



13TH ANNUAL REPORT 2021-22

HPCL BIOFUELS LIMITED

(A WHOLE OWNED SUBSIDIARY COMPANY OF HINDUSTAN
PETROLEUM CORPORATION LIMITED)



HPCL Biofuels Limited
(CIN: U24290BR2009C,01014927)

Registered Office: No.9, 1 st Floor, Shree Sadan, Plot No.9,
Patliputra Colony, Patna - 800 013, Bihar. Email: info@hpclbiofuels.co.in
Website — www.hpclbiofueis.co.in, phone — 0612-2260185

Corporate Information

Board of Directors

Mr. Vinod S Shenoy
Mr. R Sridhar
Mr. Sujata S Londhe
Mr. S Bharathan
Mr. C Sridhar Goud

Chief Executive Officer & Manager

Mr. Kumar Pranay

Statutory Auditors

Thakur Bhuwanesh & Associates,
Chartered Accountants

Chief Finance Officer

Mr. Joy Roychowdhury

Bankers

State Bank of India

Company Secretary

Ms. Heena Shah

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(CIN: U24290BR2009GOI014927)

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

To,

The Members,

HPCL Biofuels Limited.

Sub: Notice of Annual General Meeting of the Company

Dear Shareholders,

Notice of Annual General Meeting

Notice is hereby given that the Thirteenth ANNUAL GENERAL MEETING of the members of HPCL BIOFUELS LIMITED will be held through Video Conferencing (“VC”) on Wednesday, 10th day of August 2022 at 2.00 p.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 2022, 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 the following resolution as an Ordinary Resolution:

“RESOLVED THAT Audited Financial Statements of the Company for the financial year ended on 31st March 2022 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 Members and laid before the meeting be and are hereby received, considered and adopted.”

2. To appoint a Director in place of Shri Vinod S Shenoy (DIN-07632981) who retires by rotation and being eligible offers himself for reappointment:

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Vinod S Shenoy (DIN-07632981), 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 ratify remuneration payable to Statutory Auditors for the financial year 2022-23 and authorize the Board of Directors to fix the remuneration for the FY 23-24.

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to applicable provisions under the Companies Act, 2013, the Board of Directors have fixed the remuneration payable to the statutory auditors to be appointed by the Comptroller & Auditors General of India to conduct the audit of the accounts of the Company for the financial year ending on 31st March 2023, amounting to Rs. 150,000/- (Rupees One lakh Fifty Thousand only) excluding the payment of tax as applicable and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified & confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditors of the Company as appointed by the Comptroller and Auditors General of India for the financial year 2023-24 as may be deemed fit by the Board.”

SPECIAL BUSINESS:

4. Appointment of Mr. S Bharathan (DIN – 09561481) as Director and in this regard, pass the following resolution:

To consider and if thought fit, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, and further amendments thereto from time to time (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and also the provisions of Articles 121 of the Articles of Association of the Company, Shri S Bharathan (holding DIN – 09561481), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from April 6th, 2022 and who holds the office pursuant to the provisions of Section 161 of the Companies Act, 2013 up to the date of this Annual General Meeting or the last date on which the Annual General Meeting for the Financial Year 2021-2022 should have been held, whichever is earlier and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

5. Appointment of Mr. C Sridhar Goud (DIN – 08466543) as Director and in this regard, pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, and further amendments thereto from time to time (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and also the provisions of Articles 121 of the Articles of Association of the Company, Mr. C Sridhar Goud (holding DIN – 08466543), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from April 4th, 2022 and who holds the office pursuant to the provisions of Section 161 of the Companies Act, 2013 up to the date of this Annual General Meeting or the last date on which the Annual General Meeting for the Financial Year 2021-2022 should have been held, whichever is earlier and who is eligible for

appointment under the relevant provisions of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6. To ratify the remuneration of Cost Auditor for the financial year ending on 31st March 2023:

To consider and if thought fit 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, 2023, amounting to Rs.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.”

By Order of the Board of Directors

For HPCL Biofuels Limited

Heena Shah

Company Secretary

ACS-13736

Dated: 08.08.2022

Registered Office:

1st Floor, Shree Sadan,

Plot No.9, Patliputra Colony,

Patna - 800 013, Bihar.

Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (‘MCA’) has vide its general various circulars permitted holding of the Annual General Meeting (AGM’) through VC/OAVM facility, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the ‘Act’), and MCA Circulars, the AGM of the Company is being conducted through VC/OAVM hereinafter called as ‘AGM’.
2. The deemed venue for the AGM shall be the Petroleum House, 17, J Tata Road, Churchgate, Mumbai - 400020. Since the meeting will be conducted through VC/OAVM facility, the route map is not annexed to this Notice.
3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM facility, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Corporate shareholders are required to send a scanned copy (pdf/jpg format) of its Board resolution/ authorization, etc. authorizing their representative to attend the AGM on its behalf and to vote through remote e-voting. The said resolution/authorization shall be sent to the Company Secretary's e-mail: heenas@hpcl.in.
5. The Members are requested to follow the below instructions: -
 - a) **Participation:**
 - i. Pursuant to the aforementioned general circular, the physical presence of the Members has been dispensed with and therefore the appointment of Proxy(ies) is not permitted. However, in pursuance of section 112 and 113 of the Companies Act, 2013, representatives of the members may be appointed for the purpose voting through remote e-voting or for participation and voting in the meeting. The Corporate Shareholders proposing to participate at the meeting through their representative, forward the necessary authorization under Section 113 of the Act for such representation to the Company through e-mail to heenas@hpcl.in before the commencement of the meeting.
 - ii. The Members are requested to use the following link/Dial-in details to join the meeting:
 - iii. For ease of participation of the Members, during the meeting, members may post questions through typing in the "comment box" in the above link/Dial-in. The Members may also, before the meeting, submit the questions through e-mail to heenas@hpcl.in.
 - iv. On the date of the meeting, the Members, Directors, Key Managerial Personnel and all other persons authorized to attend the meeting, may join, using above the Dial-in details from 01:30 P.M. to 2.00 P.M. and post that no person shall be able to join the meeting.
 - v. In case any member requires assistance for using the aforementioned Link/Dial-in before or during the meeting, you may call the Helpline No.9769694933.
 - vi. In order to ensure the smooth participation, the Members, Directors, Key Managerial Personnel and all other persons authorized to attend the meeting are requested to ensure that the device used for attending the meeting through video conferencing has strong internet signal/ network.

b) Voting:

- i. In case a poll is demanded, Chairman shall follow the procedure provided in Section 109 of the Companies Act, 2013 and rules made thereunder.
- ii. On demand of the poll, the Members may vote by sending an e-mail to the designated e-mail id: heenas@hpcl.in stating their assent/ dissent. For convenience during voting, the Members are requested to use the following box and state the symbol or mention the no. of shares held by them in assent/ dissent box.

Example 1: Using Symbol (‘√’)

Item no. of agenda	Assent	Dissent
To appoint a Director in place of Shri Vinod S Shenoy (DIN-07632981) who retires by rotation and being eligible offers himself for reappointment:	√	

Example 2: Using No. of Shares held.

Item no. of agenda	Assent	Dissent
To appoint a Director in place of Shri Vinod S Shenoy (DIN-07632981) who retires by rotation and being eligible offers himself for reappointment:	100	

Other instructions/ information:

- i. Members are requested to address all communications through their registered e-mail id only.
- ii. The recorded transcript shall be available on the website: www.hpclbiofuels.co.in post the conclusion of the meeting i.e. from 11th August 2022.
- iii. This notice is also available on the website of the Company.
- iv. The meeting is proposed to be held at a shorter notice and therefore as per the provisions of Section 101 of the Companies Act, 2013 and rules made thereunder, it requires the consent for shorter notice from majority in number of members entitled to vote and who represent not less than ninety-five per cent of such part of the paid-up share capital of the Company. Members are requested to provide their consent for short notice by sending the signed copy of the draft format attached herewith or through e-mail confirmation.
- v. In case of any doubts or clarification, the members are requested to contact Company Secretary through e-mail: heenas@hpcl.in.
- vi. Following the MCA Circulars, the documents related to matters set out in the notice can be requested via email by writing to the Company Secretary at heenas@hpcl.in on all working days up to and including the date of this Annual General meeting of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013, in respect of special business covered in item no. 4 to 6 of the NOTICE is as under and forms part of this notice.

Item No. 4

Mr. S Bharathan was appointed as an Additional Director w.e.f. 6th April 2022 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. S Bharathan's candidature for appointment as Director 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. S Bharathan on the Board is desirable and would be beneficial to the company and has recommended the appointment of Mr. S Bharathan as a Director of the Company.

Relevant documents in respect of the said item are available in electronic form for inspection by the members upto the date of the Meeting. None of the Directors/KMPs of the Company are concerned or interested in the resolution set out in item no. 4 of the notice.

The Board recommends the ordinary resolution set out in item no.4 of the notice for approval of the members.

Item No. 5

Mr. C Sridhar Goud was appointed as an Additional Director w.e.f. 4th April 2022 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. C Sridhar Goud's candidature for Directorship 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. C Sridhar Goud on the Board is desirable and would be beneficial to the Company and has recommended the appointment of Mr. C Sridhar Goud as a Director of the Company.

Relevant documents in respect of the said item are available in electronic form for inspection by the members upto the date of the Meeting. None of the Directors/KMPs of the Company are concerned or interested in the resolution set out in item no. 5 of the notice.

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

Details of Directors being appointed/reappointed as required under the provisions of Companies Act, 2013:

Name of Director	S Bharathan	C Sridhar Goud
DIN	09561481	08466543
Date of Birth	6 th May 1968	21 st May 1967
Age	54 years	55 years
Date of Appointment	6 th April 2022	4 th April 2022
Qualification	Post Graduate in Chemical Engineering	Graduate in Mechanical Engineering
Experience	28	31
Details of experience	*	**
Directorships held in other Companies	-	-
No. of shares held in Company	1	1

Relationships between directors inter-se	N.A.	N.A.
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- *Mr. S Bharathan, is an Executive Director in HPCL i.e. the parent Company heading Refinery Co-ordination with additional charge of HPCL Green R&D. Has worked in Operations and Technical departments of HPCLs Visakh and Mumbai Refinery for 24 years and in Corporate office on Margin Management & Project Process for 4 years. He has varied research interests in all areas of Refining & Sustainability, development and application of them. Has presented several papers in prestigious events.
- ** Mr. C Sridhar Goud is Graduate in Mechanical Engineering with 31 years of experience in HPCL. Mr. Goud is the Executive Director - Supplies, Operations & Distribution of Hindustan Petroleum Corporation Limited, a Fortune 500 and Navrathna Oil Refining & Marketing company in India. Prior to this responsibility, he was holding the position of Chief General Manager – Supplies & Distribution, Biofuels in O&D SBU of HPCL. He had also worked as Director on the Board of Petronet Mangalore Bengaluru Hassan Pipeline. Mr. Goud has a rich and varied professional exposure across entire spectrum of petroleum functions and has held various key positions in Head South Central Zone, Vigilance and Operations & Distribution.

Item No. 6

The Board, on the recommendation of the management, 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 2022-23, for a remuneration of Rs. 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 Members of the company.

Accordingly, the consent of the member 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 2022-2023.

Relevant documents in respect of the said item are available in electronic form for inspection by the members upto the date of the Meeting. None of the Directors/KMPs of the Company are concerned or interested in the resolution set out in item no. 6 of the notice.

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

By Order of the Board of Directors
For HPCL Biofuels Limited

Heena Shah
Company Secretary
ACS-13736

Dated: 08.08.2022
Registered Office:
1st Floor, Shree Sadan,
Plot No.9, Patliputra Colony,
Patna - 800 013, Bihar.

Consent by Shareholder for shorter notice

[Pursuant to Section 101(1) of the Companies Act, 2013]

Date –

To

The Board of Directors
HPCL Biofuels Limited
9, Shree Sadan, 1st floor
Plot No,9, Patliputra Colony
Patna - 800 013, Bihar.

Dear Sir,

I, the undersigned (holding _____ Equity Shares of the Company of Rs. 10/- each fully paid-up), hereby give consent, pursuant to Section 101(1) of the Companies Act, 2013, to hold the Annual General Meeting of the Company on _____ at short notice including adjournment/postponement of the meeting, if any.

Signature

Name-

Folio No.

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of your Company, I take the privilege of presenting to you the 13th 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 (C&AG) under section 143(6) (b) of the Companies Act, 2013, for the financial year ended on March 31, 2022.

PHYSICAL PERFORMANCE

Highlights of the physical performance of the plants during the financial year 2021-22 are given below:

2020-21	Particulars	UoM	Sugauli	Lauriya	FY 2021-22
70	No of the days operated	Days	81	85	83
3,99,051	Quantity of cane crushed	MT	2,32,495	2,39,054	4,71,549
38,958	Sugar produced	MT	19,113	20,444	39,557
10.17	Sugar Recovery	%	9.10	9.21	9.15
7,175	Ethanol produced	KL	4,438	4,805	9243
31,396	Power generated	MW hr	14,267	21,172	35,439
12,049	Power exported (net)	MW hr	3825	9958	13,783

FINANCIAL PERFORMANCE

Particulars	For the year ended 31/03/2022	For the year ended 31/03/2021
	(Rs.in Lakhs)	(Rs.in Lakhs)
Income from Operations	22007.50	18,194.96
Other Income	272.03	176.24
Total Income	22279.53	18,371.20
Total Expenses	23930.84	19642.75
PBDIT	-1651.30	-1,271.55
Less-Depreciation	2820.99	2,823.24
Less-Interest	2293.77	3,912.64
Provision/(Reversal) for Inventory variations	71.10	1.45
Profit / (Loss) for the year before Tax and Other comprehensive Income	-6694.97	-8007.43
Other Comprehensive Income	22.68	8.49
Provision/(Reversal) for Taxes	-	-
Profit / (Loss) for the year after Tax carried forward to the Balance Sheet	-6672.29	-7998.94

DIVIDENDS & RESERVES

Your company has commissioned it's both the plants during the season of the 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 2022 and have not proposed to transfer any amount to reserves.

RIGHTS ISSUE OF SHARES

Your Company by way of Rights issue of Shares issued 77,80,860 equity shares to HPCL and proceeds of the issue was utilized in the completion of Central Pollution Control Board specified projects.

PERFORMANCE OF THE PLANTS

- **Sugar Plant**

During season 2021-22, both the units performed reasonably well in terms of cane crushing and Lauriya achieved cane crushing of 23.90 lakh quintals while the Sugauli unit crushed 23.24 lakh quintals. Due to the proper cane management system and effective field job by the cane department of both the units we were able to crush 7.24 lakh quintals extra as compared to last year despite extensive damage caused consecutively by flood & red rot disease. The sugar recovery was 9.21% and 9.10% for Lauriya & Sugauli respectively, with the diversion to B-Heavy Mollases production. The average recovery during the season standalone on sugar was 9.15%. and after accounting for B-Heavy diversion, the effective recovery of 10.67% has been the all-time highest effective recovery. The combined total sugar production was 39,557 MT during the season. HBL had started its crushing season on 2nd Nov'2021 which was one month in advance as compared to the last crushing season of 20-21 and also the first one to start crushing. Your Company was the first to start the crushing in the State of Bihar, which gave us an early mover advantage.

- **Ethanol Plant**

While the installed capacity for the ethanol plants is 60 KLPD, owing to stringent liquid discharge norms, pollution authorities had capped the production capacity at 60 KLPD for 60 Days and 35 KLPD for the rest of the season. Your management has taken steps to remove the restrictions earlier imposed by the Bihar State Pollution Control Board on ethanol production capacity @ 35KLPD for the balance season days after 60 days of Plant operations @60 KLPD and now restored to 60KLPD for 120 days of season operations. Many CPCB environmental projects were rolled out to create all the necessary infrastructure for conforming to the Pollution Control authorities and Central Ground Water authority requirement for Zero Liquid Discharge (ZLD). In this context of capping of Ethanol production by pollution control authorities, the plants have produced 9243 KL during the year. We have produced 2068 KL extra as compared to the last crushing season, which is an increase of 29%.

- **Co-gen Plant**

Co-gen plant of Lauriya unit performed reasonably well in the given circumstances but we have faced problems in economizer tubes in the boiler of Sugauli Plant in the month of January 2022. The total Power Generation was 35439 MWH which is 4043 MWH extra as compared to the last crushing season of 2020-21, and Net power export was 13783 MWH during the FY 2021-22 an excess of 1734 MWH which is 14% extra.

SAFETY, HEALTH, AND ENVIRONMENT

Your Company is focused on Health, Safety, and Environment management, which is an integral part of all activities carried out at both Plants. It is a proud moment to note that your Company had accident-free operations during the period under review. As major environmental protection compliance, we are pleased to inform you that the construction of the Bio-composting yard for spent wash management to meet the requirement of ZLD(zero liquid discharge) has been completed.

Safety Audit is being done regularly by the safety officers of both the Plants and we have undertaken tree plantation in and around the plant premises which was also one of the requirements of BSPCB / CPCB.

CANE MANAGEMENT

Cane Management was given a major focus, as it constitutes the major and highest raw material value of the Company. It constitutes a major factor in the percentage of sugar recovery which is critical for the plants' physical performance and a critical factor in deciding the financial performance of the company. In terms of Cane Management, many new steps were implemented which included extensive spray of Foliar Spray and the introduction of cultivation of premium high yield varieties. We have also introduced night squads to monitor the cane receipt and block the diversion of cane from both the Plants.

HBL also took the help of district administration to arrest the diversion of cane. This helped in lowering diversion to 8% as compared to 18% last crushing year.

Also, HBL ensured that the payment to all the farmers was done during the festival season, especially at the time of Chat Puja and Diwali. This helped in building confidence among the farmers and leading to less diversion of cane

Cane purchase centers were reduced for getting fresher cane at the mill gates with lower costs. 100% cane payment of 21-22 season was made.

All efforts were made for educating farmers for adopting modern methods of cane cultivation and plantations of premium varieties of cane.

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. The Company as per the rules has obtained Renewable Energy Certificates (REC) and 32702 no's REC worth Rs.3.2 Crs, which was completely traded in the month of Nov'21. 100% pending REC of the last crushing season of 20-21 has been issued and 50% of which has been traded currently HBL had around 4358 REC as on 31.03.2022. REC for Lauriya unit for season 2021-22 has been issued and issuance for Sugauli unit is under process and is expected by 31st July 2022.

Your company believes that employees are its biggest assets and hence it takes care to ensure the health & well-being of all employees. Measures were duly taken to enforce Covid prevention protocols.

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. Despite the suppressed market conditions and also monthly domestic sale cap, the average realization during the year had been Rs. 33,966MT which is Rs. 1618/ MT which is 5% more than the previous year 20-21 which is without export-related sales. Brown sugar has also been sold via the NeML platform. A whole lot of old sugar from season 2018 /2019 has been sold by NeML and has realized around Rs. 21.19 Crs. Scrap sugar has also fetched HBL Rs.95 Lacs. We have enrolled 10 new traders by which we have good penetration in West Bengal. Zero complaints were received by customers. HBL is exploring the export of sugar to its nearest location Nepal. In this process samples for which have been certified at Dabur Nepal. This will add extra revenue apart from the domestic sugar sale. To create a demand for HBL sugar for Biscuits factories, we have also installed an inline printer that prints Batch/lot/Manufacturing details on sugar bags as per FSSAI norms.

HBL has got for the first time M Grade sugar quality certified by NSI, Kanpur. We have produced Medium Grade Sugar in seasons 2021-22 at both the HBL units.

• ETHANOL

HPCL had placed orders for uplifting all the ethanol in stock produced in the year 2021-22. 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 for your company. Your Company has also produced around a total of 2624 KL of Ethanol directly from cane juice from both the Plants which is 1556 KL more than the last crushing season, which has the highest price realization as compared to ethanol from B/C Heavy Molasses. This Ethanol is being supplied to HPCL Bokaro Depot. We have produced 9243 KL ethanol during the 2021-22 crushing season. This is 2068 KL extra as compared to the last crushing season, which is an increase of 29%.

HPCL Baitalpur Depot was added in January 2022 for supplying ethanol and 900KL was supplied in three months. HBL has achieved its highest supply of 12143 KL ethanol to HPCL depots since the inception of the plants.

- **POWER**

Entire surplus power generated is exported to the BSEB grid and their payments have largely been on time, much to the relief of your company. Renewable Energy Certificates as mentioned above are being traded. The total Power Generation was 35439 MWH which is 4043 MWH extra as compared to last crushing season of 20-21, and Net power export of 13783 MWH was done during the crushing season 2021-22 which is an excess of 1734 MWH that is 14% extra.

FUTURE OUTLOOK

Sugar is one of the largest agro-based industries in India. While this business vertical suffered roadblocks in the lockdown, it is getting now back on the sweet track. Despite a positive outlook, ignoring the glaring-in-the-face challenges the sugar farmers face, will not be in the best interest of the industry which is picking up its post-lockdown momentum.

As per the 2nd advance estimates of ISMA released on January 31, 2022, India is expected to produce **314.50 lakh tonnes of sugar in the current season 2022-23 (October – September)**, as against estimated domestic consumption of 270 lakh tonnes.

In the global sugar sector, things are quite sweet for the producers with the prices in 2021 surging 21 percent. In the face of ever-growing global demand, tight supply owing to labor shortages along with transportation and supply chain snarls have pushed prices higher for the third consecutive year. S&P Global estimates that global demand will continue to rise in the next 6 years with the deficit estimated at 1,485 million tonnes. However, the scenario is far sweeter back home in India with the rising demand providing the country's sugar mills with massive export opportunities.

The world's second-largest producer of sugar is already expected to sell more than six million tonnes of sugar on the world market this year. This comes despite the World Trade Organization ruling that the country flouted rules by offering export subsidies with the subsidies having been removed since.

India's export scenario seems clear for takeoff.

Domestically, the scenario is equally sweet as India's ethanol story as well pushing up allowing producers to divert sugar cane thereby avoiding excess production.

The world market is highly dependent on Brazil and India, which together supply 70% of the world's raw sugar. We know Brazil is looking to maximize sugar production if it pays more than ethanol, but believe India will exit the sugar export market over time. This is because its ethanol demand should grow alongside rising oil prices and government efforts to reduce oil imports and sugar export subsidies. With this, India may be able to significantly reduce world market sugar exports by as early as 2025.

According to the expert committee report, 20% ethanol blending is within reach. The report further lays out an annual plan for the gradual rollout of E20 ethanol in the country. It suggests specific responsibilities of Union Ministries, State Governments, and vehicle manufacturers for the production, supply, and gradual rollout of 20% ethanol blending in petrol by 2025.

Immense benefits can accrue to the country by 20% ethanol blending by 2025, such as saving Rs 30,000 crore of foreign exchange per year, energy security, lower carbon emissions, better air quality, self-reliance, use of damaged food grains, increasing farmers' incomes, employment generation, and greater investment opportunities.

The inter-ministerial committee was headed by Dr. Rakesh Sarwal, Additional Secretary, NITI Aayog. The committee had representatives from the Ministries of Petroleum; Food and Public Distribution; Road Transport and Highways; Heavy Industry; and Indian Oil Corporation and Automotive Research Association of India.

The E-20 roadmap proposes the following milestones:

- Raise pan-India ethanol production capacity from the current 700 to 1500 crore liters
- Phased rollout of E10 fuel by April 2022
- Phased rollout of E20 from April 2023, its availability by April 2025

- The rollout of E20 material-compliant and E10 engine-tuned vehicles from April 2023\
- Production of E20-tuned engine vehicles from April 2025
- Nationwide educational campaign
- Encourage the use of water-sparing crops, such as maize, to produce ethanol
- Promote technology for the production of ethanol from the non-food feedstock.

ANNUAL RETURN

In accordance with Section 134(3) (a) of the Companies Act, 2013, the annual return in the prescribed format will be appended on the Company website under the financial tab at www.hpcl.biofuels.co.in. on uploading of the same on MCA.

NUMBER OF BOARD MEETINGS

Twelve meetings of the Board of Directors were held during the year, all the Board meetings were held through web-ex because of prevailing Covid-19 circumstances. 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. Particulars of the meeting held & attendance of the Board members are covered as under;

Sr. No.	Meeting No.	Date of Meeting	Total Strength of the Board	Directors Present
1	94	03.05.2021	4	4
2	95	13.05.2021	4	4
3	96	17.05.2021	4	4
4	97	16.06.2021	4	4
5	98	18.06.2021	4	4
6	99	25.06.2021	4	4
7	100	07.07.2021	4	4
8	101	23.07.2021	4	4
9	102	29.07.2021	4	3
10	103	02.09.2021	4	4
11	104	27.10.2021	4	3
12	105	24.01.2022	4	3

PARTICULARS OF BORROWINGS

During the year, a working capital loan of Rs 6000 lacs was taken from HPCL which will be converted into Equity as per the request made to the holding Company HPCL.

RELATED PARTY TRANSACTIONS

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

NET WORTH

As on 31.03.2022, the net worth of the Company was Rs 20691.55 Lakhs as against a net worth of Rs 26,585 Lakhs as on 31.03.2021, after Equity Infusion of Rs.7,78,08,600/- by the holding Company HPCL.

AUDITOR'S COMMENT

Statutory Audit -

There is no qualification, reservation, or adverse remark made by the Statutory Auditors in his report on the financials for the financial year 2021-22.

SECRETARIAL AUDIT –

Secretarial Audit of the Company for the FY 21-22 has been carried out by Rupal D Jhaveri, Practicing Company Secretaries, Mumbai. There is no qualification, reservation, or adverse remark made by the Auditors in their report. The secretarial Audit Report is attached as an annexure to this report.

COMMENT BY C&AG

The Comptroller and Auditor General of India (C&AG) have conducted a Supplementary Audit of Audited Annual Financial Statements of the Company for the financial year ended on March 31, 2022, under section 143 (6) (a) of the Companies Act 2013 and provided NIL comments, the same is forming part of this report.

CREDIT RATING

The rating of the Company during 2021-22 is IND A while for the year 2020-21 it has been IND AA- with a stable outlook from M/s India Ratings & Research (A Fitch Group Company) for the National Long-Term rating resulting in reinforcing the faith of the rating agency in the inbuilt resilience of your company

INSURANCE

Insurance for Plant & Machinery has been obtained from Oriental Insurance Company for the period 20th January 2022 to 19th January 2023. 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 even after an upward revision in premium rates of Insurance companies.

MICRO, SMALL & MEDIUM ENTERPRISES (MSME)

Your Company has complied with applicable guidelines under MSME as regards procurement for the financial year 2021-22.

CORPORATE GOVERNANCE

The company ensures that they evolve and follow the Corporate Governance guidelines and best practices in line with our parent Company HPCL. The company has ensured an excellent rating in compliance with DPE's Corporate Governance guidelines for the financial year 2021-22.

COMPOSITION OF BOARD OF DIRECTORS

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

1. Mr. Vinod S Shenoy – Chairman
2. Ms. Sujata S Londhe – Director
3. Mr. R Sridhar - Director (joined effective 1st July 2021)
4. Mr. C Sridhar Goud – Director (joined effective 4th April 2022)
5. Mr. S Bharathan – Director (joined effective 6th April 2022)

All Directors on the Board of the Company are non-executive Directors and are nominees of the holding Company HPCL.

CHIEF EXECUTIVE OFFICER

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

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

Director's Appointment & Cessation –

As per HPCL's nomination, Mr. C Sridhar Goud was appointed as Director effective 4th April 2022.

Mr.S Bharathan was appointed as Director effective 6th April 2022 on the Board of the Company in place of Mr. Rakesh Misri who superannuated on 31st March 2022 in terms of the provisions of section 149 of the Companies Act 2013.

The Board places on record its sincere appreciation for the valuable services rendered by Mr. Rakesh Misri during their tenure as Director on the Board of the Company.

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES, AND INDIVIDUAL DIRECTORS

As per MCA Notification dated 5th June 2015, Compliance of Section 134(3)(p) is exempt for Government Companies.

Your Company, being a wholly-owned subsidiary of HPCL, the Board of the Company consists of Nominees of HPCL. Evaluation of these directors is done by MOP&NG as per its evaluation methodology.

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 until the date of this Report, which affect the financial position of the Company.

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.

BOARD'S SUB-COMMITTEES –

As per the MCA exemption notification dated 6th July 2017, [Ref. no. G.S.R. 839(E)], the Company is exempt from the appointment of Independent Directors and hence, it is not mandatory to have Audit Committee and Nomination & Remuneration Committee.

INTERNAL CONTROL SYSTEMS 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.

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.

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.

COMPLIANCE WITH APPLICABLE LAWS

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.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACT 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.

However, as disclosed in Note No. 55 to the Ind-AS financial statements, the National Company Law Tribunal, Kolkata passed the order on 9th March 2022 in favor of the Company, in the proceeding in matter C.P. (IB)/1422(KB)2018 stands closed.

RISK MANAGEMENT

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

CONTINGENT LIABILITY

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

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 any 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 does not have any Subsidiaries, Joint ventures or Associate companies.

VIGIL MECHANISM

As per the Directives of the 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.

WHISTLEBLOWER POLICY

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

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (Prevention, Prohibition and Redressal) Act, 2013

The Company has the Internal Complainants Committee (ICC) as prescribed under the act and there are nil complaints received by the Company during the year.

DETAILS OF ANNUAL GENERAL MEETINGS (AGM)

The last three years AGM details are as under;

Meeting No.	Meeting Date	Location
9	16 th August 2019	Mumbai
11	2 nd September 2020	Mumbai
12	06 th September 2021	Through Web-Ex

EXTRA-ORDINARY GENERAL MEETING (EGM)

During the year Company held EGM on 15th July 2021 to increase borrowing powers and to create security under sections 180(1)(c) & (a) respectively and to avail Borrowing from HPCL with an option to convert it wholly or partly into Capital in line with section 186(3) of the Company's Act, 2013.

On 29th June 2022, Company had an EGM to increase the Authorised Share Capital of the Company from Rs.1150 Crores to Rs.1400 Crores and consequent change of capital Clause of Memorandum of Association, and to approval for conversion of existing working capital loan of Rs. 60 Crores from HPCL as optionally convertible loan under section 62(3) of the Company's Act 2013.

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, a statement showing the particulars with respect to conservation of energy, technology absorption, and foreign exchange earnings and outgo is enclosed hereto and forms part of this report marked as **Annexure-1**.

PARTICULARS OF EMPLOYEES

As regards the provisions of the Companies Act, 2013, read with applicable rules, none of the employees was in receipt of remuneration exceeding the limits prescribed.

FRAUD REPORTING

During the year under review, the Statutory Auditors or Secretarial Auditor of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Act, including rules made thereunder.

STATUTORY AUDITORS

M/s Thakur Bhuwanesh & Associates, Chartered Accountants, Patna (Firm Registration No. 019690N), were appointed as Statutory Auditors by the Comptroller & Auditor General of India (C&AG) by their letter dated 18.08.2021 for the year 2021-22 and shall retire after this Annual General Meeting.

The Board at its Meeting held on 02nd May 2022 considered the proposal for the appointment of Statutory Auditors and a request was made to C&AG to appoint Auditors of the Company for the financial year 2022-23.

COST AUDITOR

M/s. Deepak & Associates, Cost Accountants (Firm Registration No. 102574) has been appointed as cost auditors, in accordance with the guidelines issued in this regard by the Board of Directors and the appointment was ratified by the shareholders at the last Annual General Meeting. The cost audit report would be filed with the Ministry of Corporate Affairs (MCA) within the stipulated due date.

WOMAN DIRECTOR

As per the HPCL nomination letter dated 24th December 2020 Ms. Sujata S Londhe, Executive Director Treasury at HPCL was appointed as Woman Director effective 12th January 2021 on the Board of the Company in terms of the provisions of section 149 of the Companies Act 2013.

INDEPENDENT DIRECTORS

Your Company has been exempted from the appointment of Independent Directors, as per Notification No. G.S.R. 839(E) dated July 05, 2017 issued by Ministry of Corporate Affairs, being an unlisted public company and a wholly owned subsidiary of a listed Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

1. In the preparation of annual accounts, applicable accounting standards have been followed along with proper explanations relating to material departures;
2. The Company has selected such accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as on 31st March 2022 and of the Statement of Profit and Loss of the Company for the year ended on 31st March 2022.
3. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.
4. These Accounts have been prepared on a going concern basis.
5. The Company has devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

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

Chairman

Place: Mumbai

Date: 27th July 2022

CONSERVATION OF ENERGY

- (a) The Company is a green field project and is undertaking manufacturing of Sugar, Ethanol & Cogeneration Power from the crushing of Sugar cane at Sugauli & Lauriya, in the State of Bihar.
- (b) The year 21-22 has been the Eleventh 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, and 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, are made towards technology absorption, adaptation, and innovation.
The following technologies have been used in the plants and the personnel is getting trained in operating and trouble-shooting the equipment along with the technology.
 - a) Cane Diffusion Technology
 - b) Molecular Sieve Technology

In the upcoming season, it is proposed to commence the work of erection & installation of Incinerator Boiler of Capacity of 26 TPH at both plants for decomposing spent wash so as to prevent surface & groundwater pollution. This environment-friendly project is also a statutory requirement especially considering the scenario of enhanced days of operation of the distillery.
2. Benefits derived as a result of the above efforts.
Benefits will accrue in the coming years as the plants stabilize on commercial terms. The Incinerator Boiler project is bound to have a positive impact on the local environment.
3. Information regarding Technology imported during the last 5 years.
 - (a) Details of technology imported and year of import.
-Not Applicable
 - (b) Has technology been fully absorbed, and if not fully absorbed, areas where this has not taken place, reasons thereof, and future plans of action.
-Not Applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO – Nil

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 subsection (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions are not on an Arm's length basis.

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

1. Details of contracts or arrangements or transactions an Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of the 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 2021 to March 2022
d)	Salient terms of the contracts or arrangements or transactions including the value, if any.	Sales of ethanol - Rs.6434.91 Lakhs, Purchase of lubes / Sulphur – Rs 60.35 Lakhs, Interest paid to HPCL on Bridge loan- Rs. 745.83 Lakhs, Interest paid to HPCL on Ethanol Advance - Rs. 128.29 Lakhs, Salary, etc. of personnel deputed from HPCL - Rs. 439.73 Lakhs, Balance of Ethanol advance from HPCL as on 31.03.22– Rs.3975.41 lakhs
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any.	-

On behalf of the Board of Directors

Place: Mumbai

Date: 27th July 2022

Chairman

RUPAL D. JHAVERI

COMPANY SECRETARY

207, 2nd Floor, Regent Chambers, 208, Jamnalal Bajaj Road, Nariman Point, Mumbai- 400 021. Tel.: 022 4344 0123

**Form No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

To,

The Members,

HPCL BIOFUELS LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HPCL Biofuels Limited** (hereinafter called the Company).

The secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing my opinion thereon.

Based on my verification of the **HPCL Biofuels Limited** books, papers, minute books, forms, and returns filed, and other records maintained by the Company and also the information provided by the Company, its officers, agents, and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March 2022 ('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.

I have examined the books, papers, minute books, forms, and returns filed and other records maintained by **HPCL Biofuels Limited** for the financial year ended 31st March 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under (**Not Applicable**);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under (**Not Applicable**);
- (iv) 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**);
- (v) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Not Applicable**);
- (vi) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (**Not Applicable**);
- (vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 were not applicable to the Company during the Audit Period as the Company is not a listed entity:

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - c) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client;
 - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
 - g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- (viii) Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:
- a) The Bihar Sugarcane (Regulation of Supply and Purchase) Act 1981;
- (ix) Other laws to the extent applicable to the Company as per the representations made by the Company;

I 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-mentioned 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.

I further report that

The Board of Directors of the Company is constituted with Non-executive directors. The Company does not have any executive directors as there is a Chief Executive Officer 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 Meetings, the agenda and detailed notes on agenda were sent at least seven days in advance except in certain cases, 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.

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

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

I further report that during the audit period:

- 1. The Company had allotted 77,80,860 Equity Shares of Rs. 10/- each by way of Rights Issue.**

Rupal D. Jhaveri

Company Secretary in Practice

Membership No.: F5441

C.P. No.: 4225

ICSI UDIN: F005441D000686473

UDIN Date: 26th July 2022

Place: Mumbai

Date: 26th July 2022

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

RUPAL D. JHAVERI

COMPANY SECRETARY

207, 2nd Floor, Regent Chambers, 208, Jamnalal Bajaj Road, Nariman Point, Mumbai- 400 021. Tel.: 022 4344 0123

To,
The Members,
HPCL BIOFUELS LIMITED

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

‘Annexure A’

1. The maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. The audit practices and processes followed by me were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure those correct facts are reflected in secretarial records. I believe that the processes and practices, followed by me provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I 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. My 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.

Rupal D. Jhaveri
Company Secretary in Practice
Membership No.: F5441
C.P. No.: 4225
ICSI UDIN: F005441D000686473
UDIN Date: 26th July 2022
Place: Mumbai
Date: 26th July 2022

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 2022

The preparation of financial statements of HPCL Biofuels Limited for the year ended 31 March 2022 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 06 May 2022.

I, on 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 2022 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 behalf of the
Comptroller and Auditor General of India

(U.s. Prasad)

Patna: Ranchi

Date: 16.06.2022

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, 2022, 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, 2022, 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.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible of other information. The other information comprises the information included in Report on Corporate Governance, Shareholder information and Report of the Board of directors & Management Discussion and analysis but does not include the standalone Financial Statements and our auditor's report thereon.

Our opinion on the standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Financial Statements, or our knowledge obtained during the course of audit or otherwise appear to be materially misstated.

We have nothing to report in this regard.

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 intend 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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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:

h) As per notification no. G.S.R 463(E) dated June 5, 2015, the Government companies are exempted from the provisions of section 197 of the Act and hence we are not required to report as to whether the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.”.

i) 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.

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

j) (a) The Management has represented that, the best of its knowledge and belief, no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity (“intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the

Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Ultimate Beneficiaries;

©Based on the audit procedure that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that representations under sub-cluse (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- k) The company has not declared nor proposed or paid any dividends during the year and therefore compliance under section 123 of the Act is not applicable to the Company.
- l) 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, 2020 (“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 **Thakur Bhuwanesh and Associates**
Chartered Accountants
Firm Registration Number- 019690N

(CA. B. K. Thakur)
Partner
Membership Number- 500431
UDIN: **22500431AIUSHI3199**

Place: Patna

Date: 06-05-2022

“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, 2022 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 unauthorized 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, 2022, 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 **Thakur Bhuwanesh and Associates**
Chartered Accountants

Firm Registration Number- 019690N

(CA. B. K. Thakur)

Partner

Membership Number- 500431

UDIN: **22500431AIUSHI3199**

Place: Patna

Date: 06-05-2022

“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 Property, Plant and Equipment and Intangible Assets:

(a) (A) The company has maintained proper records of Property, Plant and Equipment showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Physical verification of these Property, Plant and Equipment has been conducted during the year, the periodicity of which appears reasonable. According to the information and explanations given to us, 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.

(d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) Physical verification of inventory has been conducted by the management during the year, the periodicity of which appears reasonable. According to the information and explanations given to us, no material discrepancies have been noticed on such verification during the year.

(b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets.

©Quarterly return/Statement has been filed by the company with the Bank in agreement with the books of account of the company.

(iii) According to the information and explanation given to us, the company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms or any other parties. Hence reporting under clause 3(iii)(a) to 3(iii)(f) of the order is not applicable.

(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. Hence, reporting under clause 3(v) of the Order is not applicable.

(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) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Nature of Demand	Amount involve (₹ in Lacs)	Forum where matter is Pending
Disallowance of input tax credit capital goods for 2010-11	698.44	Commercial Tribunal, Bihar Tax
Demand of Entry Tax for 2010-11 (Rs. 10.22 Lacs paid as advance tax under protest)	68.12	Commercial Tribunal, Bihar Tax

Demand for 2012-13 on account of denial of Input Tax Credit	93.81	Commercial Tribunal, Bihar Tax
Demand for 2013-14 on account of denial of Input Tax Credit	71.65	Commercial Tribunal, Bihar Tax
Demand for 2014-15 on account of denial of Input Tax Credit	38.76	Commercial Tribunal, Bihar Tax
Demand for 2013-14 on account of suppression of purchase turnover ignoring the actual facts	92.09	Commercial Tribunal, Bihar Tax
Outstanding Income Tax demand for the Financial Year 2016-17	1.46	IT Department

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) 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 other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

© The company has utilized the term loan taken from HPCL for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x) a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable

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

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) To the best of our knowledge and belief and according to the information and explanations given to us no any whistle blower complaints received by the Company during the year (and upto the date of this report)

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(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) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(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) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi) (d) of the Order is not applicable

(xvii) The Company has incurred cash losses of Rs. 3051.51 Lakhs during the financial year covered by our audit and Rs. 4119.83 lakhs for the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) due to continuous losses. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order is not applicable for the year.

For **Thakur Bhuwanesh and Associates**
Chartered Accountants

Firm Registration Number- 019690N

(CA. B. K. Thakur)

Partner

Membership Number- 500431

UDIN: **22500431AIUSHI3199**

Place: Patna

Date: 06-05-2022

“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, 2022.

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 any restructuring of an 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. Whether such cases are properly accounted for? (in case, lender is a Government company, then this direction is also applicable for Statutory auditor of lender company).	No restructuring of an 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.	NIL
3	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from central/ state government or its agencies were properly accounted for/ utilized as per its term & condition? List the cases of deviation.	Yes, funds (grants/subsidy etc.) received/ receivable for specific schemes from central/ state government or its agencies has been properly accounted for/ utilized as per its term & condition. No deviation has been found	NIL

For **Thakur Bhuwanesh and Associates**
Chartered Accountants

Firm Registration Number- 019690N

(CA. B. K. Thakur)

Partner

Membership Number- 500431

UDIN: **22500431AIUSHI3199**

Place: Patna

Date: 06-05-2022

HPCL BIOFUELS LTD Balance Sheet as on 31st March 2022			
Particulars	Note No.	Amount in ₹ Lacs	
		As at 31st March 2022	As at 31st March 2021
I ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	45,551.59	48,212.59
(b) Capital work in progress	4	747.39	31.28
(c) Other Intangible Assets	3	2.94	3.43
(d) Financial Assets			
(i) Investments		-	-
(ii) Long-Term Loans		-	-
(iii) Other Financial Assets	5	30.50	-
(f) Deferred Tax Assets (Net)		-	-
(g) Other Non-Current Assets	6	9.72	9.72
Current Assets			
(a) Inventories	7	16,443.60	16,752.17
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade Receivable	8	27.56	167.64
(iii) Cash & Cash Equivalents	9	118.18	43.05
(iv) Short-Term Loans	10	2.53	2.56
(v) Others	11	14.55	1,849.56
(c) Current Tax Assets (Net)		-	-
(d) Other Current Assets	12	1,161.51	1,194.36
(e) Assets Held for Sale			
TOTAL		64,110.07	68,266.36
II EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity Share Capital	13	98,673.24	97,895.15
(b) Other Equity	14	(77,981.69)	(71,309.40)
2. Share Application Money Pending Allotment	13	-	-
3. Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	10,326.16	13,503.69
(ii) Lease Liabilities	16A	11.28	18.20
(b) Provisions	17	526.17	470.59
(c) Deferred tax liabilities (net)		-	-
(d) Other non-current liabilities	18	2,563.40	2,684.48
4. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	20,768.08	10,028.03
(ii) Lease Liabilities	19A	9.96	9.96
(iii) Trade Payables :-			
(a) Total outstanding dues of micro & small enterprises	20	72.06	86.30
(b) Total outstanding dues of creditors other than micro & small enterprises	20	3,943.37	10,994.30
(iv) Other Financial Liabilities	21	951.49	721.44
(b) Other Current Liabilities	22	4,234.14	3,149.43
(c) Provisions	23	12.41	14.19
(d) Current tax liabilities (net)			
TOTAL		64,110.07	68,266.36
The accompanying notes are Integral Part of the Financial Statements			
As per our report of even date attached		For and on behalf of the Board	
For Thakur Bhuwanesh & Associates Chartered Accountants			
		R Sridhar Director DIN-06749266	Vinod S Shenoy Chairman DIN-07632981
CA B.K.Thakur Partner Membership No. 500431 Firm's ICAI Reg.No. 019690N		Pranay Kumar Chief Executive Officer PAN- AFGPK4512C	Heena Shah Company Secretary ACS-13736
Place : Date :		J. Roychowdhury Chief Financial Officer PAN- ADCPC5175D	

HPCL BIOFUELS LTD Statement of Profit and Loss for the Year Ended 31st March 2022			
Particulars	Note No.	Amount in ₹ Lacs	
		Year Ended 31st March 2022	Year Ended 31st March 2021
Income			
I. Revenue from Operations (Gross)	24	22,007.50	18,194.96
II. Other Income	25	272.03	176.24
Total Income (I+II)		22,279.53	18,371.20
Expenses			
Cost of Materials Consumed	26	15,741.87	12,391.69
Consumption of Stores & Consumables		515.84	621.84
Packing Expenses		177.46	161.75
Power & Fuels	27	637.13	684.86
Changes in Inventories of Finished Goods, WIP & Stock in Trade	28	440.04	1,443.07
Employee Benefits Expense	29	2,768.16	2,528.59
Chemicals Consumed		319.20	270.83
Finance Costs	30	2,293.77	3,912.64
Depreciation & Amortization Expense		2,820.99	2,823.24
Other Expenses	31	3,331.14	1,541.57
Total Expenses		29,045.60	26,380.08
Profit / (Loss) Before Exceptional Items and Tax		(6,766.07)	(8,008.88)
Exceptional Items			
Provision for Gain/(Loss) on Inventory Variation	32	71.10	1.45
Profit / (Loss) Before Tax		(6,694.97)	(8,007.43)
Tax Expense			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
Profit / (Loss) from Continuing Operations		(6,694.97)	(8,007.43)
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		(6,694.97)	(8,007.43)
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		22.68	8.49
(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		22.68	8.49
Total Comprehensive Income for the period		(6,672.29)	(7,998.94)
Earnings Per Equity Share (Face Value of ₹10/- each) :-			
(1) Basic (Amount in ₹)		(0.68)	(0.82)
(2) Diluted (Amount in ₹)		(0.68)	(0.82)
The accompanying notes are Integral Part of the Financial Statements			
As per our report of even date attached		For and on behalf of the Board	
For Thakur Bhuwanesh & Associates			
Chartered Accountants			
		R Sridhar	Vinod S Shenoy
		Director	Chairman
		DIN-06749266	DIN-07632981
CA B.K Thakur			
Partner			
Firm's ICAI Reg.No. 019690N	J. Roychowdhury	Pranay Kumar	Heena Shah
Place :	Chief Financial Officer	Chief Executive Officer	Company Secretary
Date :	PAN- ADCPC5175D	PAN- AFGPK4512C	ACS-13736

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR 2021-2022**

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.

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 06th May, 2022.

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 ₹ in Lacs.

C. Use of judgments, estimates & assumptions

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

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

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

D. Property, Plant and Equipment

- Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of

time to get ready for their intended use, finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

- An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net realizable value and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.
- The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted prospectively.
- Lease arrangements for land are identified as finance lease in case such arrangements result in transfer of the related risks and rewards to the Company. Accordingly, the Company identifies any land lease arrangement with a term in excess of 99 years as a finance lease.
- Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- Depreciation on Fixed Assets is provided on the Straight Line method on the basis of useful life determined, in the manner and at the rates calculated based on the useful life recommended under Schedule II to the Companies Act, 2013 and is charged pro rata on a daily basis on assets, from/up to and inclusive of the month of capitalization/sale, disposal or deletion during the year. In case of restatement of carrying value of any asset due to any price adjustments warranted due to receipt of government grants, the depreciation on revised unamortized depreciable amount is charged prospectively over the residual useful life of the asset. Residual value has been considered at 5%.

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

E. Intangible assets

- Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in Statement of Profit or Loss in the period in which the expenditure is incurred.
- Cost of Software directly identified with hardware is capitalized along with the cost of hardware. Application software is capitalized as Intangible Asset.
- Intangible assets are 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.

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 Bihar State Electricity Department as per the contract with HPCL and Power Purchase Agreement with Bihar State Electricity Board.
- 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.

Disaggregate Revenue Information:

(₹ in lacs)		
Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue by offerings		
- Sugar	14,429.85	15,101.87
Revenue by contract type		
- Ethanol	6,128.49	1773.85
- Cogen	1,055.51	1029.17

- 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, taxes 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.

For transactions and other events recognized outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit and loss (either in other comprehensive income or directly in equity, respectively) 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.

For items outside Profit or loss account (in other comprehensive income or in equity), deferred tax is also recognized outside profit or loss only (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

N. Provisions and contingent liabilities

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

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

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

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

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

O. Financial Instruments

I) Financial Assets

• Classification

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

• Initial recognition and measurement

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

• Debt instruments at amortized cost

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

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

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

- **De-recognition**

- A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:
 - The rights to receive cash flows from the asset have expired, or
 - The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) The Company has transferred substantially all the risks and rewards of the asset, or
 - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

- **Impairment of financial assets**

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

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

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

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

iii. **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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Consolidated Statement of Profit and Loss.

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.

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

		Tangible Assets							Amount in ₹ Lacs		
		Leasehold- Right to Use Assets	Freehold Land	Plant & Equipment	Furniture & Fixtures	Computers & Printers	Building	Tangible Assets	Intangible Assets	Total	Total
Gross Value											
01.04.21		7,530.91	20.36	52,399.90	84.75	53.04	4,459.05	64,548.01	34.13	64,582.14	
Additions/Reclassifications		-	-	156.09	2.18	1.23	-	159.50	-	159.50	
Deductions/Reclassifications		-	-	-	-	-	-	-	-	-	
Amount of change due to revaluation		-	-	-	-	-	-	-	-	-	
As on 31.03.22		7,530.91	20.36	52,555.99	86.93	54.27	4,459.05	64,707.51	34.13	64,741.64	
Depreciation											
As on 31.03.21		312.68	-	14,879.35	74.95	31.29	1,037.15	16,335.42	30.70	16,366.12	
Charge for the Year		158.10	-	2,496.84	2.68	5.31	157.57	2,820.50	0.49	2,820.99	
Deductions/Reclassifications		-	-	-	-	-	-	-	-	-	
As on 31.03.22		470.78	-	17,376.19	77.63	36.60	1,194.72	19,155.92	31.19	19,187.11	
Impairment Loss											
01.04.21		-	-	-	-	-	-	-	-	-	
Charge for the Year		-	-	-	-	-	-	-	-	-	
As on 31.03.22		-	-	-	-	-	-	-	-	-	
Net Block (Gross Value-Depreciation-Impairment Loss)											
As on 31.03.21		7,218.23	20.36	37,520.55	9.80	21.75	3,421.90	48,212.59	3.43	48,216.02	
As on 31.03.22		7,060.13	20.36	35,179.80	9.30	17.67	3,264.33	45,551.59	2.94	45,554.53	
(Rounding off errors have been adjusted)											

Notes Forming Part of the Financial Statements			
Particulars	Note No.	Amount in ₹ Lacs	
		As at 31st March 2022	As at 31st March 2021
Capital Work-In-Progress	4		
Unallocated Capital Expenditure and Materials at Site		747.39	31.28
Advance to Contractor for Capital Expenditure		-	-
Capital Stores		-	-
Capital Stores Lying with Contractors		-	-
Capital Goods in Transit		-	-
Total		747.39	31.28
(i) Capital Work-in-Progress Ageing schedule			
Capital Work-in-Progress			
(a) Projects in Progress			
- Less than 1 year		747.39	21.77
- 1 to 2 years		-	9.51
- 2 to 3 years		-	-
- More than 3 years		-	-
Sub- total		747.39	31.28
(b) Projects temporarily suspended			
- Less than 1 year		-	-
- 1 to 2 years		-	-
- 2 to 3 years		-	-
- More than 3 years		-	-
Sub- total		-	-
(ii) Capital Work-in Progress completion schedule whose completion is overdue or has exceeded its cost compared to its original plan :-			
(a) Project in progress to be completed in			
Less than 1 year-		747.39	-
1. Construction of Biocompost Yard- ₹619.75 lakhs		-	-
2. Construction of Storm Water Drainage System- ₹119.72 lakhs		-	-
3. Mechanical Sludge Handling- ₹7.92 lakhs)		-	-
1 - 2 years		-	-
2 - 3 years		-	-
More than 3 years		-	-
Sub- total		747.39	-
(b) Projects Temporarily Suspended			
Less than 1 year		-	-
1 - 2 years		-	-
2 - 3 years		-	-
More than 3 years		-	-
Sub- total		-	-
Non-Current Investments			
Total Non - Current Investments		-	-
Long-Term Loans			
Unsecured, Considered Good			
Capital Advances		-	-
Total		-	-
Other Non-Current Financial Assets	5		
(i) Security Deposits			
(ii) Bank Deposits with more than 12 months maturity		30.50	-
(iii) Other Non-Current Financial Assets		-	-
Total		30.50	-
Other Non-Current Assets	6		
Capital Advances		-	-
Other Deposits		9.72	9.72
Balances with Excise, Customs, Port Trust etc.		-	-
Prepaid Operating Lease Premium		-	-
Total		9.72	9.72
Current Investments			
Non - Trade Investments (Quoted)		-	-
Total		-	-
Inventories	7		
A. Inventories as per books			
(Inventory Taken, Valued & Certified by the Management)			
Raw Materials (Including in Transit - Raw Materials)		-	-
Finished Products		14,621.37	15,720.59
Finished Products (In-Transit)		120.60	17.84
Bio-Compost		40.12	36.84
Work in Progress		1,165.31	612.17
Packages		51.50	51.49
Process Materials & Lubes		116.49	118.42
Stores & Spares		372.34	300.52
Total		16,487.73	16,857.87

B. Provision for Gain/(Loss) on Inventory Variation			
Finished Products		-	(71.10)
Work in Progress		-	0.01
Stores & Spares		(44.13)	(34.60)
Total		(44.13)	(105.69)
C. Net Inventories			
Raw Materials (Including in Transit - Raw Materials)		-	-
Finished Products		14,621.37	15,649.49
Finished Products (In-Transit)		120.60	17.84
Bio-Compost		40.12	36.84
Work in Progress		1,165.31	612.17
Packages		51.50	51.49
Process Materials & Lubes		116.49	118.42
Stores & Spares		328.21	265.92
Total		16,443.60	16,752.17
Trade Receivables	8		
- Considered Good - Secured			-
- Considered Good - Unsecured		27.56	167.64
- Which have significant increase in credit risk; and		-	-
- Credit Impaired		-	-
Less: Provision for Doubtful Debts		-	-
Total		27.56	167.64
Trade Receivables Ageing Schedule			
(i) Considered Good - Undisputed		-	-
- Unbilled		-	-
- Not Due		-	-
- Less than 6 months		14.90	153.80
- 6 months to 1 year		-	-
- 1 to 2 years		-	-
- 2 to 3 years		-	2.10
- More than 3 years		12.66	11.74
Sub- Total		27.56	167.64
(ii) Significant Increase in Credit Risk - Undisputed		-	-
- Unbilled		-	-
- Not Due		-	-
- Less than 6 months		-	-
- 6 months to 1 year		-	-
- 1 to 2 years		-	-
- 2 to 3 years		-	-
- More than 3 years		-	-
(iii) Credit Impaired - Undisputed		-	-
- Unbilled		-	-
- Not Due		-	-
- Less than 6 months		-	-
- 6 months to 1 year		-	-
- 1 to 2 years		-	-
- 2 to 3 years		-	-
- More than 3 years		-	-
(iv) Considered Good - Disputed		-	-
- Unbilled		-	-
- Not Due		-	-
- Less than 6 months		-	-
- 6 months to 1 year		-	-
- 1 to 2 years		-	-
- 2 to 3 years		-	-
- More than 3 years		-	-
(v) Significant Increase in Credit Risk - Disputed		-	-
- Unbilled		-	-
- Not Due		-	-
- Less than 6 months		-	-
- 6 months to 1 year		-	-
- 1 to 2 years		-	-
- 2 to 3 years		-	-
- More than 3 years		-	-
(vi) Credit Impaired - Disputed		-	-
- Unbilled		-	-
- Not Due		-	-
- Less than 6 months		-	-
- 6 months to 1 year		-	-
- 1 to 2 years		-	-
- 2 to 3 years		-	-
- More than 3 years		-	-

Particulars	Note No.	As at 31st March 2022	As at 31st March 2021
Cash and Cash Equivalents	9		
I. Cash & Cash Equivalents			
Cash on Hand		-	-
II. Balances With Scheduled Banks:			
On Current Accounts		75.31	2.32
III. Other Bank Balances			
With Scheduled Banks:		-	-
Earmarked on Fixed Deposit Accounts		-	-
Against Bank Guarantee Issued to BSPCB		42.87	40.73
Earmarked for Unclaimed Dividend		-	-
With Others:		-	-
Total		118.18	43.05
Short-Term Loans	10		
Unsecured			
Considered Good			
Share Application Money Pending Allotment		-	-
Loans to Related Party		-	-
Receivable from Farmer for Cane Seed		2.53	2.56
Other Advances		-	-
Total		2.53	2.56
Other Current Financial Assets	11		
Other Recoverable		2.63	2.63
Employee Advance		0.10	0.86
Other Accounts Receivable		28.72	28.72
Less: Provision for Doubtful Other Account Receivable		(28.72)	(28.72)
Amounts Recoverable under Subsidy Schemes		11.82	1,846.07
Amounts Recoverable from Sri Venkateswara Global Trading Pvt Ltd (Refer Note No. 67)		1,376.00	-
Less: Provision for Doubtful Other Account Receivable (Refer Note No. 67)		(1,376.00)	-
Total		14.55	1,849.56
Other Current Assets	12		
Balances with Excise, Customs, Port Trust etc.		926.52	952.36
Vendor Advance		525.15	495.75
Less: Provision for Doubtful Vendor Advance		(440.46)	(440.46)
Prepaid Expenses		150.30	186.71
Total		1,161.51	1,194.36
Share Capital	13		
A. Authorised:			
115,00,00,000 Equity Shares of ₹10 each		115,000.00	115,000.00
Total		115,000.00	115,000.00
B. Issued, Subscribed, Called up & Fully Paid:			
98,67,323,71 Equity Shares of ₹10 each Fully Paid up (100% Held by HPCL)		98,673.24	97,895.15
Total (A)		98,673.24	97,895.15
C. Share Application Money Pending Allotment			
Equity Shares of ₹10 each		-	-
Total (B)		-	-
Total (A+B)		98,673.24	97,895.15
C. Rights, preferences and restrictions attaching to Equity Shares			
All equity shares are allotted to the holding company "Hindustan Petroleum Corporation Ltd" except 10 equity shares which were allotted to 10 nominees of the holding company.			
D. Shares held by Holding Company - Hindustan Petroleum Corporation Ltd			
Equity Shares		986,732,371.00	978,951,511.00
E. Share holding pattern			
Hindustan Petroleum Corporation Ltd			
Equity Shares		100%	100%
%change during the year		Nil	Nil
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

Particulars	Note No.	As at 31st March 2022	As at 31st March 2021
Other Equity	14		
Capital Reserve		3,929.45	3,929.45
Total		3,929.45	3,929.45
Capital Grant		-	-
Surplus / (Deficit) in Statement of Profit and Loss			
Opening Balance		(75,238.85)	(67,239.91)
Add: Conversion Impact of Preference share to Equity		-	-
Add: Profit / (Loss) for the Year		(6,672.29)	(7,998.94)
Closing Balance		(81,911.14)	(75,238.85)
Other Reserve		-	-
Total		(77,981.69)	(71,309.40)

HPCL Biofuels Limited Note No. 15- Statement of changes in equity Amount in ₹ Lacs													
A. Equity Share Capital													
	Changes in Equity Share Capital due to Prior Period Error	Restated balance at the beginning of the Current Period	Changes in Equity during the Current Period	Balance at 31st March, 2022									
	Balance at 1st April 2021	97,895.15	778.09	98,673.24									
		0	97,895.15										
Equity Share Capital - Previous Reporting Period													
	Changes in Equity Share Capital due to Prior Period Error	Restated balance at the beginning of the Current Period	Changes in Equity during the Current Period	Balance at 31st March 2021									
	Balance at 1st April 2020	62,517.15	35,378.00	97,895.15									
		-	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 2021		3,929.45			-	(75,238.85)						(71,309.40)
	Changes in accounting policy or prior period errors		-		-	-	-						-
	Restated balance as at 1 April 2021	-	3,929.45			-	(75,238.85)	-	-	-	-	-	(71,309.40)
	Profit for the Year		-		-	-	(6,694.97)						(6,694.97)
	Other comprehensive income for the Year		-		-	-	22.68						22.68
	Dividends		-		-	-	-						-
	Transfer to retained earnings		-		-	-	-						-
	Any other change (to be specified)		-		-	-	-						-
	Balance at 31st March 2022	-	3,929.45	-	-	-	(81,911.14)	-	-	-	-	-	(77,981.69)
B. Other Equity - Previous Reporting Period													
	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus			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 2020		3,929.45			-	(67,239.86)				(65,967.12)		
	Changes in accounting policy or prior period errors		-		-	-	-				-		
	Restated balance as at 1 April 2020	-	3,929.45			-	(67,239.86)	-	-	-	(63,310.41)		
	Profit/(Loss) for the Year		-		-	-	(8,007.42)				(8,007.42)		
	Other comprehensive income for the Year		-		-	-	8.49				8.49		
	Dividends		-		-	-	-				-		
	Transfer to retained earnings		-		-	-	-				-		
	Any other change (to be specified)		-		-	-	-				-		
	Balance at 31st March 2021	-	3,929.45	-	-	-	(75,238.79)	-	-	-	(71,309.34)		
Note: Capital Reserve is created on account of fair valuation of Bridge Loan provided by HPCL and the same is not available for distribution as Dividend.													
As per our report of even date attached For Thakur Bhuwanes & Associates Chartered Accountants													
				R Sridhar Director DN-06749266	Vinod S Shenoy Chairman DIN-07632981								
				Pranay Kumar Chief Executive Officer PAN: AFGPK4512C	Heena Shah Company Secretary ACS-13736								
				J. Roychowdhury Chief Financial Officer PAN: ADCPC5175D									
CA. B.K.Thakur Partner Membership No. 500431 Firm's ICAI Reg.No. 019690N Place : Date :													

Long-Term Borrowings	16		
Secured Loans (Against Hypothecation of Fixed & Current Assets)			
Bank Term Loan			-
Less: Installment payable in 2022-23		-	-
GOB Soft Loan		-	-
Less: Installment payable in 2022-23		-	-
Total (A)		-	-
Un-Secured Loans			
Loans & Advances from Related Parties :			
1. Working Capital Loan from HPCL 2020-21 repayable from March 2022 in 13 installments		15,326.16	14,503.69
Less: Installments due within 1 year		(5,000.00)	(1,000.00)
Total (A+B)		10,326.16	13,503.69
Non Current Financial Liabilities	16A		
Lease Liability for HBL HQO		11.28	18.20
Total		11.28	18.20
Long Term Provisions	17		
Provision for Gratuity		410.52	363.02
Provision for Leave Encashment		115.65	107.57
Total		526.17	470.59
Other Non Current Liabilities	18		
Deferred Government Grant		1,153.93	1,244.26
Deferred Lease Rental Premium		1,409.47	1,440.22
Total		2,563.40	2,684.48

Particulars	Note No.	As at 31st March 2022	As at 31st March 2021
Short Term Borrowings	19		
Secured Loans			
Cash Credit (Hypothecation of Debtors & Inventory) (Rate of Interest @ 6 month MCLR+0.85% Fixed Spread)		9,768.08	9,028.03
Overdrafts from Banks (Secured by Hypothecation of Stock-in-Trade)		-	-
Un-Secured Loans			
Loans & Advances from Related Party HPCL in FY 2021-22		6,000.00	-
Current Maturities of Long Term Debt		-	-
-Bank Term Loan		-	-
-HPCL Working Capital Loan 2020-21		5,000.00	1,000.00
Total		20,768.08	10,028.03
Current Financial Liabilities :			
Lease Liability for HBL HQO(Due in next 12 months)	19A	9.96	9.96
Total		9.96	9.96
Trade Payables	20		
(i) Total Outstanding dues of Micro, Small & Medium Enterprises		72.06	86.30
(ii) Total outstanding dues of creditors other than above Creditors			
Operating Expenses Payable to HPCL		2,341.04	1,938.56
Accrued Expense - Payable		764.65	1,082.47
Payable to Cane Growers		61.84	7,477.77
Payable to Trade Vendors		775.84	495.50
Total		4,015.43	11,080.60
Trade Payables Ageing Schedule :			
Particulars			
(i) Undisputed :			
(a) MSME			
- Unbilled		-	-
- Not Due		-	-
- Less than 1 year		66.48	72.99
- 1 to 2 years		2.62	3.84
- 2 to 3 years		2.42	2.15
- More than 3 years		0.54	7.32
Sub - Total		72.06	86.30
(b) Others			
- Unbilled		509.80	1,082.46
- Not Due		254.86	-
- Less than 1 year		1,119.46	7,909.25
- 1 to 2 years		563.67	483.54
- 2 to 3 years		291.92	342.11
- More than 3 years		1,203.66	1,176.94
Sub - Total		3,943.37	10,994.30
(ii) Disputed :			
(a) MSME		-	-
- Unbilled		-	-
- Not Due		-	-
- Less than 1 year		-	-
- 1 to 2 years		-	-
- 2 to 3 years		-	-
- More than 3 years		-	-
(b) Others		-	-
- Unbilled		-	-
- Not Due		-	-
- Less than 1 year		-	-
- 1 to 2 years		-	-
- 2 to 3 years		-	-
- More than 3 years		-	-
Other Current Financial Liabilities	21		
Payable to Contractor/Vendor (Capital Assets)		49.38	91.30
Retention from Vendors		237.59	175.75
Security Deposit from Contractors		162.43	207.90
Unclaimed Cheque		10.43	10.43
Interest Accrued but not due		186.74	129.84
Payable To Employee		304.92	106.22
Total		951.49	721.44
Other Current Liabilities	22		
TDS Payable		38.77	25.71
SGST Payable		26.97	37.03
CGST/IGST Payable		26.64	54.77
Payable to Zone Development Council		29.42	23.48
PF Contribution Employee		13.93	19.30
Deferred Lease Rental Premium Current		30.75	30.75
Advance From Customers		3,977.34	2,868.07
Deferred government grant		90.32	90.32
Total		4,234.14	3,149.43
Short-Term Provisions	23		
Provision for Other Employee Benefits		12.41	14.19
Total		12.41	14.19

Particulars	Note No.	Year Ended Ended 31st March 2022	Year Ended 31st March 2021
Revenue from Operations	24		
Gross Sales			
Sale of Products		21,647.29	18,003.94
Other Operating Income		360.21	50.17
Recovery under Subsidy Schemes		-	140.85
Total		22,007.50	18,194.96
Other Income	25		
Rent Recoveries		30.75	30.75
Interest (Gross) On Others		2.63	3.67
Miscellaneous Income		238.65	141.82
Total		272.03	176.24
Cost of Materials Consumed	26		
Cane Purchase		15,481.84	12,198.38
Cane Transportation		136.30	100.24
ZDC Commission		30.96	24.41
Cane-Other Procurement Cost		92.77	68.66
Total		15,741.87	12,391.69
Power & Fuels	27		
Baggasse Cost, Fuels & Handling		279.38	280.46
Rice Husk & Firewood		2.01	46.11
Power Import		355.74	358.29
Total		637.13	684.86
Changes in Inventories of Finished Goods Work-in-Progress & Stock in Trade	28		
Inventories at the end of the period (as per books)			
Work in Progress		1,165.31	612.17
Finished Products		14,741.97	15,738.43
Bio Compost		40.12	36.84
Total A		15,947.40	16,387.44
Inventories at the beginning of the period			
Work in Progress		612.17	766.04
Finished Products		15,738.43	17,029.43
Bio Compost		36.84	35.04
Total B		16,387.44	17,830.51
Total (B-A)		440.04	1,443.07

Employee Benefits Expense	29		
Salaries, Wages, Bonus, etc.		1,866.61	1,712.91
Employees Allowances & Other Benefits		620.91	564.70
Employees Recruitment & Training		4.39	2.00
Contribution to Provident Fund		181.72	172.82
Gratuity & Leave Encashment		80.07	70.69
Employee Welfare Expenses		14.46	5.47
Total		2,768.16	2,528.59
Finance Costs	30		
Interest Expense on Instruments Carried at Amortised Cost			
-On Cash Credit and Term loan		722.44	2,151.34
-On Bridge Loan		1,568.30	1,758.00
-On Lease Liability		3.03	3.30
Total		2,293.77	3,912.64
Other Expenses	31		
Ethanol Transportation		212.04	28.55
Repairs & Maintenance - Buildings		38.88	50.88
Repairs & Maintenance - Plant & Machinery		620.91	529.34
Repairs & Maintenance - Other Assets		59.22	44.92
Insurance		217.20	214.85
Rates & Taxes		93.22	87.91
Travelling & Conveyance		55.36	45.86
Contract Labour		27.37	33.40
Printing & Stationery		20.55	22.04
Electricity & Water		3.32	2.68
Cane Development Expense		(32.98)	0.23
Discount on Cogen		16.03	8.72
Other Supplies		0.30	0.27
Telephone & Fax		8.42	7.41
Postage & Telegram		3.68	2.67
Provision for Doubtful Other Account Receivable (Refer Note No. 67)		1,376.00	-
Other Manufacturing Expenses		54.18	34.64
Security Charges		261.06	185.38
Advertisement & Publicity		8.79	11.74
(Gain)/Loss on Sale/Disposal of Fixed Asset		-	(13.26)
Sundry Expenses & Charges (Not otherwise classified)		191.74	185.80
Consultancy & Technical Services		94.17	56.04
Auditor Expenses			
-Statutory Audit Fees		1.50	1.50
-Other Services		-	-
-Other Expenses		0.18	-
Exchange Rate Variation (Net)		-	-
Total		3,331.14	1,541.57
Provision for Gain/(Loss) on Inventory Variation	32		
Reversal of Last Year Provision on Inventory Variation		71.10	1.45
Total		71.10	1.45

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.

Amount (₹ in Lacs)

Sl. No.	Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
1	Segment Revenue		
	a) Sugar	20,474.47	19,340.68
	b) Ethanol	6,131.31	1,831.69
	c) Co-Gen	5,740.18	4,822.28
	d) Unallocated	572.2	122.78
	Total	32,918.16	26,117.43
	Less: Inter Segment	10,638.63	7,746.23
	Net Segment Revenue	22,279.53	18,371.20
2	Segment Results		
	a) Sugar	-4,087.21	-4,018.75
	b) Ethanol	563.93	407.65
	c) Co-Gen	-794.57	-404.78
	d) Unallocated	-83.35	-73.66
	Total	-4,401.20	-4,089.54
	Less: Interest	2,293.77	3,912.64
	Less: Other Unallocable Exp.	-	5.25
	Total Profit After Tax	-6,694.97	-8,007.43
3	Segment Assets		
	a) Sugar	34,636.40	38,019.29
	b) Ethanol	7,862.05	9,349.50
	c) Co-Gen	14,927.26	13,230.14
	d) Unallocated	7,758.63	7,666.88
	Total	65,184.34	68,265.80
4	Segment Liability		
	a) Sugar	37,769.00	39,613.27
	b) Ethanol	524.28	791.62
	c) Co-Gen	1,019.61	828.42
	d) Unallocated	5,179.90	446.75
	Total	44,492.79	41,680.06
5	Capital Employed [Segment Assets-Segment Liability]	20,691.55	26,585.75
6	Capital Expenditure incl. Change in CWIP		
	a) Sugar	-	95.43
	b) Ethanol	619.75	11.24
	c) Co-Gen	-	37.09
	d) Unallocated	127.64	44.37
	Total	747.39	188.13
7	Depreciation		
	a) Sugar	1,131.07	1,240.73

	b) Ethanol	428.24	469.73
	c) Co-Gen	939	1,025.38
	d) Unallocated	322.68	87.4
	Total	2,820.99	2,823.24
8	Non Cash Expenditure Other Than Depreciation	825.5	1,064.36

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 segment transfer of material.
5. Segment assets and liabilities represents assets and liabilities in respective segment. Assets and liabilities that cannot be allocated to segment on reasonable basis have been disclosed as unallocable.
6. Previous year figures have been regrouped/reclassified wherever necessary.

34. DEFERRED TAX LIABILITY FOR THE YEAR ENDED MARCH 31,2022

Sl No	Timing differences	Amount (₹ in Lacs)	DTA @26%	DTL @26%
1	Differences in Book & Tax Depreciation WDV as per books of accounts as at March 31,2022 Less : WDV as per Income Tax Act as at March 31,2022 Difference (If WDV as per IT is more than the WDV as per books then DTA is created, othrwise DTL)	45,554.55 11,603.47 (33,951.15)		8,827.30
2	Expenditures covered by section 43 B which are outstanding as on 31 March and not paid on or before the due date of filing of return Employer's contribution to PF, superannuation fund, annuity fund or other fund for the welfare of the employees Leave Encashment Gratuity Bonus Debtors Rent equalisation reserve CENVAT Customs Duty Service Tax/ provision for contingencies Any other tax, duty, cess or fee payable to government Interest payable on loan or borrowing from a public finacial institution or schedule bank			
3	Assets acquired for secientific research for which 100% deduction is given in the year of purchase but capitalised in the books			

4	Expenditures disallowed for non deduction of tax at source (to be recognised if there is certainty that the company will deduct tax on the expenditure disallowed in the next year) Sec 40(a)(I) & (ia)			
5	Expenditures disallowed for Payment of Penalty (Sec.37)			-
6	Losses available for set off	64,674.58	16,815.39	
	Total as on March 31,2022		16,815.39	8,827.30
	Net Deferred tax asset as on March 31,2022		7,988.09	-
	Net Deferred tax asset as on March 31 of the previous year		10,665.00	-
	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 in case of Gratuity is as follows:

(₹ in Lacs)

Particulars	Gratuity (2021-22)	Gratuity (2020-21)
<u>Present value of projected benefit obligation</u>		
Present value of Benefit Obligation at the beginning of the period	374.60	319.97
Interest Cost	25.96	21.82
Current Service Cost	45.66	44.83
Benefit paid	(3.36)	(3.53)
Actuarial (gains)/ losses on obligations - due to change in demographic assumptions	0.016	
Actuarial (gains)/ losses on obligations - due to change in financial assumptions	(22.74)	(6.32)
Actuarial (gains)/ losses on obligations - due to experience	0.05	(2.16)
Present value of Benefit Obligation at the end of the period	420.19	374.61
<u>Changes in fair value of plan assets</u>		
Fair value of Plan Assets at the beginning of the period		
Interest income		
Contributions by the employer		
Benefit paid		
Return on plan assets, excluding interest income		
Fair value of Plan Assets at the end of the period		
<u>Included in profit and loss account</u>		
Current Service Cost	45.66	44.83
Net interest cost	25.96	21.82
Past Service Cost		
Total amount recognized in profit and loss account	71.62	66.65
<u>Re-measurements</u>		
Return on plan assets, excluding interest income		

(Gain)/loss from change in demographic assumptions	0.016	
(Gain)/loss from change in financial assumptions	(22.74)	(6.32)
Experience (gains)/losses	0.05	(2.16)
Change in asset ceiling, excluding amounts included in interest expense		
Total amount recognized in other comprehensive income	(22.69)	(8.48)

Amount recognized in the Balance Sheet

(₹ in Lacs)

Particulars	Gratuity (31st March 2022)	Gratuity (31st March 2021)
Present value of benefit obligation at the end of the period	(420.19)	(374.60)
Fair value of plan assets at the end of the period	0	0
Net Liability / (Asset) recognised in the Balance Sheet	(420.19)	(374.60)

Plan Assets:

Particulars	Gratuity (2021-22)	Gratuity (2020-21)
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 (2021-22)	Gratuity (2020-21)
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.29%	6.93%
Rate of Salary Increase	7.00%	7.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.

Sensitivity analysis:

(₹ in Lacs)

Particulars	Gratuity (2021-22)	Gratuity (2020-21)
Delta effect of +1% Change in Rate of Discounting	(55.49)	(51.53)
Delta effect of -1% Change in Rate of Discounting	67.37	63.12
Delta effect of +1% Change in Rate of Salary Increase	66.89	62.43
Delta effect of -1% Change in Rate of Salary Increase	(56.10)	(51.94)
Delta effect of +1% Change in Rate of Employee Turnover	1.80	(0.41)
Delta effect of -1% Change in Rate of Employee Turnover	(2.07)	0.47

The expected maturity analysis of undiscounted benefits is as follows:

(₹ in Lacs)

Particulars	Gratuity (2021-22)	Gratuity (2020-21)
Less than a year	9.67	11.58
Between 1 - 2 year	10.58	8.53
Between 2 - 5 year	37.72	29.53
Over 5 years	1408.88	1244.27
Total	1,466.85	1,293.91

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, 2022

(₹ in Lacs)

	Carrying amount				Fair Value		
	FVT PL	FVT OCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>							
Trade receivables			27.56	27.56			
Cash & Cash equivalents			118.18	118.18			
Short-term loans			2.53	2.53			
Other current financial assets			14.55	14.55			
<u>Financial liabilities</u>							
Cash credit			9,768.09	9,768.09			
Trade payables			4,015.43	4,015.43			
HPCL WCL 2020-21			15,326.16	15,326.16		15,526.98	
Other current financial liabilities			951.49	951.49			

As at 31st March, 2021

(₹ in Lacs)

	Carrying amount				Fair Value		
	FVT PL	FVT OCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>							
Trade receivables			167.64	167.64			
Cash & Cash equivalents			43.05	43.05			
Short-term loans			2.56	2.56			
Other current financial assets			1,849.56	1,849.56			
<u>Financial liabilities</u>							
Cash credit			9,028.03	9,028.03			
Trade payables			11,080.60	11,080.60			
HPCL WCL 2020-21			14,503.69	14,503.69		15053.16	

Other current financial liabilities			721.44	721.44			
-------------------------------------	--	--	--------	--------	--	--	--

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 appropriate discount rate

37. Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from bank balances, 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 summarizes 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 2022

(₹ in Lacs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and estimated interest payable thereon	15291.83	11994.41	0	0	27286.24
Trade payables	4015.43	0	0	0	4015.43
Other financial liabilities	951.49	0	0	0	951.49
Total undiscounted financial liabilities	20258.75	11994.41	0	0	32253.16

As at 31st March 2021

(₹ in Lacs)

Particulars	1 year or less	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings and estimated interest payable thereon	10,597.28	10,309.63	6,129.59	-	27,036.50
Trade payables	11080.60			-	11,080.60
Other financial liabilities	721.44			-	721.44
Total undiscounted financial liabilities	22,399.32	10,309.63	6,129.59	-	38,838.54

39. Interest rate risk

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

- **Exposure to interest rate risk**

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

(₹ in Lacs)

Particulars	Carrying amount	
	31-Mar-22	31-Mar-21
Variable rate borrowings	31094.24	23,531.72
Fixed rate borrowings		-
Total borrowings	31094.24	23,531.72

- **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 Lacs)

Particulars	Profit or loss	
	100 bp increase	100 bp decrease
31 st March 2022	(322.68)	322.68
31 st March 2021	(428.95)	428.95

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 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 2022 and 31st March 2021.

41. **Lease Hold Land**

Leasehold Land is being amortized over a period of 60 years on SLM basis. ₹150.48 Lacs has been amortized for the year 2021-22 (P.Y.20-21 - ₹ 150.45 Lacs). 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 Lacs)	4,500.00	5,000.00	9,500.00
Acquisition Cost I in Lacs (Net of Scrap Sale)	4,084.44	4,942.37	9,026.81

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

42. **Sub-Lease of Land to HPCL**

During the FY 17-18, possession of Leasehold land measuring 29.34 acres was transferred to Hindustan Petroleum Corporation Ltd. on 31st March for a consideration of ₹1,594.07 Lacs on same terms and conditions as applicable to HBL for the remaining period of lease. The amount received is recognized as income over the period of Lease. 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 1,600 sqmtr, which is part of Sugauli Plant premises to HPCL Beghusarai 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 Financial Year 2021-22.

43. Plant Capacity

Sl. No.	Plant Name	Capacity (Sugauli)	Capacity (Lauriya)
1	Sugar Plant	3,500 TCD	3,500 TCD
2	Ethanol Plant	60 KLPD	60 KLPD
3	Co-gen Plant	20MW	20MW

44. Excise Claim with GOB

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

45. Consumption of Raw Materials

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

46. 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.

47. 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 2022 is 4,358 nos and on 31st March 2021 was 31494 Nos.

48. 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 Lacs)

Sr	Particulars	2021-22	2020-21
1.	Amounts payable to "suppliers" under MSMED Act, as on 31/03/22: -	72.06	86.30
	- Principal	72.06	86.30
	- Interest	-	-
2.	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y.2021-22 (irrespective of whether it pertains to current year or earlier years) –	-	-
	- Principal	-	-
	- Interest	-	-
3.	Amount of interest due / payable on delayed principal which has already been paid during the current year (without interest or with part interest)	-	-
4.	Amount accrued and remaining unpaid at the end of Accounting Year	-	-
5.	Amount of interest which is due and payable, which is carried forward from last year	-	-

49. Secured Loan

Working capital loan is from State Bank of India with interest @ 6 month MCLR + 0.85% fixed spread, and the limit is ₹12,500 Lacs. The working capital loan is secured by hypothecation of Stocks & Debtors of the company. The Working Capital Loan balance as on 31.03.2022 was ₹ 9768.08 Lacs (₹9,028.03 Lacs as on 31.03.2021).

50. Unsecured loan

An unsecured working capital loan of ₹ 6000 Lacs was obtained from the holding company during FY 2021-22 to meet the working capital requirements.

51. Provision for Gratuity & Leave Encashment

Provision for gratuity of ₹ 410.52 Lacs (P.Y. 20-21 ₹ 363.02 Lacs) has been made towards retirement benefits for employees during the year based on Actuarial Valuation as of 31.3.2022. Provision for Leave Encashment of ₹115.65 Lacs (P.Y.20-21 ₹107.57 Lacs) has been made based on Actuarial Valuation as of 31.03.2022.

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).

52. 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.34**).

53. 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 meter.

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

54. Provision for inventory variation

The company is conducting regular physical verification of inventory. The inventory variation provision is ₹ 44.13 Lacs (P.Y. ₹105.69 Lacs) During the year, we write off provision to the extent of ₹ 71.10 lakhs after taking appropriate approvals..

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

(₹ in Lacs)

Sr	Description	2021-22	2020-21
A.	Estimated amount of contracts remaining to be executed on capital account not provided for.	281.31	925.50
B.	Claims against the company not acknowledged as debts		
	*Wrong disallowance of Input Tax Credit claimed on capital goods for 2010-11. Appeal lying before Sales Tax Tribunal, Bihar	698.44	698.44
	Erroneous demand for 2010-11 of Entry Tax based on proportional amounts, ignoring the actual tax paid.(₹ 10.22 Lacs paid as advance tax under protest)	68.12	68.12
	Erroneous demand for 2012-13 on account of denial of Input Tax Credit	93.81	93.81
	Erroneous demand for 2013-14 on account of denial of Input Tax Credit	71.65	71.65
	Erroneous demand for 2014-15 on account of denial of Input Tax Credit	38.76	38.76
	Erroneous demand for 2013-14 on account of suppression of purchase turnover ignoring the actual facts	92.09	92.09
	Outstanding Income Tax Demand for FY 16-17	1.46	0
	Claim by a vendor for outstanding payments of Bagasse.	10.14	10.14
	Claim by an EPCC Contractor turned down by NCLAT and giving a favourable decision vide their order dated 09/03/2022	0	1990.12
C.	Guarantees given to others		
	Bank Guarantee given to the Bihar State Pollution Control Board as Security Deposit	70.00	40.00
D.	Managerial Remuneration		
	Salary & Allowances		
	(Chief Executive Officer on deputation from HPCL. The amount represents remuneration from HPCL and debited to the company. The salary includes salary, company contribution to PF, LFA, Bonus, medical, gratuity & leave encashment)	82.10	50.81

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

*The EPCC contract was placed for the setup of a new plant for which the company was eligible to get Commercial Input Tax Credit (ITC) of ₹ 6.98 Cr suffered by capital goods which was claimed as ITC in sales tax return in the year 2010-11 eligible for set-off of future VAT liabilities, but actually never adjusted. Department wrongly construed that since this ITC credit is shown as eligible in return, ITC benefit must have been availed by HBL and levied the demand of taxing the ITC at 100% tax rate which is inconsistent. After the demand was raised, an appeal was filed accordingly. Basis the sound legal footing, in considered view of the management and Expert, any provision is not required at this point of time. Being aggrieved by the order of Tax authority, appeal was filed in Bihar commercial Tax tribunal, which was turned down on ground of non-deposit of 20%, our appeal for restoration, is pending and the same is disclosed as a contingent liability in the above Note no. 55 of the audited accounts.

56. **Related Party**

Nature of relationship	Name of related parties
Promoters	Hindustan Petroleum Corporation Ltd
Key Management personnel	Shri Pranay Kumar(CEO) Shri J. Roychowdhury (CFO) Ms. Heena Shah (Co. Secretary)
Relative of key Management personnel	Nil

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

(₹ in Lacs)

Nature of Transaction	2021-22	2020-21
Advance taken against supply of Ethanol	7,423.00	3,600.00
Balance Ethanol Advance as on 31 st March, 2022	3975.41	2,866.20
Interest Paid during the year to HPCL on Ethanol Advance	128.29	166.57
Sale of Ethanol to HPCL (Excl. In-Transit sales on 31.03.22 for ₹ 204.03 Lacs, P.Y. ₹20.25 Lacs)	6,434.91	1,862.00
Purchase of Lubes from HPCL	29.80	26.89
Purchase of Sulphur from HPCL	30.55	22.54
Working Capital Loan taken from HPCL	6000.00	165,00.00
Working Capital Loan balance as on 31.03.2022 (balance without Ind As impact: CY – ₹ 225,00 lacs, PY – ₹ 165,00 lacs)	15,326.16	14,503.69
Interest paid to HPCL on working Capital Loan	745.83	749.44
Manpower cost of employees on deputation and establishment expenses (Including GST)	439.73	340.65
Equity Infusion by HPCL	778.08	35,378.00
Payable to HPCL Corporate on account of Manpower Cost, Bridge Loan interest and Other Expenses	2,527.78	2,068.39
Payable on account of Lubes and Sulphur Purchases	0.00	0.79

58. Payment to Auditors

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

Particulars	2021-22	2020-21
For Statutory Audit	1.50	1.50
For management services	0.00	0.00
For expenses	0.18	0.00
Total	1.68	1.50

59. Foreign Exchange Information

(₹ in Lacs)

Sr	Particulars	2021-22	2020-21
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	15,741.87	12,391.69
	Spare Parts and components		
	Imported in %	Nil	Nil
	Imported in Value	Nil	Nil
	Indigenous in %	100%	100%
	Indigenous in Value	515.84	621.84
d	The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related		
e	Earnings in foreign exchange classified under the following heads, namely		
	Export of goods calculated on FOB basis	Nil	Nil
	Royalty, know how, professional and consultation fees	Nil	Nil
	Interest and dividend	Nil	Nil
	Other income indicating the nature thereof	Nil	Nil

60. 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.

61. Impact of Ind AS 116 "Leases":

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases, replacing the existing Standard Ind AS 17, to be effective from Accounting Period beginning with April 01, 2019. The adoption of Standard calls for recognition of 'Lease Liability' & 'Right to Use Assets', wherever the term of lease is in excess of 12 months, unless the underlying Asset is of low value.

The Company has used the following practical expedients:

1. Applying a single discount rate to a portfolio of leases with similar remaining lease term.
2. Not applying the transition requirements to leases for which the lease term ends within 12 months of the date of initial application i.e. April 01, 2019.
3. Not applying this Standard to contracts that were not previously identified to contain a lease element under erstwhile Ind AS 17.

A. Maturity Analysis of lease liabilities:

The amounts disclosed in the table below are the contractual undiscounted cash flow:

	(₹ in Lacs)	(₹ in Lacs)
	31.03.2022	31.03.2021
Less than one year	9.96	9.96
Between one and three years	14.94	19.92
More than three years	-	4.98
Total	24.90	34.86

B. Disclosures:	(₹ in Lacs)	(₹ in Lacs)
Particulars	31.03.2022	31.03.2021
a) Expense relating to short-term leases	-	
b) Expense relating to leases of low-value assets	-	
c) Expense relating to variable lease payments not included in the measurement of lease liabilities	-	
d) income from sub-leasing of 'right-of-use'	30.75	30.75
e) Interest expense on lease liabilities	3.03	3.29
f) Total cash outflow for leases	9.96	9.96

C. The following are the carrying values of Right of use ("ROU") assets: (₹inLacs)			
	Class of Underlying Asset		
Particulars	Land - Leasehold	Buildings	Total
Gross Block	7,492.67	38.24	7,530.91
Additions/ Reclassifications			
Deductions/ Reclassifications			-
As on 31.03.2022	7,492.67	38.24	7,530.91
Depreciation/ Amortisation	300.90	11.78	312.68
For the year	150.48	7.62	158.10
Deductions/ Reclassifications			
As on 31.03.2022	451.38	19.40	470.78
Net Block as on 31.03.2022	7,041.29	18.84	7,060.13

62. The Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.
63. The Company has not carried out any revaluation of Property, Plant & Equipment and Intangible Assets.
64. The Company has not carried out transactions relating to Loans or advances in the nature of loans to Promoters, Directors, KMPs and Related Parties.
65. The company is not holding any benami properties.

66. The company has not been declared Wilful defaulter by any bank or financial institution.

67. Relationship with Struck Off Companies

Name of the Struck off Company	Nature of Transaction for the period ended	Balance O/s as on (S in lakhs)		Relationship, if any
		31.03.2022	31.03.2021	
Sri Venkateswara Global Trading Pvt Ltd	Investment in Securities			
	Receivables			
	Payables			
	Shares held by Struck off Company			
	Other O/s (to be specified)-Others Receivable	1376.00	1386.00	

Under Other Current Financial Assets an amount receivable under subsidy schemes, last FY included a sum of ₹ 13.86 crores towards the value of subsidy amount which was to be received from Government of India under Maximum Admissible Export Quotas (MAEQ) for the year 2019-20. To get the benefit of the scheme, the company entered into an agreement with M/s Shri Venkateswara Global Trading Pvt. Ltd. on 30th day of December 2019. As per agreement done with the party a quantity of 13266 MT of sugar was to be exported by merchant. As per agreement, all of the papers relating to export claim documents should have been submitted by the merchant within 30 days after the issuance of the invoice but not later than 90 days after dispatch of the first consignment from the company. Against this a sum of Rs.13.86 crores of subsidy was to be received from Government of India. The dispatch of sugar started from 01.01.2020 and was completed on 04.03.2020. The required documents should have been submitted by 01.04.2020. However, no documents have been submitted till date and company has taken legal recourse for recovery. EOU is taking cognizance of the case but the party remain untraceable and realisation of amount is doubtful. According necessary provision is created in the current FY in the books of accounts after taking appropriate approvals.

68. **Financial Ratios**

Ratio	31.03.2022	31.03.2021	Variance (%)	Reason for Variance(if >25%)
(a) Current Ratio (Times) (Current Assets / Current Liabilities)	0.59	0.80	-26%	Current Assets decreased by 11.20% due to decrease in trade receivables while current liabilities increased by 19.95%
(b) Debt-Equity Ratio (Times) Borrowings (Long Term + Short Term) / Equity	0.32	0.24	31%	Borrowings increased by 32.14% due to reclassification of unsecured loan payable from other current liabilities to borrowings while equity increased by 0.79% only due to infusion of Equity
(c) Debt service coverage Ratio (Times) (Profit after tax + Finance cost + Depreciation) / (Finance cost Paid + Principal Repayment (Long term borrowing and Lease Liabilities))	-1.07	-0.73	46%	Total Finance Cost decreased by 16.19 cr as compared to last year

(d) Return on Equity Ratio (%) (Profit after tax / Average Equity)	-0.07	-0.08	-17%	Net loss decreased by 16.39% while equity increased by 0.79% due to equity infusion
(e) Inventory Turnover Ratio (Times) (Sale of Product / Average Inventory)	1.33	1.04	27%	Decrease in Average Inventory by 4.83% while Sale of Product increased by 20.95% mainly due to increase in sale of ethanol
(f) Trade Receivables Turnover Ratio (Times) (Sale of Product / Average Trade Receivables)	225.49	59.07	282%	There is no power receivables at the end of the year as compared to last year
(g) Trade Payables Turnover Ratio (Times) (Purchases of Stock in trade and Raw Materials & Packages + Other Expenses / Average Trade Payables)	2.08	0.83	150%	Average Trade Payable decreased by 49.18% while Purchases of Raw Material and other Cost increased by 27.04%
(h) Net Capital Turnover Ratio (Times) (Sale of Product / Average Working Capital)	-2.56	-1.31	95%	Average Working Capital decreased by 37.82% while Sale of Product increased by 20.95% mainly due to increase in sale of ethanol.
(i) Net Profit Ratio (%) (Profit after Tax / Revenue from Operations)	-0.30	-0.44	-31%	Net loss decreased by 16.39% while Revenue from Operations increased by 20.95%
(j) Return on Capital Employed (%) (Profit before exceptional item, interest and tax / Average Capital Employed) Average Capital Employed = Net Worth + Total Debt + Deferred Tax Liability	-0.07	-0.06	17%	
(k) Return on Investment (%) ((Closing Balance + Interest + Dividend - opening balance +/- Cash Flows during the Period) / Average Investments)	0.00	0.00	0%	No investment made during the year

69. There are no unrecorded transactions, which have been surrendered or disclosed as Income during the year in the tax assessments under the Income tax act, 1961.

70. Company is a lessee and thus disclosure of title deeds of immovable property not applicable.

71. No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
72. No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
73. Since the company does not have average net profits as contemplated under section 135 for CSR expenditure, no CSR expenditure have been incurred during the year. Therefore no disclosure is made on account of CSR expenditure.
74. The company has not entered into any trading or investing in Crypto Currency or Virtual Currency during the year.
75. Other disclosures of schedule III, if any not applicable.

76. 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 Lacs	100.00
Prepaid expenses	₹ In Lacs	5.00

77. Previous year figures

Previous year figures have been rearranged / regrouped wherever necessary. The Company’s presentation and functional currency is ₹ in Lacs.

78. Presentation of Negative Amounts

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

As per our report attached

For Thakur Bhuwanesh & Associates
Chartered Accountants

For and on behalf of the Board

CA B.K. Thakur
Partner
Membership No. 500431
Firm Registration No. 019690N

Vinod S Shenoy
Chairman
DIN: 07632981

R Sridhar
Director
DIN-06749266

J Roychowdhury
Chief Financial Officer
PAN: ADCPC5175D

Pranay Kumar
Chief Executive Officer
PAN:AFGPK4512C

Heena Shah
Company Secretary
ACS-13736

Place:

Date:

HPCL BIOFUELS LTD		
Cash Flow Statement For The Year Ended 31st March 2022		
	Amount in ₹ Lacs	
	Year Ended 31st March 2022	Year Ended 31st March 2021
	(Audited)	(Audited)
A. Cash Flow From Operating Activities		
Net Profit/(Loss) Before Tax	(6,694.97)	(8,007.43)
Adjustments to Reconcile Profit Before tax to net cash used in operating activities:		
Depreciation of Property, Plant and Equipment	2,662.89	2,680.47
(Gain)/loss on sale/disposal of property, plant and equipment	-	(13.26)
Actuarial Gain / (Loss) from OCI	22.68	8.49
Amortisation of Capital Grant	(90.32)	(90.32)
Amortisation of Lease Premium	158.10	158.10
Deferred Lease Rental Income	(30.75)	(30.75)
Finance Costs	2,293.77	3,912.64
Provision for Doubtful Debts & Receivables	1,376.00	-
Operating Profit before Changes in Assets & Liabilities (Sub Total - (i))	(302.60)	(1,382.06)
(Increase) / Decrease in Assets and Liabilities :		
Trade Receivables	140.08	280.78
Loans and Advances and Other Assets	461.39	1,147.93
Inventories	308.60	1,374.63
Liabilities and Other Payables	(5,759.15)	(7,662.26)
Sub Total - (ii)	(4,849.08)	(4,858.92)
Cash Generated from Operations (i) + (ii)	(5,151.68)	(6,240.98)
Less : Direct Taxes / refund / (paid) - Net	-	-
Net Cash from Operating Activities (A)	(5,151.68)	(6,240.98)
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment (incl. Capital Work in Progress)	(875.61)	(187.94)
Sale of Property, Plant & Equipment	-	72.20
Other Non- Current Financial Assets	-	-
Other Non- Current Assets	-	(0.03)
Net Cash Flow generated from / (used in) Investing Activities (B)	(875.61)	(115.77)
C. Cash Flow From Financing Activities		
Long term Provisions	55.57	53.55
Long term Loans raised/(repaid)	-	(22,211.33)
Fresh Equity Infusion during the period	778.09	35,378.00
Short term Loans raised / (repaid)	6,740.06	(4,004.04)
Finance Cost paid	(1,471.30)	(2,848.28)
Net Cash Flow generated from / (used in) Financing Activities (C)	6,102.42	6,367.90
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	75.13	11.15
Cash and cash equivalents at the beginning of the year	43.05	31.90
Cash and cash equivalents at the end of the year	118.18	43.05
Details of cash and cash equivalents at the end of the year:		
Cash and cash equivalents as on	31-Mar-22	31-Mar-21
Balances with Banks:		
- on current accounts and other bank balances	118.18	43.05
- on non-operative current accounts	-	-
Cash on hand	-	-
Less : Cash Credits	-	-
Cash and cash equivalents at the end of the year	118.18	43.05
As per our report of even date attached	For and on behalf of the Board	
For Thakur Bhuwanesh & Associates		
Chartered Accountants		
	R Sridhar Director DIN-06749266	Vinod S Shenoy Chairman DIN-07632981
CA B.K Thakur Partner Membership No. 500431 Firm's ICAI Reg.No. 019690N Place : Date :	J. Roychowdhury Chief Financial Officer PAN- ADCPC5175D	Pranay Kumar Chief Executive Officer PAN- AFGPK4512C Heena Shah Company Secretary ACS-13736



HPCL BIOFUELS LIMITED
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PETROLEUM CORPORATION LIMITED)

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