वार्षिक रिपोर्ट • Annual Report • 2018-19

एचपीसीएल बॉयोफ्यूल्स लिमिटेड • HPCL Biofuels Limited

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

BOARD OF DIRECTORS

Mr. Pushp Kumar Joshi
Chairman

Mr. Vinod S Shenoy
Director
(From 26th March 2019 and onwards)

Mr. J. Ramaswamy
Director
(Upto 28th February 2019)

Mr. Anil Pande
Director

CHIEF EXECUTIVE OFFICER AND "MANAGER"

Vijay Kumar Goyal
CEO
(Upto 10th May 2019)

Mr. Raja Kishor Barik
CEO
(From 10th May 2019 & onwards)

Contents

Board of Directors
Mr. Pushp Kumar Joshi
Mr. Vinod S Shenoy
Mr. Anil Pande

CEO & Manager
Mr. Raja Kishor Barik

Chief Finance Officer
Mr. Piyush Awasthi

Company Secretary
Ms. Heena Shah

Statutory Auditors
Jaiswal Brajesh & Co.
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

Generating green fuel for better tomorrow

HBL
HPCL BIOFUELS LTD

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of your Company, I take privilege in presenting to you the 10th Annual Report on the working of the Company along with Audited Financial Statements together with the Auditor's Report and comments of the Comptroller and Auditor General of India for the financial year ended on March 31, 2019.

PHYSICAL PERFORMANCE

Highlights of the physical performance of the plants during the financial year 2018-19 are given below:

2017-18	Particulars	UoM	Sugauli	Lauriya	FY 2018-19
124	No of days operated	Days	121	138	130
699,582	Quantity of cane crushed	MT	329,985	377,021	707,006
63,870	Sugar produced	MT	31,601	36,522	68,123
9.13	Sugar Recovery	%	9.73	9.78	9.76
7,025	Ethanol produced	KL	3,832	4,726	8,558
79,085	Power generated	MWhr	31,886	41,709	73,595
49,529	Power exported (net)	MWhr	18,029	25,219	43,248

*2018-19 Season's Operational Performance				
Sugauli	**Lauriya**	**Total**	**Unit**	
371,474	356,126	727,600	MT	CANE Crushing
9.37	9.95	9.65	%	SUGAR Recovery
34,240	34,946	69,186	MT	SUGAR Production
4,579	4,707	9,286	KL	ETHANOL Production
37,449	40,894	78,343	MWH	POWER Production
22,030	24,720	46,750	MWH	POWER export (net)

*SEASON 2018-19 WAS SPILLED OVER TO APRIL, 2019

FINANCIAL PERFORMANCE

Summary of financial performance is given as under:

	For the year ended 31/03/2019 (₹ in Lakh)	For the year ended 31/03/2018 (₹ in Lakh)
Income from Operations	23,298.16	13,423.29
Other Income	223.96	227.14
Total Income	**23,522.12**	**13,650.43**
Total Expenses	21,829.12	12,980.33
PBDIT	**1,693.00**	**670.10**
Less-Depreciation	2,736.24	2,757.33
Less-Interest	5,711.92	5,697.28
Profit / (Loss) for the year before Tax and Other comprehensive Income	**(6,755.16)**	**(7,784.51)**
Other Comprehensive Income	(11.00)	(4.09)
Provision/(Reversal) for Taxes	—	—
Profit / (Loss) for the year after Tax carried forward to Balance Sheet	**(6,766.16)**	**(7,788.60)**

DIVIDENDS & RESERVES

Your company has commissioned it's both the plants during season of financial year 2011-12 and is yet to achieve profitability, your Directors do not propose to declare any dividend for the financial year ended 31st March, 2019.

TRANSFER TO RESERVES

The Board of Directors has not proposed to transfer any amount to reserves.

MANAGEMENT DISCUSSION & ANALYSIS (MDA) REPORT –

Separate report is annex to the report.

PLANT PERFORMANCE

Immediately on completion of the crushing season of 2017-18, actions were taken to initiate the off-season maintenance to ensure its completion in all respects well ahead of the start of the next crushing season.

The synopsis of the physical performance highlight for 2018-19 is as below:

1. Achieved all time highest sugar recovery of 9.76% compared to 9.13% in the last year.
2. The Company's operations during the extended period of April 2019 were the best ever as compared to earlier years.
3. Reduced no. of CPCs (Cane purchase centers) from 37 Nos to 26 Nos. resulting in better cane management and savings on transportation cost. This has resulted in savings of approx. ₹ 133 Lakhs.
4. Introduced VIS (Vehicle Identification System) for the vehicles bringing cane to the plants to ensure flawless weight of cane vehicles.
5. Biometric attendance system introduced at both the plants & Patna office.
6. The total number of Manpower rationalized from 1100 as on March 2018 to 1061 as on March 2019.

- **Sugar Plant**

  In continuation of the last crushing season, during the current **season of 2018-19**, both the units performed well in terms of cane crushing. While Lauriya achieved cane crushing of 3,56,126 lakh MT, Sugauli unit crushed 3,71,474 lakh MT total 7,27,600 lakh MT.

  Due to bumper sugar crop cultivation, availability of cane remained good during the season and crushing season 2018-19 was extended till 22/04/19 and 16/04/2019 at Sugauli and Lauriya units respectively.

  Average Sugar recovery during the season 2018-19 was 9.65% which was best ever since commissioning of plants.

- **Ethanol Plant**

  Ethanol plants have also shown improved performance with 9,286 KL Ethanol produced in season 2018-19 as against 7,718 KL produced in last season, observing more than 20% growth season on season.

  Achieved highest ever yield of 262 Ltr of ethanol per MT molasses.

  However, we are yet to resume operation at a rated capacity level due to the implementation of revised spent wash ratio coupled with stricter enforcement of pollution control norms in all the Ganga basin refineries. Your management has taken timely steps to minimize the impact and are hopeful that facilities with the additional CAPEX of approx. ₹ 3 Cr committed last year will be ready for the new crushing season, which will help us to restore production to the initial level.

- **Co-gen Plant**

  The Net power export during the season was at 46,750 MWH against 52,377 MWH, i.e. 10.7% lower than the last season. The reduction in net power export is caused by dual factors of lower production and higher power imports than the last season.

RENEWABLE ENERGY BENEFITS

Your company is registered with the competent authority for the issue of Renewable Energy Certificates (REC) in respect of the captive consumption of power generated by its Co-gen 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.

MARKETING ACTIVITIES

- **SUGAR**

  Your company sells sugar only through the online trading platform of NCDEX and it has been able to induct many traders from the neighboring states as well. The realization is quite well and there are no outstanding or bad debts. Due to the suppressed market conditions, the average realization during the year had been ₹ 31187 per MT.

- **ETHANOL**

  HPCL had placed orders for uplifting all the ethanol in stock as well to be produced in the year 2018-19. Your company acknowledges with gratitude the help extended by HPCL by way of advance against the supplies. Supplies to HPCL depots in the state of Bihar have substantially increased, which has resulted in lesser transportation costs and higher realization to your company.

- **POWER**

  Entire surplus power generated has been exported to the BSEB grid and their payments have largely been on time much to the relief of your company.

PERFORMANCE MOU

Your Company has been signing a Memorandum of Understanding (MOU) with its holding company Hindustan Petroleum Corporation Limited (HPCL) as per the target set under the guidance of the task-force assigned by MOP & NG. The performance of the Company for the year 2017-18 was "FAIR" and this year MOU performance is under evaluation.

CONVERSION OF PREFERENCE SHARES INTO GENERAL EQUITY SHARES:

During the year your Company with the consent of members & HPCL (being the holder of Preference shares) varied the rights of 5% Non-Cumulative Redeemable Preference shares of ₹ 419.65 Crore and issued the same amount of Equity Shares to HPCL. And thereby increased Company's Equity capital base from ₹ 205.52 Crore to ₹ 625.17crores and thereby improved the Net-worth of the Company.

MANAGERIAL REMUNERATION

Your Company being a Government Company is exempted from the provisions of section 197 of the Companies Act, 2013 vide Ministry of Corporate Affairs (MCA) notification dated 05.06.2015.

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

Director's Appointment & Cessation –

Mr. J Ramaswamy was superannuated and hence ceases to be Director effective 01st March 2019. Mr. Vinod S Shenoy was appointed as Additional Director by the Board of Directors in place of Mr. J Ramaswamy.

The Board places on record its sincere appreciation for the valuable services rendered by Mr. J Ramaswamy during his tenure as Director on the Board.

KMP's Appointment & Cessation

Appointment:

Shri Raja Kishore Barik as appointed as Chief Executive Officer, effective 10.05.2019

Cessationship:

Shri V. K. Goyal ceased to be Chief Executive Officer of the Company effective 10.05.2019.

The Board places on record its sincere appreciation for the valuable services rendered by Mr. V K Goyal during his tenure as Chief Executive Officer of the Company.

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Your Corporation, being a Government Company, as per MCA Notification dated 5th June, 2015, Compliance of Section 134(3) (p) are exempted for Government Companies.

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

Your Corporation being a Government Company, is exempted to furnish information under Section 134 (3) (e) of the Companies Act,2013 vide MCA Notification dated 05.06.2015.

BORROWINGS

Your company has been servicing all its borrowings on time. GoB Soft Loan of ₹ 1,648 Lakhs which was availed through State Bank of India(SBI) during financial year 2015-16 with interest subvention to the extent of 10%, Four Installments amounting to ₹ 330 Lakhs were paid during financial year 2018-19(PY 2017-18 ₹ 330 LAKH.)

Term Loan of ₹ 30,880 Lakh was availed through SBI during financial year 2014-15. Four installments amounting to ₹ 1544 Lakh were paid during the current financial year 2018-19(PY 2017-18 ₹ 1,544 LAKH).

An unsecured Bridge Loan of ₹ 8,400 Lakh which was obtained from the Holding Company (HPCL) during the previous year 2015-16 to meet the requirements of payment to cane growers and other working capital requirements. Further ₹ 9,000 Lakh were taken as Bridge Loan-II during FY 2018-19.

CREDIT RATING

Your Company has retained its high level of credit rating in 2018-19, which is same as during previous year 2017-18 as "IND AA-rating with stable outlook" from M/s India Ratings & Research (A Fitch Group Company), reinforcing the faith of the rating agency in the inbuilt long term resilience of your company.

INSURANCE

Insurance for Plant & Machinery has been obtained from Oriental Insurance Company for the period 20th January 2019 to 19th January 2020. With a good track record in safe operations and dialogue with the insurers, your company has been able to get a very competitive insurance premium.

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

No material changes and commitments have occurred after the close of the year untill the date of this Report, which affect the financial position of the Company.

STATUTORY AUDITORS

M/s. Jaiswal Brajesh & Co., Chartered Accountants (Firm Registration No. 007915C), were appointed as Statutory Auditors by Comptroller & Auditor General of India (C&AG) by their letter dated 27th July 2018 and shall retire at the conclusion of this Annual General Meeting.

As per provisions of the Companies Act, 2013, the Board of Directors have advised C&AG to appoint Auditors of the Company for the financial year 2019-20.

The Notes on Financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

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 2018-19 as stipulated under the cost audit rules have been prepared and submitted to the cost auditors for the purpose of audit. The cost audit report would be filed within the stipulated due date.

SECRETARIAL AUDIT

Pursuant to provisions of section 204 of the Companies Act, 2013, your company has appointed M/s. RJSY & Associates, Practicing Company Secretary. The report of the Secretarial Audit is annexed herewith as **Annexure.** There are no qualifications or adverse remarks made in the report except non-compliance on the appointment Woman Director as already stated in para given below on woman Director.

WOMAN DIRECTOR

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

CORPORATE GOVERNANCE

The detailed Corporate Governance Report forms part of this Directors' Report.

RELATED PARTY TRANSACTIONS

All transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business. The same is disclosed in Form No. AOC-2 as per **Annexure to the report.**

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is **Annexed to the report.**

CORPORATE SOCIAL RESPONSIBILITY

As the company does not fall 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.

INDEPENDENT DIRECTOR

As regards, appointment of independent Directors, basis Ministry of Corporate Affairs notification dated 6th July 2017, [Ref. no. G.S.R. 839(E)], Wholly-owned Subsidiary Company of an unlisted public company are exempted from the appointment of Independent Directors.

AUDIT COMMITTEE & NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Committees were constituted as per the applicable provisions of the Companies Act, 2013 & rules made thereunder. However, with MCA exemption notification from the appointment of Independent Directors, it is not mandatory to have these Committees, though for good governance Company has continued with the Audit Committee and NRC.

Also, there have been no instances where the recommendations of the Audit Committee were not accepted by the Board of Directors. The details of the Audit Committee and NRC are disclosed in the Corporate Governance Report which forms part of this Report.

SECRETARIAL STANDARDS

The Secretarial Auditor has certified that your Company has complied with the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, during the FY 2018-19.

SUPPLEMENTARY AUDIT

Your Company has successfully obtained NIL comments in the supplementary audit conducted by C&AG i.e. PDCA, Ranchi on accounts for the financial year 2018-19.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale, and complexity of its operations. There is an appropriate mechanism that monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of clause (c) of sub-section 3) of Section 134 of the Companies Act, 2013, it is hereby confirmed that:

i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

ii. The Directors have 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 at the end of the Financial Year and the profit and loss of the company for that period.

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The Directors have prepared the Annual Accounts on a going concern basis.

v. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant material orders passed by the regulator(s) or courts or tribunals which would impact the going concern status of the Company and its future operations.

RISK MANAGEMENT

The Company has the proper mechanism of risk management to identify, quantify and manage all risk and opportunities that may affect the achievement of entity's strategic, legal, operational and financial goals and then taking appropriate actions for documentations, mitigating controls and reporting mechanism of such risks.

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.

CONTINGENT LIABILITY

There are no contingent liabilities other than mentioned in Note No.57 of notes to accounts.

COMMENTS ON THE QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITORS

There is no qualifications. reservations or adverse remarks made by the Statutory Auditors in his report.

PARTICULARS OF LOANS, INVESTMENTS & GUARANTEES BY THE COMPANY UNDER SECTION 186

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

DEPOSITS

During the year under review, your Company has not accepted any deposits under the provisions of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposit) Rules, 2014 as amended.

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.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Your company do not have any Subsidiaries, Joint Ventures or Associate companies.

VIGIL MECHANISM

As per the Directives of Ministry of Petroleum & Natural Gas (MOP & NG), the vigilance department of the promoter company i.e. HPCL has been administering the vigilance function of the Company.

WHISTLE BLOWER POLICY

Your Company being a subsidiary Company of HPCL, is covered under the HPCL's Whistle Blower Policy and the same is displayed on the website of the Company.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per requirement of the sexual harassment of women at workplace (prevention, prohibition & redressal) Act, 2013 (act) and rules made thereunder, the company's women employees are covered under the duly constituted internal complaints committees (ICC) of the holding company HPCL. However, there were no complaints received during the year under the act by the company.

Procurement of Goods & Services from MICRO, SMALL AND MEDIUM ENTERPRISE (MSME)

As per online portal, MSME Sambandh – of Govt of India, Company has complied with MSME Guidelines by procuring more than 25% from Micro, Small and Medium Enterprises more than 3% from Women MSME with the need to improve participation of SC/ST MSME participation.

Amt ₹ in Crores

Total Purchases	Purchases from MSEs including SC/ST	Purchases from SC/ ST owned MSEs	Purchases from Women MSEs
42.88	16.47	0.06	1.73
100.00%	38.41%	0.14%	4.04%

Award & Recognition:

Your Company was awarded a certificate of Nomination for being part of the nomination Phase of India 5000 best MSME Award 2019.

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

In accordance with the requirements of 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.

PARTICULARS OF EMPLOYEES

As regards the provisions of the Companies Act, 2013, read with applicable rules, 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, GoI, Ministry of Food & Public Distribution, Government of India 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

P K Joshi
Chairman

Date:31.07.2019
Place: Mumbai

ANNEXURE – 1

CONSERVATION OF ENERGY

(a) The Company is a green field project and is undertaking manufacturing of Sugar, Ethanol & Co-gen Power from crushing of Sugar cane at Sugauli & Lauriya, in the State of Bihar.

(b) The year 2018-19 has been the Eighth 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 be assessed in the coming years.

B. TECHNOLOGY ABSORPTION

Specific areas in which R & D carried to be identified & plan.

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 now trained in operating and trouble-shooting the equipment along with the technology.

   a) Cane Diffusion Technology

   b) Molecular Sieve Technology

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

   Higher Recovery of cane juice compared to other technology.

3. Information regarding from 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

FOREIGN EXCHANGE EARNINGS AND OUTGO – Nil

ANNEXURE - 2

FORM NO. AOC -2

(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.

   There were **no** contract or arrangements or transactions entered into during the year ended on 31st March, 2019, which were **not** at Arm's length basis

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 / Sub-lease of land
c)	Duration of the contracts/arrangements/transaction	April 2018 to March 2019
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Sales of ethanol - ₹ 4687.80 Lakhs, Purchase of Lubes / Sulphur - ₹ 79.03 Lakhs, Interest paid to HPCL on Bridge loan- ₹ 676.73 Lakhs, Interest paid to HPCL on Ethanol Advance - ₹ 104.96Lakhs, Salary etc. of personnel deputed from HPCL - ₹ 274.06 Lakhs, Balance of Ethanol advance from HPCL as on 31.03.19 – ₹ 2848.66 lakhs
e)	Date of approval by the Board	Since these RTP's are in the ordinary course of business and on arm's length basis, approval of the Board is not required.
f)	Amount paid as advances, if any	—

On behalf of the Board of Directors

P K Joshi
Chairman

Date:31.07.2019
Place: Mumbai

ANNEXURE - 3

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[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

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Company's** 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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 ("Audit period") 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March 2019, according to the provisions of, as may be applicable:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under(Not Applicable);
3. The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under; (Not Applicable)
4. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings: (Not Applicable);
5. The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the Audit Period as the Company is not a listed Company:-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018**;**
   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009**;**
   h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
   i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. The Company has complied with The Bihar Sugarcane (Regulation of Supply and purchase) Act 1981;
7. Other laws to the extent applicable to the Company as per the representations made by the Company;

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

   (i) Secretarial Standards issued pursuant to section 118(10) of the Act, by The Institute of Company Secretaries of India.

   During the period under review the Company has complied with the above Secretarial Standards issued by The Institute of Company Secretaries of India.

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

   Companies Act 2013,

   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 an individual for the purpose of appointment as a woman director on the Board. We are informed that the company 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 Woman director on its Board as required under the provisions of Section 149 of the Act.

We further report that

The Board of Directors of the Company is constituted with Non-executive directors. The company has not appointed woman director on the Board of directors 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance except for the meetings which were held at a shorter notice to transact urgent business 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.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We 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.

We further report that during the audit period:

1. A special resolution was passed at the Extra Ordinary General Meeting of the Company held on 8th January, 2019 for approving variation of the rights attached to the Existing Preference shares pursuant to section 48 of the Companies Act, 2013.
2. A special resolution is passed at the Extra Ordinary General Meeting of the Company held on 8th January 2019 for approving increase in the authorized share capital of the Company from the present ₹ 250,00,00,000/- (Rupees Two hundred and fifty crores only) to ₹ 700,00,00,000/- (Rupees seven hundred crores only) by altering Capital clause of the Company pursuant to Section 61 of the Companies Act, 2013.
3. A special resolution is passed at the Extra Ordinary General meeting of the Company held on 8th January 2019 for approving alteration of the capital clause of Articles of Association of the Company pursuant to section 14 of the Companies Act 2013.

For **RJSY& ASSOCIATES**
Company Secretaries

Sadhana Yadav
ACS No: 27559
Certificate of Practice No. 16932

Place: Mumbai
Date: 29.07.2019

This report is to be read with our letter of even date which is annexed as ***Annexure A*** *and forms an integral part of this report.*

Annexure A

To,

The Members,
HPCL BIOFUELS LIMITED

Our report of even date is to be read along with this letter.

'Annexure A'

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on the audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **RJSY& ASSOCIATES**
Company Secretaries

Sadhana Yadav
ACS No: 27559
Certificate of Practice No. 16932

Place: Mumbai
Date: 29.07.2019

ANNEXURE - 4

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U24290BR2009GOI014927
2.	Registration Date	16th October 2009
3.	Name of the Company	HPCL BIOFUELS LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares/ Indian Government Company
5.	Address of the Registered office & contact details	271, Road No 3ENew Patliputra Colony, Patna 800 013 Ph: 0612-2260069
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	65.69
2	Ethanol	24116	18.08
3	Cogen Power	40108	11.12

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 Limited	CIN L23201MH1952GOI008858	Holding	100%	287

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-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**	—	—	—	—	—	—	—	—	—
a) Individual/ HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.		205520000	205520000	100%		625171511	625171511	100%	nil
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any other	—	—	—	—	—	—	—	—	—
Total shareholding of Promoter (A)		205520000	205520000	100%		625171511	625171511	100%	nil
B. Public Shareholding	—	—	—	—	—	—	—	—	—
1. Institutions	—	—	—	—	—	—	—	—	—
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):-		Nil	Nil	Nil		Nil	Nil	Nil	Nil
2. Non-Institutions	—	—	—	—	—	—	—	—	—
a) Bodies Corp.	—	—	—	—	—	—	—	—	—
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—
i) Individual share holders holding nominal share capital upto ₹ 1 lakh	—	—	—	—	—	—	—	—	—
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	—	—	—	—	—	—	—	—	—
c) Others (specify)	—	—	—	—	—	—	—	—	—
Non Resident Indians	—	—	—	—	—	—	—	—	—
Overseas Corporate Bodies	—	—	—	—	—	—	—	—	—
Foreign Nationals	—	—	—	—	—	—	—	—	—
Clearing Members	—	—	—	—	—	—	—	—	—
Trusts	—	—	—	—	—	—	—	—	—
Foreign Bodies - D R	—	—	—	—	—	—	—	—	—
Sub-total (B)(2):-	—	Nil	Nil	Nil	—	Nil	Nil	Nil	Nil
Total Public Shareholding (B)=(B)(1)+ (B)(2)	—	Nil	Nil	Nil	—	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	—	Nil	Nil	Nil	—	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	—	205520000	205520000	100%	—	625171511	625171511	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		—	625171500		—	
2	S Bhosekar *	1		—	0		—	
3	D. K Saxena*	1			0			
4	P K Joshi*	1		—	1		—	
5	V Murali*	0		—	1		—	
6	M K Singh*	1		—	1		—	
7	S P Gupta*	1		—	1		—	
8	Manoj Gupta*	1		—	0		—	
9	J Ramaswamy*	1		—	1		—	
10	V K Goyal*	0		—	1		—	
11	Praveen Mishra*	1		—	1		—	
12	Barun Kumar*	1		—	1		—	
13	Anil Pande*	1		—	1		—	
14	Sanjeev Kumar Rastogi*	0		—	1		—	

*- one share holder by Members as nominee of HPCL

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	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	205520000	100%	205520000	100%
	Issue of 41,96,51,511 Equity Shares on variation of rights of Preference Shares on 8th January 2019 to HPCL	Nil	Nil	419651511	—
	At the end of the year	205520000	100%	625171511	100%

D) Shareholding Pattern of top ten Shareholders: Not applicable

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

E) Shareholding of Directors and Key Managerial Personnel: not applicable

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
Indebtedness at the beginning of the financial year				
i) Principal Amount	**408.09**	**188.46**	**—**	**596.55**
ii) Interest due but not paid				
iii) Interest accrued but not due	2.44	1.04	—	3.48
Total (i+ii+iii)	**410.53**	**189.50**		**600.03**
Change in Indebtedness during the financial year				
* Addition	2.25	91.79	—	94.04
* Reduction	(22.70)	(163.83)	—	(186.53)
Net Change	**(20.45)**	**(72.04)**	—	**(92.49)**
Indebtedness at the end of the financial year				
i) Principal Amount	387.83	115.67	—	503.50
ii) Interest due but not paid				
iii) Interest accrued but not due	2.25	1.79	—	4.04
Total (i+ii+iii)	**390.08**	**117.46**		**507.54**

*Including IND-AS adjustments.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: - not applicable

B. Remuneration to other Directors – Not Applicable

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	CS	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	**6,317,942.00**	**5,293,509.00**	**3,632,569.00**	**15,244,020.00**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	**398,481.00**	**838,532.00**	**80,044.00**	**1,317,057.00**
	(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)	805,782.00	734,117.00	578,573.00	2,118,472.00
	Total	**7,522,205.00**	**6,866,158.00**	**4,291,186.00**	**18,679,549.00**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Not Applicable

On behalf of the Board of Directors

Place: Mumbai
Date: 31.07.2019

P K Joshi
Chairman

ANNEXURE - 5

MANAGEMENT DISCUSSION & ANALYSIS

Operations of the company:

HBL had set up new integrated Sugar, Ethanol & Co-gen plants - one at Sugauli (East Champaran) and another at Lauriya (West Champaran), Bihar in place of defunct mills during 2010-11. Both integrated Sugar plants are operational since the 2011-12 season. During 2013-14, HBL has expanded its boiling house capacity to process 100% juice for Sugar manufacturing for improving its viability.

The plant configuration functional as on date are:

- 3500 TCD Sugar Plant
- 60 KLPD Ethanol Plant
- 20MW Cogen Plant

Mainly the Company's revenue consists of these three products as detailed below:

Sugar-

This is the major product from the plant, contributing to about 65% to 70% of the revenue of the company. Sugar is sold in 50 KG PP bag packing and on ex-factory basis. Sugar is traded through the NCDEX platform online.

Ethanol-

Ethanol manufactured by HBL meets all the specifications of BIS for ethanol and is being sold only to HPCL POL depots at Patna & Begusarai in the state of Bihar. Effective 1.4.2013, prices were fixed through a public tender floated on industry basis. But now prices are being decided by Govt. of India after which price recovery of ethanol has gone up and the current realization is about ₹ 43.70 per liter leading to a relatively improved realization on the ethanol supplies. Now as per the current Ethanol Blending Plan – EBP, Ethanol blending percentage has been increased from 5% to 10% making it mandatory for OMCs.

Power-

HBL has entered into a Power Purchase Agreement with BSEB for export of surplus power from their co-gen plants. The billing is done on a monthly basis for the net power exported. The tariff for power is governed by the order of Bihar Electricity Regulatory Commission and the rate with provision for escalation / de-escalation as per given formula. Payments by BSEB have so far been well within the agreed payment terms.

Strength and weakness:

The strength of the sugar industry is that it is a key driver of rural development, inherently labour intensive, supporting millions of farmers and their families, along with workers and hundreds of small and medium entrepreneurs.

As it touches the lives of millions of farmers and other allied persons hence respective governments are very sensitive towards this sector hence have separate sugarcane ministries in each sugar-producing states.

The weakness of this industry is that sugar cane being agricultural produce hence it is cyclic in nature specific business vagaries. The Sugar industry in India is largely dominated by private players and Cooperatives. HBL has the distinction of being the only Central Public Sector Enterprise in this sector. Sugar mills made to pay a Govt. advised price (FRP) for the Sugar Cane amounting to 75% of its all input raw materials purchases but without price assurance of end product i.e. Sugar which passes through usual boom / bust price cycle. The sugar market price varies widely with the sequences of oversupply and undersupply.

Opportunities and threats:

The government of India under its New Biofuel Policy is promoting the production of the use of green fuels and has come out with various promotional schemes for the production of ethanol. As ethanol has a good profit margin hence this opens up a new vista to improve the financial health of the sugar sector. The other opportunities are the introduction of new high yielding varieties of cane leading to higher profits for farmers & higher sugar recovery with lower sugar production cost per unit of production.

Your Company is also passing through rough passage due to bumper Sugar production with limited quota release for sale, leading to huge inventory buildup in the warehouse. This piled up inventory leading to the blocking of working capital and difficulty in managing the operation of the plants.

Therefore, the biggest challenge for the Company is to expand its non-sugar business i.e. Ethanol and Power export and reduce its excessive dependability on Sugar.

Company is facing a few critical hurdles in operations:

1. For Ethanol production, though Company has installed capacity of 60 KL per day for each plant, with a license to operate the same for 270 days a year, but since HBL has a common boiler for Sugar, Power Plant & Ethanol Plant, the fuel (Bagasse) requirement is huge - to the tune of 900-1100 MTs per day. Therefore, HBL is in a position to operate Ethanol Plant only during the Sugar season i.e. for 120-130 days in a year.
2. For the last two years, due to stringent pollution control norms and insufficient bio composting yard area, Company's ethanol production capacity was capped at 35 KLPD by Pollution Control Board due to sticker norms on effluent (spent

wash) management by CPCB. Total production of Ethanol from both the plants during the crushing season 2017-18 was 7718 KLs and for 2018-19 is 9286 KLs approx.

3. Due to continuous losses year over year, the net worth of the Company is reduced and has severely restricted its capacity to borrow and service the loans and in turn affected its various stakeholder groups i.e. Investors, Suppliers, Employees, etc. in general. The worst affected and most vulnerable social group is cane farmers who are not getting their cane payments in time.
4. In the month of July 2018, the Ministry of Consumer Affairs, Govt of India has imposed Sugar Quota restrictions which have reduced the cash generation of the unit temporarily and HBL is reluctantly being forced to carry huge sugar inventory in its warehouses causing dissatisfaction among suppliers, especially farmers due to delay in payment of dues.

Outlook for the future:

Due to the cyclic nature of the sugar industry when there is a higher production of sugar there is a decrease in sugar market prices leading to losses of sugar mills. The Indian sugar industry is passing through this painful phase, hence the only ray of hope is focusing on the production of more **ethanol to improve the profitability of mill and come up with** new varieties of sugars, better marketing, and allied new byproducts. As the industry is passing through its worse times from 2017-18 sugar season hence in all probability the situation should gradually improve after 2020-21 onwards as per its cyclic nature.

For resuming its installed Ethanol production capacity at 60 KLPD and also to operate distillery operations after crushing period, HBL needs to improve Spent wash management capacity for which, HBL is proposing the installation of Incineration Boiler where in Spent wash will be used as a fuel after blending with Bagasse/ coal. This will entail the infusion of additional capital. have the option of either go for the boiler at one plant or at both plants.

The Company is awaiting approval from Govt of India, from the Ministry of Consumer Affairs, Food & Public Distribution for the scheme of incineration Boiler which is expected soon. The scheme is highly beneficial for the Company for the extended operations of distilleries and full compliance of recently enhanced / more stringent pollution norms issued by Central Pollution Control Board (CPCB) and Bihar State Pollution Control Board (BSPCB) for the management of effluent spent wash generated during the production of Ethanol from Molasses.

After installation of Incineration Boiler, Company can operate the Ethanol Plant for up-to 330 days a year. The expected production of Ethanol per plant per year will be approx... 14000 Kls or 28000 Kls for both plants, which is currently 9500 Kls. This additional volume will result in additional revenue.

Risks and concerns:

The risk with HPCL Biofuels is that from inception it has been making losses and it has never shown any net profits. It has borrowed heavily and the interest burden is so high that it will not make net profits quickly with low margins on sugar sales, current capped ethanol production of 35 KLPD unless capital investments are infused in and with low the cane crushing capacity of the 3500 TCD. The burgeoning interest burdens will force it into a debt trap and further increase the complications.

Human resources, industrial relations and talent management issues

Human Resources:

Human Assets are the most important part of an Organization. HPCL Biofuels Ltd. (HBL) is committed to enhance the quality of human capital. The Safety of employees is of utmost importance to the company. In view of this, time to time several training programs have been conducted. Besides health & safety training HR also facilitated the participation of employees in a various training programs organized by statutory bodies, reputed institutes & outside agencies. We have taken two initiatives for improvement of HR processes which includes Online Human Resource Management System (HRMS) implementation (consisting of online employee data administration, employee self-service, exit procedure, talent management, etc.) and integration with finance and other is People Capability Maturity Method to assess the growth of the Organization.

Industrial Relation:

Your Company has maintained a congenial workplace environment to maintain harmony among the employees. Hence, there was no strike reported in the last year. However, there are some representations from employees on various issues but management has resolved the issues through mutual dialogue and maintained a healthy relationship with employees.

Talent Management:

Your Company greatly emphasize on talent management and for this company has shown its commitment towards hiring the best suitable person and managing & retaining the capable & deserving employees. The Organization has always tried to recognize the contribution of employees and for this, there is a program like an employee of the month, performance appraisal & performance-based yearly rewards which include best innovation awards, etc.

On behalf of the Board of Directors

Place: Mumbai
Date: 31.07.2019

P K Joshi
Chairman

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HPCL BIOFUELS LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of **HPCL Biofuels Limited** for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the 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 15 May 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **HPCL Biofuels Limited** for the year ended 31 March 2019 under Section 143(6)(a) of the Act. 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 supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 143(6) (b) of the Act.

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

(Indu Agrawal)
Principal Director of Commercial Audit
& ex-officio Member, Audit Board, Ranchi

Place: Ranchi
Date: 26 July 2019

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
HPCL Biofuels Limited

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **HPCL biofuels Limited ("the Company")**, which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2019, and its profit/loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Management's Responsibility for the Standalone Ind AS Financial Statements

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

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

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

       In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
       i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; (refer **Note No. 57** to the Ind AS financial statements)

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

For **JAISWAL BRAJESH & CO**
Chartered Accountants

(NIRMAL KUMAR SAH)
Partner
Membership Number-015500
Firm Registration Number-007915C

Place : Mumbai
Date : 15th May, 2019

"ANNEXURE-A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **HPCL Biofuels Limited** of even date)

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

We have audited the internal financial controls over financial reporting of HPCL Biofuels Limited ("the Company") as of March 31st, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **JAISWAL BRAJESH & CO**
Chartered Accountants

(NIRMAL KUMAR SAH)
Partner
Membership Number-015500
Firm Registration Number-007915C

Place : Mumbai
Date : 15th May, 2019

"ANNEXURE-B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of HPCL Biofuels Limited of even date)

(i) In respect of the Company's Fixed assets:

(a) The company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets.

(b) Physical verification of these fixed assets has been conducted during the year, the periodicity of which appears reasonable. No material discrepancy was reportedly noticed on such physical verification.

(c) The title deeds of immovable properties are held in the name of the company.

(ii) Physical verification of inventory has been conducted by the management during the year, the periodicity of which appears reasonable. No material discrepancies have been noticed on such verification during the year.

(iii) According to the information and explanation given to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not undertaken any transaction in respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 are attracted.

(v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account relating to material, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

(vii) (a) On the basis of our examination of the records and according to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, GST, 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 (₹ in Lakhs)	Forum where matter is Pending
Disallowance of input tax credit capital goods for 2010-11	698.44	Commercial Tax Tribunal, Bihar
Demand of Entry Tax for 2010-11 (₹ 10.22 Lakhs paid as advance tax under protest)	68.12	Commercial Tax Tribunal, Bihar
Demand for 2012-13 on account of denial of Input Tax Credit	93.81	Commercial Tax Commissioner, Bihar
Demand for 2013-14 on account of denial of Input Tax Credit	71.65	Commercial Tax Commissioner, Bihar
Demand for 2014-15 on account of denial of Input Tax Credit	38.76	Commercial Tax Commissioner, Bihar
Demand on account of bio-compost (October, 2013 to June, 2017)	2.78	Commissioner Central Excise & Service Tax
Demand for 2014-15 on account of differential tax due to non-submission of C form at the time of order	315.52	Commercial Tax Commissioner, Bihar
Demand for 2013-14 on account of suppression of purchase turnover ignoring the actual facts	92.09	Commercial Tax Commissioner, Bihar

(viii) On the basis of our examination of the records and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.

(ix) The Company has not raised any funds by way of term loans, during the year under audit.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

(xi) No managerial remuneration has either been paid or provided during the year.

(xii) The requirements of reporting in respect of Nidhi Companies are not applicable to the Company.

(xiii) On the basis of our examination of the records and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) On the basis of our examination of the records and according to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) On the basis of our examination of the records and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **JAISWAL BRAJESH & CO**
Chartered Accountants

(NIRMAL KUMAR SAH)
Partner
Membership Number-015500
Firm Registration Number-007915C

Place : Mumbai
Date : 15th May, 2019

"ANNEXURE-C" TO THE INDEPENDENT AUDITORS' REPORT

Report on matters covered by directions and sub-directions of C&AG, to the extent applicable, as referred to under "Report on Other Legal and Regulatory Matters" paragraph of our report of even date on standalone Ind AS financial statements of HPCL Biofuels Limited for the year ended on 31st March, 2019.

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

S.N.	Direction	Report	Impact
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implication, if any, may be stated.	The company has ERP system in place at HO and two plants (Sugauli and Lauriya) to process all the accounting transactions through IT system. However, the integration of the accounting data related to plants and HO are compiled manually at HO.	Nil
2	Whether there is restructuring of any existing loan or cases of waiver/ write off of debts / loans / interest etc. made by a lender to the company due to the company's inability to repay the loan? if yes, the financial impact may be stated.	No, there is no case of restructuring of loan due to company's inability to repay the loan. However, under Ind AS the preference shares issued by HBL to HPCL (Holding Company) are treated as borrowings, which have been converted to equity shares as on 08.01.2019 The impact of this conversion is interest saving of ₹ 364.80 Lakhs in FY 2018-19, refer **Note No. 60** to the Ind AS financial statements.	Nil
3	Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term & condition? List the cases of deviation.	Yes	Nil

For **JAISWAL BRAJESH & CO**
Chartered Accountants

(NIRMAL KUMAR SAH)
Partner
Membership Number-015500
Firm Registration Number-007915C

Place : Mumbai
Date : 15th May, 2019

Balance Sheet as at 31st March 2019

(Amount in ₹ Lakhs)

Particulars	Note No.	As at 31st March 2019	As at 31st March 2018
I ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	47,269.88	50,154.75
(b) Capital work in progress	4	2.83	363.77
(c) Other Intangible Assets	3	7.40	8.67
(d) Financial Assets			
(i) Investments		—	—
(ii) Long-Term Loans	5	—	—
(e) Deferred Tax Assets (Net)		—	—
(f) Other Non-Current Assets	6	7,350.12	8,638.27
Current Assets			
(a) Inventories	7	24,592.33	18,837.31
(b) Financial Assets			
(i) Investments		—	-
(ii) Trade Receivable	8	873.94	762.48
(iii) Cash & Cash Equivalents	9	41.59	9.61
(iv) Short-Term Loans	10	30.46	5.95
(v) Others	11	1,121.15	297.54
(c) Current Tax Assets (Net)		—	-
(d) Other Current Assets	12	1,504.28	693.71
(e) Assets Held for Sale			
TOTAL		**82,793.98**	**79,772.06**
II EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity Share Capital	13	62,517.15	20,552.00
(b) Other Equity	14	(58,053.99)	(24,460.67)
2. Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	24,656.63	42,696.47
(b) Provisions	17	290.55	188.23
(c) Deferred tax liabilities (net)		—	—
(d) Other non-current liabilities	18	2,926.39	3,037.56
3. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	20,556.89	11,724.21
(ii) Trade Payables :-			
(a) Total outstanding dues of micro & small enterprises	20	181.55	273.45
(b) Total outstanding dues of creditors other than micro & small enterprises	20	18,271.80	14,602.81
(iii) Other Financial Liabilities	21	8,173.78	9,047.31
(b) Other Current Liabilities	22	3,267.03	2,106.73
(c) Provisions	23	6.20	3.96
(d) Current tax liabilities (net)			
TOTAL		**82,793.98**	**79,772.06**

The accompanying notes are Integral Part of the Financial Statements

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

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

P K Joshi
Chairman
DIN-05323634

Vinod S Shenoy
Director
DIN-07632981

Piyush Awasthi
Chief Finance Officer
PAN-ACDPA5685L

Raja Kishor Barik
CEO & Manager
PAN- AAHPB1838J

Heena Shah
Company Secretary
ACS-13736

Place : Mumbai
Date : 15/05/2019

Statement of Profit and Loss for the Year Ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	Note No.	Year Ended 31st March 2019	Year Ended 31st March 2018
Income			
I. Revenue from Operations (Gross)	**24**	23,298.16	13,423.29
II. Other Income	**25**	223.96	227.14
Total Revenue (I+II)		**23,522.12**	**13,650.43**
Expenses			
Cost of Materials Consumed	**26**	21,295.98	21,083.69
Excise Duty		—	(5.25)
Consumption of Stores & Consumables		487.77	625.04
Packing Expenses		272.83	208.32
Power & Fuels	**27**	572.96	502.08
Changes in Inventories of Finished Goods, WIP & Stock in Trade	**28**	(5,709.19)	(13,846.14)
Employee Benefits Expense	**29**	2,658.18	2,458.25
Chemicals Consumed		387.58	375.06
Finance Costs	**30**	5,711.92	5,697.28
Depreciation & Amortization Expense		2,736.24	2,757.33
Other Expenses	**31**	1,862.75	1,588.03
Total Expenses		**30,277.02**	**21,443.69**
Profit / (Loss) Before Exceptional Items and Tax		(6,754.90)	(7,793.26)
Exceptional Items			
Provision for Gain/(Loss) on Inventory Variation	**32**	(0.26)	8.75
Profit / (Loss) Before Tax		**(6,755.16)**	**(7,784.51)**
Tax Expense			
(1) Current Tax		—	—
(2) Deferred Tax		—	—
Profit / (Loss) from Continuing Operations		**(6,755.16)**	**(7,784.51)**
Discontinuing Operations			
Profit / (Loss) from Discontinuing Operations (Before Tax)		—	—
Total Operations			
Tax Expense on Discontinuing Operations		—	—
Profit/(Loss) from Discontinuing Operations (After Tax)		—	—
Profit / (Loss) for the Year		**(6,755.16)**	**(7,784.51)**
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		(11.00)	(4.09)
(ii) Income tax on above			
B (i) Items that will be reclassified to profit or loss			
(ii) Income tax on above			
Total Other Comprehensive Income for the period		(11.00)	(4.09)
Total Comprehensive Income for the period		**(6,766.16)**	**(7,788.60)**
Earnings Per Equity Share (Face Value of ₹ 10/- each)			
(1) Basic (Amount in ₹)		(1.08)	(3.79)
(2) Diluted (Amount in ₹)		(1.08)	(3.79)

The accompanying notes are Integral Part of the Financial Statements

For **Jaiswal Brajesh & Co.**
Chartered Accountants

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

P K Joshi
Chairman
DIN-05323634

Vinod S Shenoy
Director
DIN-07632981

Piyush Awasthi
Chief Finance Officer
PAN-ACDPA5685L

Raja Kishor Barik
CEO & Manager
PAN- AAHPB1838J

Heena Shah
Company Secretary
ACS-13736

Place : Mumbai
Date : 15/05/2019

Notes Forming Part of the Financial Statements for the year 2018-2019

1. CORPORATE INFORMATION

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Authorization of financial statements

The Financial Statements were authorized for issue in accordance with a resolution of the directors **on 15th May 2019.**

B. Basis of preparation of Financial Statements

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

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

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

C. Use of judgments, estimates & assumptions

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

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

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

D. Property, Plant and Equipment

- Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.
- An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net realizable value and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

- The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted prospectively.
- Lease arrangements for land are identified as finance lease in case such arrangements result in transfer of the related risks and rewards to the Company. Accordingly, the Company identifies any land lease arrangement with a term in excess of 99 years as a finance lease.
- Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- Depreciation on Fixed Assets is provided on the Straight Line method on the basis of useful life determined, in the manner and at the rates calculated based on the useful life recommended under Schedule II to the Companies Act, 2013 and is charged pro rata on a daily basis on assets, from/up to and inclusive of the month of capitalization/ sale, disposal or deletion during the year**.** In case of restatement of carrying value of any asset due to any price adjustments warranted due to receipt of government grants, the depreciation on revised unamortized depreciable amount is charged prospectively over the residual useful life of the asset. Residual value has been considered at 5%.

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

E. Intangible assets

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

F. Cash Flow Statement

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

G. Borrowing Cost

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

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

H. Impairment of non-financial assets

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

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

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

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

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

I. Inventories

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

J. Government Grants

- Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.
- When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
- When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.
- When the grants received are non – monetary in nature, the asset and the grant are recorded at fair value amounts and recognized in profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

K. Employee benefits

- **Short-term employee benefits**

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

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

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

L. Revenue Recognition -

- The Company derives revenue majorly from sale of Sugar, Ethanol and Co-gen. In case of Sugar the company sales the product on NCDEX, while in case of sale of Ethanol and Co-gen the product is being sold to Hindustan Petroleum Corporation Limited and North Bihar power Distribution Company limited/South Bihar power Company distribution limited respectively as per the contract with Hindustan Petroleum Corporation Limited (HPCL) and Power companies.
- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.
- Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods
- **Effective from 1st April 2018, the company adopted Ind AS 115 "Revenue from contracts with Customers". The effect on adoption of Ind AS 115 was insignificant on the entity. Further, there has not been any significant change on applying the Ind AS 115.**

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Disaggregate Revenue Information:

(₹ in Lakhs)

Particulars	Year ended March 31, 2019
Revenue by offerings	
- Sugar	153,050.44
Revenue by contract type	
- Ethanol	4,213.20
- Cogen	2,591.25

The impact on account of applying the erstwhile Ind AS 18 Revenue instead of Ind AS 115 Revenue from contract with customers on the financial results of the company for the year ended as on 31st March 2019 is insignificant.

- Revenue from the sale of goods excludes any taxes and is measured at the fair value of the consideration received or receivable (after including fair value allocations related to multiple deliverable and/or linked arrangements), net of returns, sales tax and applicable trade discounts and allowances.

M. Taxes on income

- **Current Tax**

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

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

- **Deferred tax**

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

  Deferred tax liabilities are recognized for all taxable temporary differences.

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

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

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

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

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

N. Provisions and contingent liabilities

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

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

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

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

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

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

O. Financial Instruments

I) Financial Assets

- **Classification**

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

- **Initial recognition and measurement**

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

- **Debt instruments at amortized cost**

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

  a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

  b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

  After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

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

- **Equity investments**

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

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

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

- **Derecognition**

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

  - The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

a) The Company has transferred substantially all the risks and rewards of the asset, or

b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

- **Impairment of financial assets**

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

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

b) Trade receivables.

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

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

ii. Financial Liabilities

- **Classification**

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

- **Initial recognition and measurement**

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

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

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

- **Loans and borrowings**

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

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Consolidated Statement of Profit and Loss. This category generally applies to interest-bearing loans and borrowings.

- **De recognition**

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

P. Offsetting of financial instruments

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

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Q. Fair value Measurement

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

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

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

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

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

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

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

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

R. Accounting/ Classification of Expenditure and Income

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

NOTE 3 – Property Plant & Equipment

(Amount in ₹ Lakhs)

Cost or Value	**Tangible Assets**					**Intangible Assets**		**Total**
	Freehold Land	**Plant & Machinery**	**Furniture & Fixtures**	**Computers & Printers**	**Building**	**Total (₹)**	**Computer Software**	
01.04.18	20.36	53,814.89	83.93	37.25	4,427.78	58,384.21	31.44	58,415.65
Additions	—	524.68	0.68	0.46	11.89	537.71	2.69	540.40
Disposals	—	(136.68)	—	—	—	(136.68)	—	(136.68)
Other Adjustments	—	(590.46)	—	—	—	(590.46)	—	(590.46)
Exchange Difference	—	—	—	—	—	—	—	—
Borrowing Cost	—	—	—	—	—	—	—	—
At 31.03.19	**20.36**	**53,612.43**	**84.61**	**37.71**	**4,439.67**	**58,194.78**	**34.13**	**58,228.91**
Depreciation								
As on 31.03.18	—	7,651.42	40.10	20.30	517.64	8,229.46	22.77	8,252.23
Charge for the Year	—	2,543.21	13.36	3.32	172.39	2,732.28	3.96	2,736.24
Disposal/Adjustments	—	(36.84)	—	—	—	(36.84)	—	(36.84)
As on 31.03.19	**—**	**10,157.79**	**53.46**	**23.62**	**690.03**	**10,924.90**	**26.73**	**10,951.63**
Impairment Loss								
As on 01.04.18	—	—	—	—	—	—	—	—
At 31.03.19	—	—	—	—	—	—	—	—
Charge for the Year	—	—	—	—	—	—	—	—
As on 31.03.19	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Net Block (Gross Value-Depreciation-Impairment Loss)								
As on 31.03.18	**20.36**	**46,163.47**	**43.83**	**16.95**	**3,910.14**	**50,154.75**	**8.67**	**50,163.42**
As on 31.03.19	**20.36**	**43,454.64**	**31.15**	**14.09**	**3,749.64**	**47,269.88**	**7.40**	**47,277.28**

(Rounding off errors have been adjusted)

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

(Amount in ₹ Lakhs)

Particulars		As at 31st March 2019	As at 31st March 2018
NOTE - 4			
CAPITAL WORK-IN-PROGRESS			
Unallocated Capital Expenditure and Materials at Site		2.83	363.77
	Total	**2.83**	**363.77**
Non-Current Investments			
Total Non - Current Investments		**—**	**—**
NOTE - 5			
LONG-TERM LOANS			
Unsecured, Considered Good			
Capital Advances		—	—
	Total	**—**	**—**
Other Non-Current Financial Assets			
Other Non-Current Financial Assets		—	—
	Total	**—**	**—**
NOTE - 6			
OTHER NON-CURRENT ASSETS			
Capital Advances		—	—
Other Deposits		7.90	7.92
Balances with Excise, Customs, Port Trust etc.		—	1,137.68
Prepaid Operating Lease Premium		7,342.22	7,492.67
	Total	**7,350.12**	**8,638.27**
Current Investments			
Non - Trade Investments (Quoted)		—	—
	Total	**—**	**—**
NOTE - 7			
INVENTORIES			
A. Inventories as per books			
(Inventory Taken, Valued & Certified by the Management)			
Raw Materials (Including in Transit - Raw Materials)		—	—
Finished Products		23,497.52	17,923.88
Finished Products (In-Transit)		28.70	45.54
Bio-Compost		46.17	65.34
Work in Progress		592.82	421.27
Packages		44.49	44.18
Process Materials & Lubes		136.70	106.29
Stores & Spares		316.32	320.94
	Total	**24,662.72**	**18,927.44**
B. Provision for Gain/(Loss) on Inventory Variation			
Finished Products		(70.65)	(70.33)
Work in Progress		0.26	0.20
Stores & Spares		—	(20.00)
	Total	**(70.39)**	**(90.13)**
C. Net Inventories			
Raw Materials (Including in Transit - Raw Materials)		—	—
Finished Products		23,426.87	17,853.55
Finished Products (In-Transit)		28.70	45.54
Bio-Compost		46.17	65.34
Work in Progress		593.08	421.47
Packages		44.49	44.18
Process Materials & Lubes		136.70	106.29
Stores & Spares		316.32	300.94
	Total	**24,592.33**	**18,837.31**

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

(Amount in ₹ Lakhs)

Particulars		As at 31st March 2019	As at 31st March 2018
NOTE - 8			
TRADE RECEIVABLES			
- Considered Good - Secured		—	—
- Considered Good - Unsecured		873.94	762.48
- Which have significant increase in credit risk; and		—	—
- Credit Impaired		—	—
Less: Provision for Doubtful Debts		—	—
		873.94	**762.48**
NOTE - 9			
CASH AND CASH EQUIVALENTS			
i. Cash & Cash Equivalents			
Cash on Hand		—	—
Balances With Scheduled Banks:		—	—
- On Current Accounts		11.59	9.61
ii. Other Bank Balances		—	—
With Scheduled Banks:		—	—
- On Fixed Deposit Accounts		30.00	—
- On Fixed Deposit Accounts (more than 12 months)		—	—
Earmarked for Unclaimed Dividend		—	—
With Others:			
	Total	**41.59**	**9.61**
NOTE - 10			
SHORT-TERM LOANS			
Unsecured			
Considered Good			
Share Application Money Pending Allotment		—	—
Loans to Related Party		—	—
Receivable from Farmer for Cane Seed		10.46	2.66
Other Advances		20.00	3.29
	Total	**30.46**	**5.95**
NOTE - 11			
OTHER CURRENT FINANCIAL ASSETS			
Other Recoverable		2.63	2.63
Employee Advance		2.16	0.29
Other Accounts Receivable		30.72	30.72
Less:Provision for Doubtful Other Account Receivable		(30.72)	(30.72)
Amounts Recoverable under Subsidy Schemes		1,116.36	294.62
	Total	**1,121.15**	**297.54**
NOTE - 12			
OTHER CURRENT ASSETS			
Balances with Excise, Customs, Port Trust etc.		1,255.27	461.97
Vendor Advance		42.51	34.53
Less: Provision for Doubtful Vendor Advance		(17.57)	(17.57)
Prepaid Operating Lease Premium		150.45	150.45
Prepaid Expenses		73.62	64.33
	Total	**1,504.28**	**693.71**

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Particulars		As at 31st March 2019	As at 31st March 2018
NOTE - 13			
SHARE CAPITAL			
A. Authorised:			
70,00,00,000 Equity Shares of ₹10 each		70,000.00	25,000.00
45,00,00,000 Preference Shares of ₹ 10 Each		45,000.00	45,000.00
	Total	**115,000.00**	**70,000.00**
B. Issued, Subscribed, Called up & Fully Paid:			
62,51,71,510 Equity Shares of ₹10 each Fully Paid up (100% Held by HPCL)		62,517.15	20,552.00
	Total	**62,517.15**	**20,552.00**
C. Rights, preferences and restrictions attaching to Equity Shares			
All equity shares are allotted to the holding company "Hindustan Petroleum Corporation Ltd" except 6 equity shares which were allotted to 6 nominees of the holding company.			
D. Shares held by Holding Company - Hindustan Petroleum Corporation Ltd			
Equity Shares		62,517.15	20,552.00
E. Share holding pattern			
Hindustan Petroleum Corporation Ltd			
Equity Shares		100%	100%
F. Shares Reserved		Nil	Nil
G. Details of shares, which in the last 5 years, were			
issued for other than cash consideration		Nil	Nil
issued as bonus shares		Nil	Nil
bought back		Nil	Nil
H. Terms of any securities convertible into equity issued		Nil	Nil
I. Calls unpaid		Nil	Nil
J. Forfeited shares (amount originally paid-up)		Nil	Nil
NOTE - 14			
OTHER EQUITY			
Capital Reserve		579.13	579.13
Capital Redemption Reserve		—	—
Share Premium Account		—	—
Debenture Redemption Reserve		—	—
Revaluation Reserve		—	—
General Reserve		—	—
	Total	**579.13**	**579.13**
Capital Grant		—	—
Surplus / (Deficit) in Statement of Profit and Loss			
Opening Balance		(25,039.80)	(17,251.20)
Add: Conversion Impact of Preference share to Equity		(26,827.16)	
Add: Profit / (Loss) for the Year		(6,766.16)	(7,788.60)
Closing Balance		**(58,633.12)**	**(25,039.80)**
Other Reserve		—	—
	Total	**(58,053.99)**	**(24,460.67)**

NOTE NO. 15
STATEMENT OF CHANGES IN EQUITY

(All amounts in ₹ Lakhs)

A. Equity Share Capital

Balance at 1st April 2018	Changes during the year	Balance at 31st March 2019
20,552.00	41,965.15	62,517.15

B. Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus					Debt instruments through OCI	Equity instruments through OCI	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of OCI (specify nature)	Money received against share warrants	Total
			General Reserve	Securities Premium	Capital Reserve	FCMITDA	Retained Earnings								
Balance at 1 April 2018					579.13	—	(25,039.80)								(24,460.67)
Changes in accounting policy or prior period errors					—	—	—								—
Restated balance as at 1 April 2018	—	—	—	—	579.13		(25,039.80)	—	—	—	—	—	—	—	(24,460.67)
Profit for the year					—		(6,755.16)								(6,755.16)
Other comprehensive income for the year					—		(11.00)								(11.00)
Dividends					—		—								—
Transfer to retained earnings					—	—	—								—
Any other change (to be specified)					—	—	(26,827.16)								(26,827.16)
Balance at 31st March 2019	—	—	—	—	579.13	—	(58,633.12)	—	—	—	—	—	—	—	(58,053.99)

Note: 1. Adjustment of ₹ (26,827.16) Lakhs in Retained Earnings is on account of Conversion of Preferance Shares into Equity Shares (Refer Note No. 60)

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Particulars	As at 31st March 2019	As at 31st March 2018
NOTE - 16		
LONG-TERM BORROWINGS		
Secured Loans (Against Hypothecation of Fixed & Current Assets)		
Bank Term Loan (Repayable in 48 Structured Quarterly Instalments Starting from Q2 of 2016-17) (Rate of Interest @ 1 Year MCLR + 1% Fixed Spread)	26,568.75	28,098.82
Less: 4 Installments totalling ₹ 2239 Lakhs due in FY 2019-20	(2,239.00)	(1,544.00)
GOB Soft Loan (Repayable in 20 equal Quarterly Instalments starting from Q1 of 2016-17) (Rate of Interest @ 1 Year MCLR + 2.95% Fixed Spread)	656.88	985.58
Less: 4 Installments totalling ₹ 330 Lakhs	(330.00)	(330.00)
Total A	24,656.63	27,210.40
Un-Secured Loans		
41,96,51,511 nos 5 % Non Cumulative 14 year redeemable Preference Shares @ ₹10/- each (100 % held by HPCL)	—	13,878.96
Rights, Preferences and Restrictions attaching to Preference shares		
All preference shares were allotted to the holding company "Hindustan Petroleum Corporation Ltd". They carried preference dividence of 5%,were non cumulative and redeemable at the end of 14 years from issue, i.e. in March 2028. These preference shares have been converted into equity shares w.e.f 08th Jan 2019.		
Loans & Advances from Related Parties (Bridge loan from HPCL repayable in 10 quarterly installments starting from June 2017)	2,567.34	4,967.11
Less:3 Installments totalling ₹ 2520 (PY 3360 Lakhs) due in FY 2019-20 and balance for fair value adjustments	(2,567.34)	(3,360.00)
Total B	—	15,486.07
Total (A+B)	**24,656.63**	**42,696.47**
Other Financial Liabilities		
Other Deposits	—	—
Accrued Charges/Credits	—	—
Other Liabilities	—	—
Total	**—**	**—**
NOTE - 17		
LONG TERM PROVISIONS		
Provision for Gratuity	213.34	160.70
Provision for Leave Encashment	77.21	27.53
Total	**290.55**	**188.23**
NOTE - 18		
Other Non Current Liabilities		
Deferred Government Grant	1,424.66	1,505.08
Deferred Lease Rental Premium	1,501.73	1,532.48
Total	**2,926.39**	**3,037.56**
NOTE - 19		
SHORT TERM BORROWINGS		
Secured Loans		
Cash Credit (Hypothecation of Debtors & Inventory)	11,556.89	11,724.21
(Rate of Interest @ 1 year MCLR+0.35% Fixed Spread)		
Overdrafts from Banks (Secured by Hypothecation of Stock-in-Trade)	—	—
Un-Secured Loans		
Loans & Advances from Related Parties (Bridge loan from HPCL repayable by Sep 19)	9,000.00	—
Total	**20,556.89**	**11,724.21**

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Particulars		As at 31st March 2019	As at 31st March 2018
NOTE - 20			
TRADE PAYABLES			
(i) Total Outstanding dues of Micro, Small & Medium Enterprises (Refer Note no. 49)		181.55	273.45
(ii) Total outstanding dues of creditors other than above Creditors.			
Operating Expenses Payable to HPCL		1,342.01	1,091.26
Accrued Expense - Payable		907.24	796.69
Payable to Cane Growers		15,441.74	11,652.17
Payable to Trade Vendors		580.81	1,062.69
	Total	**18,453.35**	**14,876.26**
NOTE - 21			
OTHER CURRENT FINANCIAL LIABILITIES			
Payable to Contractor/Vendor (Capital Assets)		1,394.84	1,769.68
Retention from Vendors		235.40	258.04
Security Deposit from Contractos		99.27	112.42
Accrued Liability-EPCC Vendor		648.30	1,101.63
Unclaimed Cheque		10.45	8.57
Interest Accrued but not due		404.30	348.32
Current Maturities of Long Term Debt			
– Bank Term Loan (4 Installments totalling ₹ 2239 Lakhs due in FY 2019-20), (P.Y- 1544 Lakhs)		2,239.00	1,544.00
– GoB Soft Loan (4 Installments totalling ₹ 330 Lakhs due in FY 2019-20), (P.Y- 330 Lakhs)		330.00	330.00
– HPCL Bridge Loan (3 Installments totalling ₹ 2520 Lakhs due in FY 2019-20 and balance for fair value adjustments), (P.Y- 3360 Lakhs)		2,567.34	3,360.00
Payable To Employee		244.88	214.65
	Total	**8,173.78**	**9,047.31**
NOTE - 22			
OTHER CURRENT LIABILITIES			
WCT Payable		—	—
TDS Payable		35.44	23.39
Sales Tax/SGST Payable		47.44	0.30
Excise/CGST Payable		81.29	1.82
Payable to Zone Development Council		38.49	40.75
PF Contribution Employee		89.36	29.06
Inter Office Balance		—	—
Payable To Govt (Others)		—	—
Misc Other Current Liablities		4.92	1.20
Deferred Lease Rental Premium Current		30.75	30.75
Advance From Customers		2,848.66	1,890.20
Deferred government grant		90.68	89.26
	Total	**3,267.03**	**2,106.73**
NOTE - 23			
SHORT-TERM PROVISIONS			
Provision for Other Employee Benefits		6.20	3.96
	Total	**6.20**	**3.96**

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Particulars		As at 31st March 2019	As at 31st March 2018
NOTE - 24			
REVENUE FROM OPERATIONS			
Gross Sales			
Sale of Products		22,175.18	13,052.94
Sale of Services		—	—
Other Operating Income		109.88	370.35
Recovery under Subsidy Schemes		1,013.10	—
	Total	**23,298.16**	**13,423.29**
NOTE - 25			
OTHER INCOME			
Rent Recoveries		56.21	54.73
Interest (Gross) On Others		2.23	—
Miscellaneous Income		165.52	172.41
	Total (A+B)	**223.96**	**227.14**
NOTE - 26			
COST OF MATERIALS CONSUMED			
Cane Purchase		20,906.62	20,378.99
Cane Transportation		184.58	248.29
ZDC Commission		41.82	40.75
Cost of Molasses Bought Out		72.24	259.95
Cane-Other Procurement Cost		90.72	155.71
	Total	**21,295.98**	**21,083.69**
NOTE - 27			
POWER & FUELS			
Baggasse Cost, Fuels & Handling		283.81	130.24
Rice Husk & Firewood		3.01	181.50
Power Import		286.14	190.34
	Total	**572.96**	**502.08**
NOTE - 28			
CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS & STOCK IN TRADE			
Inventories at the end of the period (as per books)			
Work in Progress		592.82	421.27
Finished Products		23,526.22	17,969.42
Bio Compost		46.17	65.33
	Total A	**24,165.21**	**18,456.02**
Inventories at the begining of the period			
Work in Progress		421.27	141.51
Finished Products		17,969.42	4,386.98
Bio Compost		65.33	81.39
Stock-In-Trade		—	—
	Total B	18,456.02	4,609.88
	Total (B-A)	**(5,709.19)**	**(13,846.14)**

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Particulars		As at 31st March 2019	As at 31st March 2018
NOTE - 29			
EMPLOYEE BENEFITS EXPENSE			
Salaries, Wages, Bonus, etc.		1,833.00	1,542.37
Employees Allowances & Other Benefits		532.63	610.85
Employees Recruitment & Training		12.25	5.04
Contribution to Provident Fund		175.33	187.95
Gratuity & Leave Encashment		95.53	107.07
Employee Welfare Expenses		9.44	4.97
	Total	**2,658.18**	**2,458.25**
NOTE - 30			
FINANCE COSTS			
Interest Expense on Instruments Carried at Amortised Cost			
– On Cash Credit and Term loan		3,655.92	3,472.04
– On Non-cumulative Redeemable Preference Shares		1,259.03	1,453.75
– On Bridge loan		796.97	771.49
	Total	**5,711.92**	**5,697.28**
NOTE - 31			
OTHER EXPENSES			
Ethanol Transportation		60.01	100.85
Repairs & Maintenance - Buildings		16.73	16.73
Repairs & Maintenance - Plant & Machinery		721.14	359.62
Repairs & Maintenance - Other Assets		40.94	44.22
Insurance		82.40	81.43
Rates & Taxes		11.08	11.24
Lease Premium on Land		150.45	150.45
Rent		9.01	8.37
Travelling & Conveyance		96.34	98.70
Contract Labour		46.48	50.50
Printing & Stationery		19.14	21.98
Electricity & Water		4.31	4.19
Cane Development Expense		1.78	5.95
Discount on Cogen		50.69	16.73
Other Supplies		0.94	7.67
Telephone & Fax		6.77	6.12
Postage & Telegram		3.24	3.13
Provision for Doubtful Debts (After Adjusting Provision no Longer Required)		—	15.41
Other Manufacturing Expenses		59.65	76.23
Security Charges		174.87	197.67
Advertisement & Publicity		2.71	4.56
Loss on Sale/Disposal of Fixed Asset		38.69	—
Sundry Expenses & Charges (Not otherwise classified)		212.83	251.87
Consultancy & Technical Services		50.65	52.12
Auditor Expenses		—	—
– Statutory Audit Fees		1.50	1.50
– Other Services		—	0.50
– Other Expenses		0.40	0.29
Exchange Rate Variation (Net)		—	—
	Total	**1,862.75**	**1,588.03**

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Particulars	As at 31st March 2019	As at 31st March 2018
NOTE - 32		
PROVISION FOR GAIN/(LOSS) ON INVENTORY VARIATION (Refer Note no. 55)		
Reversal of Last Year Provision on Inventory Variation	–	–
Provision for Gain/(Loss) Current Year	(0.26)	8.75
Total	**(0.26)**	**8.75**

33. SEGMENT REPORTING

The 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.

SI. No.	Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
1	**Segment Revenue**	**Rs.**	**Rs.**
	a) Sugar	21,282.65	10,618.18
	b) Ethanol	4,249.52	4,127.55
	c) Co-Gen	6,563.02	6,659.21
	d) Unallocated	237.96	604.02
	Total	**32,333.15**	**22,008.96**
	Less: Inter Segment	8,811.03	8,358.53
	Net Segment Revenue	**23,522.12**	**13,650.43**
2	**Segment Results**		
	a) Sugar	(803.25)	(2,683.00)
	b) Ethanol	(9.11)	(99.45)
	c) Co-Gen	108.72	501.14
	d) Unallocated	175.97	564.05
	Total	**(527.67)**	**(1,717.26)**
	Less: Interest	5,775.31	5,697.28
	Less: Other Unallocabale Exp.	452.18	369.97
	Total Profit After Tax	**(6,755.16)**	**(7,784.51)**
3	**Segment Assets**		
	a) Sugar	46,438.16	39,471.10
	b) Ethanol	9,811.40	11,465.37
	c) Co-Gen	17,925.51	19,261.87
	d) Unallocated	8,618.91	9,573.72
	Total	**82,793.98**	**79,772.06**
4	**Segment Liability**		
	a) Sugar	70,136.65	41,405.09
	b) Ethanol	2,115.75	12,027.14
	c) Co-Gen	1,375.63	20,205.65
	d) Unallocated	4,702.79	10,042.85
	Total	**78,330.82**	**83,680.73**
5	**Capital Employed [Segment Assets-Segment Liability]**	**4,463.16**	**(3,908.67)**
6	**Capital Expenditure incl. Change in CWIP**		
	a) Sugar	314.87	292.71
	b) Ethanol	168.65	71.06
	c) Co-Gen	1.42	-
	d) Unallocated	55.45	-
	Total	**540.39**	**363.77**
7	**Depreciation**		
	a) Sugar	1,159.29	1,065.05
	b) Ethanol	495.54	493.26
	c) Co-Gen	987.54	965.54
	d) Unallocated	93.87	233.46
	Total	**2,736.24**	**2,757.31**
8	**Non Cash Expenditure Other Than Depreciation**	**1,544.95**	**1,855.84**

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Other Disclosures:

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

34. DEFERRED TAX LIABILITY FOR THE YEAR ENDED MARCH 31, 2019

Sl No	Timing differences	Amount (Rs)	DTA @ 30.90%	DTL @ 30.90%
1	**Differences in book & tax depreciation**			
	WDV as per books of accounts as at March 31,2016	5,891,366,660		
	Less : WDV as per Income Tax Act as at March 31,2016	3,114,166,717		
	Difference	(2,777,199,943)		858,154,782
	(If WDV as per IT is more than the WDV as per books then DTA is created, othrwise DTL)			
2	**Expenditures covered by section 43 B which are outstanding as on 31 March and not paid on or before the due date of filing of return**			
	Employer's contribution to PF, superannuation fund, annuity fund or other fund for the welfare of the employees			
	Leave Encashment		-	
	Gratuity		-	
	Bonus			
	Debtors			
	Rent equalisation reserve			
	CENVAT			
	Customs Duty			
3	Losses available for set off	5,508,243,830	1,702,047,343	
	Total as on March 31,2016		**1,702,047,343**	**858,154,782**
	Net Deferred tax asset as on March 31,2016		843,892,561	-
	Net Deferred tax asset as on March 31 of the previous year		983,169,005	
	Amount to be debited / credited to statement of profit and loss			-

35. Defined Benefit Plan

The present value of obligation in respect of gratuity is determined based on Actuarial Valuation using the Projected Unit Credit method. The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ in Lakhs)

Particulars	Gratuity (2018-19)	Gratuity (2017-18)
Present value of projected benefit obligation		
Present value of Benefit Obligation at the beginning of the period	163.91	66.99
Interest Cost	12.90	5.13
Current Service Cost	31.51	10.73
Benefit paid		
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	2.73	(5.70)
Actuarial (gains)/ losses on obligations - due toexperience	8.27	9.80
Present value of Benefit Obligation at the end ofthe period	**217.57**	**163.91**
Changes in fair value of plan assets		

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Particulars	**Gratuity (2018-19)**	**Gratuity (2017-18)**
Fair value of Plan Assets at the beginning of the period	—	
Interest income	—	
Contributions by the employer	—	
Benefit paid	—	
Return on plan assets, excluding interest income		
Fair value of Plan Assets at the end of the period		
Included in profit and loss account		
Current Service Cost	31.51	10.73
Net interest cost	12.90	5.13
Past Service Cost		
Total amount recognized in profit and loss account	**44.41**	**15.86**
Re-measurements		
Return on plan assets, excluding interest income		
(Gain)/loss from change in demographic assumptions		
(Gain)/loss from change in financial assumptions	2.73	(5.70)
Experience (gains)/losses	8.26	9.80
Change in asset ceiling, excluding amounts included in interest expense		
Total amount recognized in other comprehensive income	**11.00**	**4.09**

Amount recognized in the Balance Sheet (₹ in Lakhs)

Particulars	**Gratuity (31st March 2019)**	**Gratuity (31st March 2018)**
Present value of benefit obligation at the end of the period	217.57	163.91
Fair value of plan assets at the end of the period		
Net Liability / (Asset) recognised in the Balance Sheet	217.57	163.91

Plan Assets:

Particulars	**Gratuity (2018-19)**	**Gratuity (2017-18)**
Plan assets comprise the following		
Investment in PSU bonds	—	—
Investment in Government Securities	—	—
Bank Special Deposit	—	—
Insurance fund	—	—
Investment in other securities	—	—
Bank Savings Deposit	—	—

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	**Gratuity (2018-19)**	**Gratuity (2017-18)**
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.79%	7.66%
Rate of Salary Increase	7.00%	7.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Sensitivity analysis: (₹ in Lakhs)

Particulars	**Gratuity (2018-19)**	**Gratuity (2017-18)**
Delta effect of +1% Change in Rate of Discounting	(31.09)	(24.12)
Delta effect of -1% Change in Rate ofDiscounting	38.41	29.97
Delta effect of +1% Change in Rate of Salary Increase	38.33	29.93
Delta effect of -1% Change in Rate of Salary Increase	(31.56)	(24.50)
Delta effect of +1% Change in Rate ofEmployee Turnover	2.44	1.74
Delta effect of -1% Change in Rate of Employee Turnover	(2.97)	(2.21)

The expected maturity analysis of undiscounted benefits is as follows: (₹ in Lakhs)

Particulars	**Gratuity (2018-19)**	**Gratuity (2017-18)**
Less than a year	4.24	3.21
Between 1 - 2 year	5.74	3.44
Between 2 - 5 year	19.61	14.87
Over 5 years	936.63	760.20
Total	**966.22**	**781.72**

36. Fair value measurements

Accounting classification and fair value

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

As at 31st March, 2019 (₹ in Lakhs)

	Carrying amount				**Fair Value**		
	FVTPL	**FVTOCI**	**Amortized Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets							
Trade receivables			873.94	873.94			
Cash & Cash equivalents			41.59	41.59			
Short-term loans			30.46	30.46			
Other current financial assets			1,121.15	1,121.50			
Financial liabilities							
Bank term loan			26,568.75	26,568.75			
GOB soft loan			656.88	656.88			
Bridge loan from HPCL 2015-16			2,567.34	2,567.34		2,507.23	
Bridge loan from HPCL 2018-19			9,000.00	9,000.00			
Cash credit			11,556.89	11,556.89			
Trade payables			18,453.35	18,453.35			
Other currentfinancial liabilities			3037.44	3037.44			

As at 31st March, 2018

	Carrying amount				**Fair Value**		
	FVTPL	**FVTOCI**	**Amortized Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets							
Trade receivables			762.48	762.48			
Cash & Cashequivalents			9.61	9.61			
Short-term loans			5.95	5.95			
Other current financial assets			297.54	297.54			

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

	Carrying amount				Fair Value		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial liabilities							
Bank term loan			28,098.82	28,098.82			
GOB soft loan			985.58	985.58			
Bridge loan from HPCL			4,967.11	4,967.11		4,901.38	
5% Non-cumulative redeemable preferenceshares			13,878.96	13,878.96		17,726.53	
Cash credit			11,724.22	11,724.22			
Trade payables			14,876.26	14,876.26			
Other currentfinancial liabilities			3813.31	3813.31			

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

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

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

Valuation techniques used to determine Fair value

Instrument type	Valuation technique
Bridge loan from HPCL	Discounted Cash Flows: The valuation model considers the present value of expected payments using an appropriatediscount rate

37. Credit risk

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

38. Liquidity Risk

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

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

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

As at 31st March, 2019 (₹ in Lakhs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	28,532.07	9,397.81	10,155.87	14,434.07	65,304.82
Trade payables	18,453.35				18,453.35
Otherliabilities financial	3037.44				3037.44
Total undiscounted financial liabilities	**50,022.86**	**9,397.81**	**10,155.87**	**14,434.07**	**86795.61**

As at 31st March, 2018 (₹ in Lakhs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and interest payable thereon	19,335.88	11,606.15	9,840.56	61,241.89	102,024.49
Trade payables	14,876.26				14,876.26
Other financial liabilities	3,813.31				3,813.31
Total undiscounted financial liabilities	**38,025.45**	**11,606.15**	**9,840.56**	**61,241.89**	**120,714.06**

39. Interest rate risk

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

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

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

- **Exposure to interest rate risk**

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

(₹ in Lakhs)

Particulars	**Carrying amount**	
	31-Mar-19	**31-Mar-18**
Variable rate borrowings	50,349.86	45,775.72
Fixed rate borrowings	—	13,878.96
Total borrowings	50,349.86	59,654.69

- **Cash flow sensitivity analysis for variable-rate instruments**

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

	Profit or loss		**Equity, net of tax**	
Particulars	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31st March, 2019	(475.50)	475.50	—	—
31st March, 2018	(489.43)	489.43	—	—

40. Capital Management

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

The Company does not have any externally imposed capital requirements for the financial period ended 31st March, 2019 and 31st March, 2018.

41. Lease Hold Land

Leasehold Land is being amortized over a period of 60 years on SLM. ₹150.45 Lakhs has been amortized for the year 2018-19 (P.Y.17-18 - ₹ 150.45 Lakhs) 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 (₹ in Lakhs)	4,500.00	5,000.00	9,500.00
Acquisition Cost ₹in Lakhs (Net of Scrap Sale)	4,084.44	4,942.37	9,026.81

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

- Cane Department and we have been assured of necessary relief by the Govt of Bihar on the same.

42. Sub-Lease of Land to HPCL

During the FY 17-18, possession of Leasehold land measuring 29.34 acres was transferred to Hindustan Petroleum Corporation Ltd. on 31st March for a consideration of ₹ 1,594.07 Lakhs on same terms and conditions as applicable to HBL for the remaining period of lease. The amount received is recognized as income over the period of Lease Rental Premium amount so received has been shown as Deferred Lease Rental Premium and classified under Other Current Liabilities (Note no.22) and Other Non- Current Liabilities (Note no. 18) respectively. Further we have given a small piece of land admeasuring 1600 sqmtr. which is part of Sugauli Plant premises to HPCL Begusarai RRO for outlet, which is up and running since Sep 2013. Since lease agreement remains under finalization, no lease rental income has been recognized by HBL during FY 2018-19 as well in the P.Y. 2017-18.

43. Plant Capacity

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

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

44. Excise Claim with GOB

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

45. Consumption of Raw Materials

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

46. SLDC

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

47. Cane Development Expenditure

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

48. Renewable Energy Certificates

RECs earned for the captive consumption of power generated from renewable sources are not valued as stock on hand on the Balance Sheet dates, since the cost of obtaining them is very negligible and their realization is not certain. The income from the sale of RECs is accounted as revenue in the year of sales. The RECs on hand on 31st March 2019 was Nil (P.Y. 2017-18 is 8182 nos.)

49. Micro, Small & Medium Creditors –

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

Sr	Particulars	2018-19	2017-18
1.	Amounts payable to "suppliers" under MSMED Act, ason 31st March: -	181.55	273.45
	- Principal	181.55	273.45
	- Interest	—	—
2.	Amounts(including interest) paid by the buyer in terms of section 16 of under MSMED Act to "suppliers", beyond appointed day during F.Y.2018–19 (irrespective of whether it pertains to current year or earlier years) –	—	—
	- Principal	—	—
	- Interest	—	—
3.	Amount of interest due / payable on delayed principalwhich has already been paid during the current year (without adding the interest specified under the MSMED Act)	—	—
4.	Amount of interest accrued and remaining unpaid at the end of Accounting Year	—	—
5.	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	—	—

50. Secured Loan

GoB Soft Loan of ₹1,648 Lakhs availed through SBI during F.Y.15-16 with interest subvention to the extent of 10%. Four Installments amounting to ₹ 330 Lakhs was paid during F.Y. 2018-19 (P.Y.17-18 – ₹330 Lakhs). The Balance of GoB Soft Loan as on 31.03.2019 was ₹ 656.88 Lakhs (₹ 985.58 Lakhs as on 31.03.2018).

Term Loan of ₹ 30,880 Lakhs was availed through SBI during F.Y. 2014-15. Four installments amounting to ₹ 1,544 Lakhs was paid during the current F.Y. 2018-19 (P.Y. 17-18 – ₹ 1,544 Lakhs). The Balance of Term loan as on 31.03.2019 was ₹ 26,568.75 Lakhs (₹ 28,098.82 Lakhs as on 31.03.2018).

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

Working capital loan is from State Bank of India with interest @ one year MCLR + 0.35% fixed spread, and the limit is ₹ 12,500 Lakhs. The working capital loan is secured by hypothecation of Stocks & Debtors of the company. The Working Capital Loan balance as on 31.03.2019 was ₹ 11,556.89 Lakhs (₹ 11,724.22 Lakhs as on 31.03.2018).

51. Unsecured loan

An unsecured bridge loan of ₹ 9,000 Lakhs was obtained from the holding company during FY 2018-19 to meet the working capital requirements, which carries interest at the average borrowing cost of the holding company and is repayable by 30th September 2019. Given that the contractual tenure is restricted to a period of less than one year from the reporting date the impact of discounting is not considered to be material and hence ignored on grounds of materiality.

52. Provision for Gratuity & Leave Encashment

Provision for gratuity of ₹ 217.57 Lakhs (P.Y. 17-18 - ₹ 163.91 Lakhs) has been made towards retirement benefits for employees during the year based on Actuarial Valuation as of 31.3.2019. Provision for Leave Encashment of ₹ 79.17 Lakhs (P.Y.17-18 – ₹ 28.27 Lakhs) has been made based on Actuarial Valuation as of 31.03.2019.

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Above does not include the provision for employees posted on deputation from HPCL. Pay, Allowances, perquisites and other benefits of the Employees on deputation from HPCL is governed by their service conditions with Holding Company (HPCL).

53. Income Tax

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

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

54. Revenue from sale of power

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

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

55. Provision for inventory variation

The company is conducting regular physical verification of inventory. The cumulative inventory variation provision is ₹ 70.39 Lakhs (P.Y. 90.13 Lakhs) the said variation shall be dealt properly after obtaining appropriate approvals.

56. Arbitration Award

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

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

After due approval of the Board w.r.t. the award amount of ₹ 1534.84 Lakhs, three installments have been paid to the vendor of ₹ 383.71 Lakhs each in Jan 2017, Apr 2017 and Dec 2017, totaling ₹ 1151.13 Lakhs. Balance amount payable ₹ 383.71 Lakhs is outstanding as on 31-03-2019, to be paid in due course.

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

57. Remaining Contracts/Contingent Liabilities & Management Remuneration etc. **(Amount ₹ in Lakhs)**

Sr.	**Description**	**2018-19**	**2017-18**
A.	Estimated amount of contracts remaining to be executed on capital account not provided for.	59.00	89.27
B.	**Claims against the company not acknowledged as debts**		
	Wrong disallowance of Input Tax Credit claimed on capital goods for 2010-11. Appeal lying before SalesTax Tribunal, Bihar	698.44	698.44
	Erroneous demand for 2010-11 of Entry Tax based on proportional amounts, ignoring the actual tax paid. (₹10.22 Lakhs paid as advance tax under protest during the year)	68.12	68.12
	Erroneous demand for 2012-13 on account of denial ofInput Tax Credit	93.81	93.81
	Erroneous demand for 2013-14 on account of denial ofInput Tax Credit	71.65	71.65
	Erroneous demand for 2014-15 on account of denial ofInput Tax Credit	38.76	38.76
	Erroneous demand for 2013-14 on account of differential tax due to non-submission of C form at the time of order	—	93.18
	Erroneous demand for 2014-15 on account of differential tax due to non-submission of C form at the time of order	315.52	315.52
	Erroneous demand for 2013-14 on account of suppression of purchase turnover ignoring the actualfacts	92.09	92.09

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

Sr.	Description	2018-19	2017-18
	Erroneous demand for on account of bio compost from October 2013 to June 2017	2.77	Nil
	Claim by a vendor for outstanding payments of Bagasse.	10.14	10.14
	Claims for scrap disposal by a Vendor.	11.28	11.28
C.	**Guarantees given to others**		
	Bank Guarantee given to the Bihar State Pollution Control Board as Security Deposit	30.00	Nil
D.	**Managerial Remuneration**		
	Salary & Allowances		
	(Chief Executive Officer on deputation from HPCL. The amount represents remuneration from HPCL and debited to the company. The salary includes salary, company contribution to PF, LFA, Bonus, medical, gratuity & leave encashment)	60.09	55.91
E.	Expenditure in Foreign Currency	Nil	Nil
F.	Earning in Foreign Currency	Nil	Nil
G.	C I F Value of imports during the year	Nil	Nil

58. EPCC Vendors – NCLT case

In the month of Oct 2018, one of the EPCC vendor has filed petition against HBL in NCLT, Kolkata Bench under IBC Code 2016 in which party has raised a claim of ₹ 1,990.12 Lakhs in lieu of unpaid operational debt, interest on alleged debt and legal expenses. HBL with the support of HPCL Legal is defending the case and does not recognize the claim and the company has made a counter claim of ₹ 438 Lakhs in the last representation to NCLT. Next hearing on the matter is scheduled on 15th July, 2019.

59. Encashment of BG by BSPCB – ₹ 20 Lakhs

Bank Guarantee of Lauriya Unit has unilaterally been enchased by BSPCB in the month of February 2019, without making any reference to HBL Management. During the 2nd week of March 2019 Lauriya Plant had received BSPCB letter that the Unit was not complying with (zero liquid discharge) ZLD directions on 09.02.19 during inspection by BSPCB officials. The wrongful encashment of BG has been protested by HBL Management. HBL Management have also submitted request to BSPCB for refunding the BG forfeiture amount, therefore, treated as receivable in our books and has been included in Schedule no 10 as Other Advances.

60. Preference Share Conversion:

M/s HPCL, The Holding Company, in its 619th meeting dated 01.11.2018 has given approval for the variations of the rights of 5% Non-Cumulative Redeemable Preference Shares of the total value of ₹ 41,965.15 Lakhs. The same will be at par with the existing equity shares as per the definition of "Equity Share Capital" w.e.f 8th January 2019 as a result of which the revised equity share of HBL is ₹ 62,517.15 Lakhs; there has been an interest saving of ₹ 364.80 Lakhs in the year 2018-19 because of the conversion.

61. Related Party

Nature of relationship	Name of related parties
Promoters	Hindustan Petroleum Corporation Ltd
Key Management personnel	Shri V K Goyal (CEO)
Relative of Key Management personnel	Nil

62. Details of transaction between the company and related party (HPCL) **(Amount ₹ in Lakhs)**

Nature of Transaction	2018-19	2017-18
Balance Ethanol Advance as on 31st March (Ethanol advance taken during FY 18-19, ₹ 6,000 Lakhs)	2848.66	1,895.81
Interest Paid during the year to HPCL on Ethanol Advance	104.96	14.73
Sale of Ethanol to HPCL (Excl. In-Transit sales on 31.03.19 for ₹ 33.10 Lakhs , P.Y. ₹ 61.35 Lakhs)	4687.80	4,489.64
Purchase of Lubes from HPCL	29.93	26.33
Purchase of Sulphur from HPCL	49.10	42.67
Bridge Loan Taken from HPCL(balance as on 31st March)	11,567.34	4,967.11
Interest paid to HPCL on Bridge Loan	676.73	536.35
Manpower cost of employees on deputation and establishment expenses	274.06	214.05
Payable to HPCL Corporate on account of Manpower Cost, Bridge Loan interest and Other Expenses	1521.22	1,195.67
Payable on account of Lubes and Sulphur Purchases	10.87	14.02

Notes Forming Part of the Financial Statements for the year 2018-2019 (Contd.)

63. Payment to Auditors

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

Particulars	**2018-19**	**2017-18**
For Statutory Audit	1.50	1.50
For management services	Nil	0.50
For expenses	0.40	0.29
Total	**1.90**	**2.29**

64. Foreign Exchange Information (₹ in Lakhs)

Sr	**Particulars**	**2018-19**	**2017-18**
a	Value of imports calculated on CIF basis by the company during the financial year in respect of		
	I. Raw Materials	Nil	Nil
	II. Components and Spare Parts	Nil	Nil
	III. Capital Good	Nil	Nil
b	Expenditure in foreign currency during the financial year on account of royalty, know how, professional and consultation fees, interest, and other matters	Nil	Nil
c	Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption		
	Raw Materials		
	Imported in %	Nil	Nil
	Imported in Value	Nil	Nil
	Indigenous in %	100%	100%
	Indigenous in Value	21,295.98	21,083.69
	Spare Parts and components		
	Imported in %	Nil	Nil
	Imported in Value	Nil	Nil
	Indigenous in %	100%	100%
	Indigenous in Value	487.77	625.04
d	The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by themon which the dividends were due and the year to which the dividends related		
e	Earnings in foreign exchange classified under the following heads, namely		
	Export of goods calculated on FOB basis	Nil	Nil
	Royalty, know how, professional and consultation fees	Nil	Nil
	Interest and dividend	Nil	Nil
	Other income indicating the nature thereof	Nil	Nil

65. Advances to the Suppliers/Contractors

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

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

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

Threshold item	**Unit of measurement**	**Threshold limits**
Income/expenditure pertaining to prior year (s)	₹ In Lakhs	100.00
Prepaid expenses	₹ In Lakhs	5.00

67. Previous year figures

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

68. 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.

69. Recent Accounting Pronouncements:

Ind AS 116 Leases: On 30th March 2019, MCA has notified Ind AS 116, Leases, the amendment will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessor and lessee. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. In the new lease accounting model for lessee majority of leases will be recognized on the balance sheet by recognizing a lease liability with a corresponding “right of use: asset. The company will evaluate the necessary option and use the necessary approach with effect from 1st April 2019.

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

C A. Nirmal Kumar Sah	**P K Joshi**	**Vinod S Shenoy**	
Partner	Chairman	Director	
Membership No. 015500	DIN-05323634	DIN-07632981	
Firm’s ICAI Reg.No. 007915C			
	Piyush Awasthi	**Raja Kishor Barik**	**Heena Shah**
Place : Mumbai	Chief Finance Officer	CEO & Manager	Company Secretary
Date : 15/05/2019	PAN-ACDPA5685L	PAN- AAHPB1838J	ACS-13736

Cash Flow Statement For The Year Ended 31st March, 2019

Amount in ₹ Lakhs

		2018 - 19	2017 - 18
A.	**Cash Flow From Operating Activities**		
	Net Profit/(Loss) Before Tax	**(6,755.16)**	**(7,784.51)**
	Adjustments to Reconcile Profit Before tax to net cash used in operating activities:		
	Depreciation of Property, Plant and Equipment	2,736.24	2,757.33
	(Gain)/loss on sale of property, plant and equipment	38.69	—
	Acturial Gain / (Loss) from OCI	(11.00)	(4.09)
	Amortisation of Capital Grant	(80.42)	(89.26)
	Amortisation of Lease Premium	150.45	150.45
	Deferred Lease Rental Income	(30.75)	(30.98)
	Finance Costs	5,711.92	5,697.28
	Provision for Doubtful Debts & Receivables	—	15.41
	Operating Profit before Changes in Assets & Liabilities {Sub Total - (i)}	**1,759.97**	**711.63**
	(Increase) / Decrease in Assets and Liabilities :		
	Trade Receivables	(111.46)	1,250.12
	Loans and Advances and Other Assets	(1,658.70)	234.05
	Inventories	(5,755.03)	(13,899.99)
	Liabilites and Other Payables	3,963.76	11,113.13
	Sub Total - (ii)	**(3,561.43)**	**(1,302.69)**
	Cash Generated from Operations (i) + (ii)	**(1,801.46)**	**(591.06)**
	Less : Direct Taxes / refund / (paid) - Net	—	—
	Net Cash from Operating Activities (A)	**(1,801.46)**	**(591.06)**
B.	**Cash Flow From Investing Activities**		
	Purchase of Property, Plant & Equipment (incl. Capital Work in Progress)	(179.46)	(444.19)
	Sale of Property, Plant & Equipment	651.61	—
	Other Non- Current Assets	1,137.71	625.83
	Net Cash Flow generated from / (used in) Investing Activities (B)	**1,609.86**	**181.64**
C.	**Cash Flow From Financing Activities**		
	Long term Provisions	102.32	107.89
	Long term Loans raised/(repaid)	(4,394.00)	(5,234.00)
	Short term Loans raised / (repaid)	8,832.68	9,526.62
	Finance Cost paid	(4,317.42)	(3,991.89)
	Net Cash Flow generated from / (used in) Financing Activities (C)	**223.58**	**408.62**
	Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**31.98**	**(0.80)**
	Cash and cash equivalents at the beginning of the year	**9.61**	**10.41**
	Cash and cash equivalents at the end of the year	**41.59**	**9.61**
	Details of cash and cash equivalents at the end of the year:		
	Cash and cash equivalents as on	**31-Mar-19**	**31-Mar-18**
	Balances with Banks:		
	– on current accounts	41.59	9.61
	– on non-operative current accounts	—	—
	Cash on hand	—	—
	Less : Cash Credits	—	—
	Cash and cash equivalents at the end of the year	**41.59**	**9.61**

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

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

P K Joshi
Chairman
DIN-05323634

Vinod S Shenoy
Director
DIN-07632981

Piyush Awasthi
Chief Finance Officer
PAN-ACDPA5685L

Raja Kishor Barik
CEO & Manager
PAN- AAHPB1838J

Heena Shah
Company Secretary
ACS-13736

Place : Mumbai
Date : 15/05/2019

ANNEXURE - 6

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

COMPANY PHILOSOPHY

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. Your Company is committed to good governance practices that create long term sustainable stakeholders' value in line with its parent Company Hindustan Petroleum Corporation Limited (HPCL). The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability, and equity in all facets of its operations and in all its interactions with its promoters, employees, the Government and the lenders. The Company believes in adopting the 'best practice' that are followed in the area of corporate governance across various business operations.

SHAREHOLDING

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

BOARD OF DIRECTORS

The Board of Directors ('the Board') is at the core of our Corporate Governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active and well-informed Board is necessary to ensure the highest standards of corporate governance.

INFORMATION TO BOARD

The major decisions related to the operations of the Company, its business plans, financial affairs and results, indebtedness issues, legal and corporate governance issues, growth strategies, restructuring plans, senior appointments etc. are placed before the Board and the Board is authorized to approve them, take the decision in this regard.

COMPOSITION OF BOARD OF DIRECTORS

As per the Articles of Association of the Company, the number of Directors shall not be less than three and more than twelve. As on March 31, 2019, the Company's Board comprised of three part-time Directors.

None of the Non-executive Directors of the Company had any pecuniary relationship / transaction with the Company, during the year.

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

1. Mr. Pushp Kumar Joshi - Chairman
2. Mr. J Ramaswamy – Director (up to 28th February 2019)
3. Mr. Vinod S Shenoy – Additional Director (appointed on 26th March 2019)
4. Mr. A Pande – Director

All Directors on the Board of the Company are non-executive Directors and are the 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 a high-performance culture. He is currently Director Human Resources of HPCL since August 2012. Mr. Joshi took charge as Director of the company effective 1st July 2013 and he was appointed as Chairman effective 14.11.2014.

MR. J RAMASWAMY – DIRECTOR

Mr. J Ramaswamy is a Director Finance of HPCL. He is a member of the Institute of Chartered Accountants of India (ICAI), he brings with him rich experience of over three decades in handling various challenging assignments in HPCL in the field of Corporate Finance, Marketing Finance, SBU Commercial, C&MD's Office, Internal Audit, Vigilance, System & Procedures, and Refinery Finance.

Mr. J Ramaswamy has expertise in Financial Management and is known for strengthening financial discipline, cost consciousness and commercial acumen in the Corporation, which is of immense benefit to the organization. He is also credited with effective treasury management in raising External Commercial Borrowing, Debentures and various other types of financial instruments at a very competitive interest rate as compared with the Industry.

He has various academic distinctions to his credit and is a key technical speaker in in-house capability building seminars and workshops. He took charge as Additional Director in HPCL Biofuels Ltd. effective 1st October 2015 and superannuated on 28th February 2019.

MR. VINOD S SHENOY – ADDITIONAL DIRECTOR

Shri Vinod S Shenoy is Director - Refineries of HPCL. He is a Bachelor in Chemical Engineering from IIT Bombay, Shri Vinod Shenoy started his career with HPCL in June 1985. During his career spanning over 31 years, Shri Shenoy has held various positions in the Refinery Divisions and Corporate Departments of Hindustan Petroleum Corporation Limited and has wide exposure to the Petroleum Industry.

He took charge as Additional Director in HPCL Biofuels Ltd. effective 26th March 2019

Mr. ANIL PANDE – DIRECTOR

Mr. Anil Pande is an Executive Director - Operations Distribution & Engineering in Hindustan Petroleum Corporation Limited (HPCL). He is a Civil Engineer with Honours from Punjab Engineering College, Chandigarh, he brings with him rich experience of over three decades in handling varied challenging assignments in HPCL viz; project experience in oil and gas industry ranging from laying of cross country Pipelines and oil storage Infrastructure Project execution, operating the pipelines and marketing of petroleum products.

REMUNERATION TO DIRECTORS

Directors are part-time Directors and hence no remuneration or sitting fees is paid to any Directors for attending the Board meetings.

WOMEN DIRECTOR

Under the Companies Act 2013, there is a requirement for 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 Woman Director.

INDEPENDENT DIRECTOR

As per the Ministry of Corporate Affairs notification dated 6th July, 2017, [Ref. no. G.S.R. 839(E)], the Wholly-Owned Subsidiaries of unlisted public company are exempted from the appointment of Independent Directors.

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. Vijay Kumar Goyal was CEO of the Company till 10th May 2019 and in his place Mr. Raja Kishore Barik is appointed as CEO effective 10th May 2019.

DETAILS OF BOARD MEETINGS

During the financial year 2018-2019, Nine (09) meetings of the Board of Directors took place, details of the same are as given under; 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 Meetings are as follows:

Meeting No.	Date of Meeting	Place of meeting	Duration between this and next meeting (days)
67	10/05/18	Mumbai	31
68	11/06/18	Mumbai	7
69	19/06/18	Mumbai	41
70	30/07/18	Mumbai	28
71	28/08/18	Mumbai	24
72	22/09/18	Mumbai	57
73	19/11/18	Mumbai	49
74	08/01/19	Mumbai	49
75	27/02/19	Mumbai	66

During the financial year the attendance of the Director's at the Board meetings are as under;

Name of Director	DIN	Number of Board Meetings held	Number of Board Meetings attended
Mr. P. K. Joshi	05323634	9	9
Mr. V.S. Shenoy	07632981	0	0
Mr. J. Ramaswamy	06627920	9	9
Mr. Anil Pande	07259801	9	7

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

Keeping in view the better Governance and focused the discussion, the Board has constituted various committees with specific terms of the reference and scope. The details of the committees constituted by the Board are given below:

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. Pushp Kumar Joshi - Chairman

Mr. J Ramaswamy – Member up to 28th February 2019

Mr. Vinod S Shenoy – Member effective 26th March 2019

And Mr. A Pande - Member

There were four audit committee meetings were held during the financial year as under; overall attendance of Directors at the Audit Committee Meetings was 91%.

Meeting No.	Date of Audit Committee	Total Strength	Members Present	Place of meeting
32	10th May, 2018	3	2	Mumbai
33	30th July, 2018	3	3	Mumbai
34	22nd September, 2018	3	3	Mumbai
35	27th February, 2019	3	3	Mumbai

b) Nomination & Remuneration Committee (NRC) –NRC consists of three members, namely;

Mr. J Ramaswamy – Chairman up to 28th February 2019

Mr. Vinod S Shenoy – Chairman effective 26th March 2019

and

Mr. Pushp Kumar Joshi - Member

Mr. A Pande - Member

There was one meeting held during the financial year on 10th May 2018 which was attended by two members.

Recording Minutes of proceedings at the Board / Committee:

Minutes of the proceedings of each Board/Committee meeting are recorded. Draft minutes are circulated amongst all members of the Board/Committee for their critical appreciations and suggestions. The suggestions are incorporated in the minutes, which are finally approved by the Chairman of the Board/Committee. These minutes are confirmed in the next Board Meeting.

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 intervals.

DETAILS OF ANNUAL GENERAL MEETINGS

Meeting No.	Meeting Date	Location
8	26th September, 2017	Patna
9	28th August, 2018	Mumbai
10	16th August, 2019	Mumbai

Special Resolutions, if any, passed in the above meetings are in line with the provisions of the Articles of the Associations of the Company and the Companies Act.

For and on behalf of Board of Directors

Place: Mumbai
Date : 31.07.2019

P K Joshi
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the TENTH ANNUAL GENERAL MEETING of the members of HPCL BIOFUELS LIMITED will be held at HPCL Board Room at PH-6, Petroleum House,17, J Tata Road, Churchgate, Mumbai - 400 020 on Friday, 16th August, 2019 at 11a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31st March, 2019, together with the Board's Report, the Report of Auditors' thereon and Comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013.

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

   "RESOLVED THAT Audited Financial Statements of the Company for the financial year ended on 31st March, 2019 together with the Boards' Report, the Report of Auditors' thereon, and Comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013 as circulated to the shareholders and laid before the meeting be and are hereby received, considered and adopted."

2. To appoint a Director in place of Shri Pushp Kumar Joshi (DIN-05323634), who retires by rotation and being eligible, offers himself for reappointment:

   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 152 of the Companies Act, 2013, Shri Pushp Kumar Joshi (DIN-05323634), who retires by rotation at this meeting and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

3. To fix and/or to determine the payment of remuneration of the Statutory Auditors of the Company as appointed by the Comptroller and Auditor general of India for auditing the accounts of the Company for the financial year 2019-20:

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

   "RESOLVED THAT pursuant to provisions of section 142 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the Board of Directors of the Company be and are hereby authorised to fix remuneration and other terms and conditions including reimbursement of out of pocket expense in connection with Statutory Audit Work of the Statutory Auditor as appointed by Comptroller & Auditor General of India for Statutory Audit of the Accounts of the Company for the Financial year 2019-20."

SPECIAL BUSINESS:

4. To reclassify Authorised Preference Share Capital of the Company into Authorised Equity Share capital and for altering its share capital clause of Memorandum of Association:

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

   "RESOLVED THAT in accordance with the provisions of Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and rules framed thereunder, enabling provisions of the Articles of Association of the Company and subject to all other necessary approvals, permissions, consents and sanctions, if required, of concerned statutory authority and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consent of the members of the Company be and is hereby accorded for reclassification of the authorized preference Share capital of 450,00,00,000 (Four Hundred & Fifty Crore) into 450,00,00,000 (Four Hundred & Fifty Crore) Authorised Equity Share Capital of the Company and consequently Clause V of the Memorandum Of Association of the Company be and is hereby altered by deleting and substituting the following as new Clause V subject to approval of the concerned authorities to reclassification of Capital."

   V. The Authorized Share Capital of the Company is ₹ 1150,00,00,000 (Rupees Eleven Hundred and Fifty Crores) divided into 115,00,00,000 (One Hundred and Fifteen Crores) Equity Shares of ₹ 10/- (Rupees Ten only) each, with power to the Company to increase or reduce the capital and to divide the shares in the Capital for the time being into several classes (being those specified in the Companies Act, 2013) and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, enlarge or abrogate any such rights, privileges or conditions in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company.

RESOLVED FURTHER THAT Board of Directors of the Company/ Company Secretary be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion they may think necessary, expedient or desirable including of filing forms with the Registrar of Companies or any other regulatory authority to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments as may be required in this regard including alteration of capital clause of Memorandum of Association of the Company."

5. To appointment Mr. Vinod S Shenoy as Director.

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

   "RESOLVED THAT Mr. Vinod S Shenoy (holding DIN: 07632981), who was appointed as an Additional Director with effect from 26th March, 2019 in terms of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director, be and is hereby appointed as a director of the company whose period of office will be liable to determination by retirement of directors by rotation.

   RESOLVED FURTHER THAT Company Secretary be and are hereby authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."

6. To ratify the remuneration of Cost Auditor for the financial year ending on 31st March, 2020:

   To consider and if thought fit, with or without modification(s), the following resolution as 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. Deepak & Associates, Cost Accountants (Firm Registration No. 102574), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020, amounting to ₹ 55,000/- (Rupees Fifty-five Thousand only) as also the payment of tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified & confirmed.

   RESOLVED FURTHER that the Director or Secretary of the Company be and is hereby authorized to do all such acts as may be necessary to give effect to the aforesaid resolution."

By Order of the Board

For **HPCL Biofuels Ltd.**

Sd/-
Heena Shah
Company Secretary
ACS - 13736

Dated: 14th August 2019

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.
2. Proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. In terms of Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules, 2014 a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.

4. Corporate Members intending to send their authorized representative(s) to attend the Annual General Meeting are requested to forward a certified copy of Board Resolution authorizing their representative to attend and vote at the Annual General Meeting either to the Company in advance or submit the same at the venue of the General Meeting.
5. The relevant Statement made pursuant to Section 102 (1) of the Companies Act, 2013 in respect of Special Business to be transacted at the Annual General Meeting, set out in the Notice, is annexed hereto and forms part of the Notice.
6. Route Map showing directions to reach the Venue of AGM is attached.
7. Members are requested to promptly notify any change in their postal address/ E-mail address to the Registered Office of the Company.
8. At the ensuing Annual General Meeting, Mr. Pushp Kumar Joshi (DIN:05323634), retire by rotation and being eligible, offers himself for re-appointment.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013, in respect of item no. 4, 5 & 6 of the NOTICE is enclosed and forms part of this notice.

Item No. 4

Considering the business plans and fund requirements of the Company, it is proposed to reclassify Authorised Preference Share Capital into Authorised Equity Share Capital i.e. existing ₹ 450 Crores Preference Capital will be reclassified as ₹ 450 Crore Equity Share Capital. Hence, existing ₹ 700 Crores Equity Share Capital will with approval to reclassify will become ₹ 1150 Crore Equity Capital.

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 in item no.4 of the notice for approval of shareholders.

Item No. 5

Mr. Vinod S Shenoy was appointed as an Additional Director w.e.f. 26th March 2019 in accordance with the provisions of Section 161 of the Companies Act, 2013.

Pursuant to Section 161 of the Companies Act, 2013 the above Director holds office up to the date of the ensuing Annual General Meeting. In this regard, the Company has received a request in writing from a member of the company proposing Mr. Vinod S Shenoy's candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013. The Board feels that the presence of Mr. Vinod S Shenoy on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 5 for adoption.

Relevant documents in respect of the said item are open for inspection at the Registered Office of the Company on all working days from 2.30 p.m. to 4.00 p.m. up to the date of the meeting.

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.5 of the Notice.

The Board commends the ordinary resolution set out in item no.5 of the notice for approval of shareholders.

Details about Appointment -

Date of Birth	09.09.1962
Qualification	Bachelor in Chemical Engineering from IIT Bombay.
Terms of appointment / remuneration/ tenure	Appointed as Non-Executive Director on the Board of the Company with no remuneration to be drawn, tenure as per directives from HPCL.
Experience	Shri Vinod S Shenoy started his career with HPCL in June 1985. During his career spanning over 31 years, Shri Shenoy has held various positions in the Refinery Divisions and Corporate Departments of HPCL and has wide exposure to the Petroleum Industry.
Directorship in other Companies	1. HPCL 2. Mangalore Refinery And Petrochemicals Limited 3. HPCL-Mittal Energy Limited 4. Prize Petroleum Company Limited 5. HPCL Rajasthan Refinery Limited 6. Ratnagiri Refinery And Petrochemicals Limited
Shareholding	NIL

Item No. 6

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, 2019 for a remuneration of ₹ 55,000/- (Rupees Fifty-Five 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.

Relevant documents in respect of the said item are open for inspection at the Registered Office of the Company on all working days from 2.30 p.m. to 4.00 p.m. up to the date of the meeting.

Accordingly, the consent of the members is sought for passing the ordinary resolution as set out at item no. 6 of the notice for approval of the remuneration payable to cost auditors for the financial year ending on March 31, 2020.

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.6 of the Notice.

The Board commends the ordinary resolution set out in item no.6 of the notice for approval of shareholders.

By Order of the Board

For HPCL Biofuels Ltd.

Sd/-
Heena Shah
Company Secretary
ACS - 13736

Dated: 14th August 2019

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

FORM (MGT-11)

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	:	U24290BR2009GOI014927
Name of the Company	:	HPCL Biofuels Limited
Registered office	:	No. 271, Road No. 3E, Post Box No. 126(Patna GPO), New Patliputra Colony, Patna - 800 013, Bihar

Name of the member(s)	:
Registered address	:
E-mail Id	:
Folio No./Client Id	:
DP ID	:

I/We, being the member(s) of ________________________________ shares of the above named company, hereby appoint:

Name : ____

Address : ____

E-mail Id : ____

Signature : ____

Or failing him/her ____

Name : ____

Address : ____

E-mail Id : ____

Signature : ____

As my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 10th Annual General Meeting of the Company to be held **on Friday, 16th August, 2019** at HPCL Board Room at PH-6, Petroleum House,17, J Tata Road, Churchgate, Mumbai - 400 020 and any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1 …………………………………………	4 …………………………………………
2 …………………………………………	5 …………………………………………
3 …………………………………………	6 …………………………………………

Signed this ________________________ day of ……, 2019

Affix
Re 1/-
Revenue
Stamp

Signature of shareholder ________________________

Signature of Proxy holder(s) ________________________

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

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:info@hpclbiofuels.co.in
Website – www.hpclbiofuels.co.in, phone – 0612-2260185

ADMISSION SLIP

I hereby record my presence at the 10th Annual General Meeting ————————————————————at the HPCL Board Room at PH-6, Petroleum House,17, J Tata Road, Churchgate, Mumbai - 400 020 on Friday, 16th August, 2019 at 11a.m.

SIGNATURE OF THE ATTENDING MEMBER/PROXY

Regd. Folio No. ....

Route Map For Venue of AGM

Petroleum House,17, J Tata Road, Churchgate, Mumbai - 400 020
on Friday, 16th August, 2019 at 11a.m.

Independence Day celebrated at Patna HQO.

Pleadge by Officers for Turning around HBL

Prize Distributed to Winners of Swachhata Pakhwada Competion

HBL
HPCL BIOFUELS LTD

HPCL BIOFUELS LIMITED

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

www.hpclbiofuels.co.in