted public companies and large private companies with enhanced compliance requirements encompassing disclosures, transparency and governance procedures. And your Company is gearing up to comply with the new regime of compliances.

### CORPORATE INFORMATION

**Corporate Identity Number** U24290BR2009GOI014927

### SHAREHOLDING

HPCL Biofuels Limited is wholly owned subsidiary company of Hindustan Petroleum Corporation Limited.

### COMPOSITION OF BOARD OF DIRECTORS

The Board of HPCL Biofuels Limited is consists of three Directors as under:

1. Mr. Pushp Kumar Joshi - Chairman
2. Mr. K V Rao - Director
3. Mr. B K Namdeo - Director

All the Directors are Non-executive Directors and are nominee of the Holding Company HPCL.

Brief resumes of all Directors are furnished hereunder:

#### MR. P K JOSHI - CHAIRMAN

Mr. Pushp Kumar Joshi is a Bachelor of Law and an alumnus of XLRI, Jamshedpur. He joined HPCL in 1986 and since then he has held various key positions in Human Resources and Industrial Relations functions at HQO, Marketing and Refineries Divisions of HPCL. He has been responsible for the design and deployment of key HR policies and practices that are employee oriented and aim at building high performance culture. He is currently Director Human Resources of HPCL since August, 2012 and he took charge as Director of the company effective 1st July, 2013. He was appointed as Chairman effective 14.11.2014.

#### MR. K V RAO – DIRECTOR

Mr. K V Rao is a member of the Institute of Chartered Accountants of India (ICAI), took charge as Director effective 1st June 2013. He is Director Finance of HPCL. Mr. Rao brings with him rich experience of over three decades in handling various challenging assignments in HPCL in the fields of Corporate Finance, Treasury Management, Internal Audit and Marketing & Refinery Finance. Mr. Rao has expertise in various areas in Financial Management, and is credited with effective treasury management in raising External Commercial Borrowing, Debentures, and various other types of financial instruments at very competitive interest rates as compared with the Industry.

#### MR. B K NAMDEO- DIRECTOR

Mr. B. K Namdeo is Director Refineries of HPCL. A Mechanical Engineer and a Master of Technology from IIT Bombay, he has over 32 years of experience in various refinery functions and has held key positions in Central Engineering (Refinery Projects), Operations, Projects and Maintenance of the Refineries. He joined the Board as Director effective 24.02.2014.

**REMUNERATION TO DIRECTORS**

Directors are part-time Directors and hence No remuneration or sitting fees is paid to any Directors for attending the Board meeting

**INDEPENDENT DIRECTORS & A WOMEN DIRECTOR**

Under the Companies Act 2013, there is a requirement for Independent Directors including a Women Director on the Board of the company. As the company is a wholly owned subsidiary of HPCL, the issue was taken up with them for appointment of Independent Directors. They have taken up with the Government of India for the appointments but as on date, these appointments have not been made.

**CHIEF EXECUTIVE OFFICER**

Day-to-day affairs of the Company are managed by Manager as per section 2(53) of the Companies Act, 2013 to be designated as Chief Executive Officer (CEO). Mr. Vinod Nehete is CEO of the Company.

**DETAILS OF BOARD MEETINGS**

During the year ended on 31st March, 2015 Nine (09) meetings of the Board of Directors took place. The Company has held at least one meeting in every quarter and the time gap between two board meetings did not exceed 120 days as prescribed under the Companies Act. The details of the Board Meeting as follows:

Meeting No.	Date of Meeting	Total Strength of the Board	Directors Present	Duration between this and next meeting (days)
38	22th May, 2014	3	3	38
39	30th June, 2014	3	2	14
40	15th July, 2014	3	3	14
41	30th July, 2014	3	3	54
42	24th September, 2014	3	2	54
43	18th November, 2014	3	3	16
44	05th December, 2014	3	3	53
45	28th January, 2015	3	2	56
46	26th March, 2015	3	3	

The overall attendance of Directors at the board meetings was 89%.

**CONDUCT OF BOARD PROCEEDINGS**

The day-to-day business is conducted by the CEO of the Company under the direction and the supervision of the Board. The Board holds periodic meetings to discuss the performance of the Company, provide directives, review the operations and other issues relating to the Company.

**BOARD COMMITTEES**

The Board of the Company has the following Committees:

- a) Audit Committee
- b) Nomination & Remuneration Committee

**a) Audit Committee Composition & Meetings**

Audit Committee consists of three members, namely;

Mr. K V Rao – Chairman,

Mr. Pushp Kumar Joshi – Member and

Mr. B K Namdeo – Member

There were **two** audit committee meeting were held during the year as under;

Meeting No.	Date of Audit Committee	Total Strength	Members Present
17	22th April, 2014	3	2
18	24th September, 2014	3	2

**b) Nomination & Remuneration Committee (NRC)**

Company has constituted NRC comprising of three members as under;

Mr. Pushp Kumar Joshi,

Mr. K V Rao and

Mr. B K Namdeo

Terms of reference including scope of NRC is in line with section 178 of the Companies Act, 2013.

**COMPLIANCE**

The Company monitors the compliance of applicable laws, regulations and rules including the Companies Act and all applicable corporate laws and places confirmation of such compliance before the Board at regular interval.

**DETAILS OF ANNUAL GENERAL MEETINGS**

Meeting No.	Meeting Date	Location	Year
1	10th December, 2010	Patna	2009-10
2	16th September, 2011	Patna	2010-11
3	15th December, 2012	Patna	2011-12
4	3rd December, 2013	Patna	2012-13
5	19th August, 2014	Patna	2013-14

For and on behalf of Board of Directors

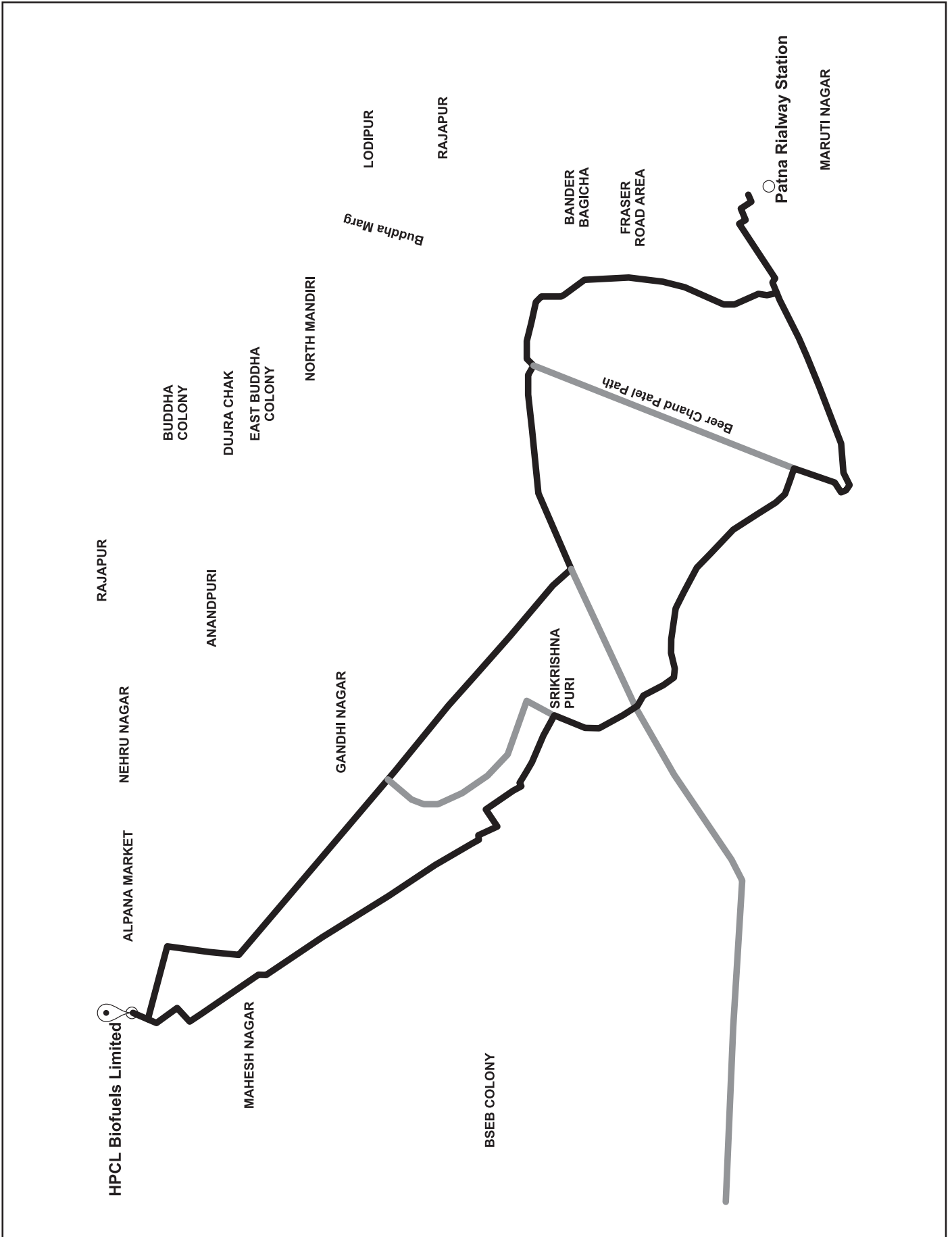
Place: Mumbai

Date : 9th September, 2015

**P K Joshi**

Chairman

Route map to the venue of the Annual General Meeting on Monday,  
the 21st September, 2015 at 3.00 p.m.



**HPCL BIOFUELS LIMITED**

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



Observation of Pest effect on sugarcane crop of CO-0238



Cane Propping work of Co-0238 variety in Company's Cane command area



## HPCL BIOFUELS LIMITED

(A wholly owned subsidiary company of  
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[www.hpclbiofuels.co.in](http://www.hpclbiofuels.co.in)