HIMACHAL PRADESH POWER CORPORATION LIMITED

Standalone Balance Sheet as at 31st March 2024

Rupees in Lacs

Particulars	Note No	As at March 31,2024	As at March 31,2023	As at March 31,2022
ASSETS				
Non-Current Assets:				
Property, Plant and Equipment	2.1	5,47,896	5,31,943	5,56,863
Capital Work-in-Progress	2.2	3,99,299	3 23,847	2,20,610
Investment Property	2.3	24	26	27
Other Intangible Assets	2.4	54	43	16
Financial Assets				
-Investments	2.5	0	0	0
-Loans	2.6	153	151	89
-Others Financial Assets	2.7	0	0	0
Deferred Tax Assets	2.8	0	0	0
Regulatory Deferral Account Debit Balance	2.9	0	0	0
Other Non Current Assets	2.10	1,29,422	1,13 151	1 12,582
Total Non Current Assets		10,76,848	9 69,160	8,90,188
Current Assets				
Inventories	2.11	1,432	952	874
Financial Assets				
-Trade Receivables	2.12	9,895	1,061	509
-Cash and Cash Equivalents	2.13	20,034	13,203	1,609
-Bank Balance other than Cash and Cash Equivalents	2.14	3,484	3,124	3,320
-Loans	2.15	128	0	63
-Other Financial Assets	2.16	9,139	6,525	6,542
		0		
Other Current Assets	2.17	13,707	6,457	26,606
Total Current Assets		57,820	31,322	39,523
Total Assets		11,34,668	10,00,483	9 29,711
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	2.18	2,34,263	2,30,248	2,25,103
Other Equity	2.19	-86,572	-76,343	-68,735
Total Equity		1,47,691	1,53 905	1,56,368
Liabilities				
Non-Current Liabilities:				
Financial Liabilities				
-Borrowings	2.20	69,797	63,190	64,379
- Lease Liabilities	2.21	323	520	683
-Other Financial Liabilities	2.22	4,297	2,075	4,384
Provisions	2.23	7,377	7,317	6,695
Deferred Tax Liability(Net)	2.24			
Other Non Current Liabilities	2.25	2,85,834	2,48,547	1,71,781
Total Non Current Liabilities		3,67,628	3,21,648	2,47,922
Current Liabilities:				
Financial Liabilities				
-Borrowings	2.26	2,54,224	2,10,044	2,08,077
-Lease Liabilities	2.27	285	224	167
-Trade Payables	2.28	0	0	0
-Other Financial Liabilities	2.29	3,31,771	2,89,292	3,06,182
Other Current Liabilities	2.30	398	307	136
Provisions	2.31	32,670	25,062	10,859
Total Current Liabilities		6,19,348	5,24,930	5,25,421
Total Equity and Liabilities		11,34,668	10,00,483	9,29,711
Significant Accounting Policies	1			

The accompanying notes form an integral part of these financial statements.

For and on behalf of the Board of Directors

Pathania

(Pratima Pathania)
D.G.M. (Accounts)

(Sudershan K. Sharma)
Company Secretary

Vasus

(Naresh Thakur)
Director (Finance)
DIN 11088059

(Abid Hussain Sadiq)
Managing Director
DIN 08183381

This is the Balance Sheet referred to our report of even date

For
Chartered Accountants
For N.K. Bhargava & Co.
Chartered Accountants
FRN No. 000429N

Nikhil

Partner
Membership No. 572869
Place SHIMLA
Date: 24/11/2025

HIMACHAL PRADESH POWER CORPORATION LIMITED

Standalone Statement of Profit and Loss for the year ended 31st March 2024

Rupees in Lacs

Particulars	Note No	For the year ended on March 31, 2024	For the year ended on March 31, 2023
Income			
Revenue from Operations	2.32	38,826	38489
Other Income	2.33	1,612	207
Total Income		40,438	38696
Expenses			
Employee Benefit Expense	2.34	2,688	2704
Finance Costs	2.35	20,162	20313
Depreciation and Amortization Expense	2.36	20,895	20734
Other Expenses	2.37	5,134	4349
Total Expenses		48,879	48100
Profit/Loss before exceptional items and Tax		-8,442	-9404
Exceptional items	0		
Profit/Loss before net movement in regulatory deferral account balance		-8,442	-9404
Profit Before Tax			
Extra Ordinary Items			
Loss of Fixed/CWIP Assets			
Loss of Fixed Assets		-2	0
Profit/Loss Before Tax		-8,444	-9404
Tax Expenses			
Current Tax		0	0
Adjustments Relating to previous years			
Deferred Tax		0	0
Profit/Loss for the year		-8,444	-9404
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit and loss account		80	207
Reimbursement of net defined benefit liability/assets income tax thereon			
Items that will be reclassified subsequently to profit and loss account			
Total			
Total Comprehensive Income for the period		-8,364	-9,198
Earnings per Equity share(before net movement in regulatory deferral account Balance			
Basic and Diluted	2.38	-36	-41
Earnings per Equity share(after net movement in regulatory deferral account Balance			
Basic and Diluted	2.38	-36	-41
Significant Accounting policies	1		

The accompanying notes form an integral part of these financial statements.

For and on behalf of the Board of Directors

(Pratima Pathania)	(Sudershan K. Sharma)	(Naresh Thakur)	(Abid Hussain Sadiq)
D.G.M. (Accounts)	**Company Secretary**	**Director (Finance)**	**Managing Director**
		DIN 11088059	**DIN 08183381**

This is the Balance Sheet referred to our report of even date

For
Chartered Accountants
For N.K. Bhargava & Co.
Chartered Accountants
FRN No. 000429N

FRN-0429N SHIMLA

Partner
Membership No. 512853
Place SHIMLA
Date: 29/11/2025

HIMACHAL PRADESH POWER CORPORATION LIMITED

(Rs in Lacs)

Standalone Cash Flow Statement for the year ended 31st March 2024

Particulars		For the year ended on March 31st 2024	For the year ended on March 31st 2023
Cash flow from operating activities			
Profit/ Loss Before Tax		(8,364)	(9,198)
Adjustment for			
Loss of Fixed/CWIP Assets	2		-
Depreciation	20895		20,722
Interest Income on term deposits	-		-
Provision for Investments	0		-
Finance/Interest Cost	0	20,897	-
			-
Adjustment for Assets and Liabilities			
Inventories	(480)		(77)
Trade Receivables	(8,834)		(553)
Loans Other Financial assets and Other Assets	(26,626)		(18,344)
Other Financial Liabilities and other Liabilities	51,896		(5,750)
Provisions	7669	23,626	622
Cash Generated from Operating activities		36,159	(12,577)
Less: Income Tax Paid		-	-
Net Cash generated from operating activities		**36,159**	**(12,577)**
Cash flow from Investing Activities			
Net Expenditure on Property Plant and equipment and CWIP and EDC	(1,12,310)		(99,003)
Term Deposit with Banks(having maturity more than 3 months)	0		-
Interest on term deposit/ sweep deposits	0		(62)
Investment in Subsidiaries and Joint Venture	0		-
Depreciation on CWIP			-
CWIP from Deficit Account			-
Other Non current Assets			38,207
Less: Loss of Fixed/CWIP assets from torrential rain & flood	-2		-
Net Cash used in Investing activities		**(1,12,312)**	**(60,858)**
Cash flow from Financing activities			
Share Capital	2150		5,145
Share application Money	-		1,590
Long Term Borrowings -Proceeds	26651		94,194
Long Term Borrowings -Repayment	0		1,639
Payment of Lease Charges	(136)		(106)
Renuka Ji Grant Received	30184		
Finance Charges	0		-
Net Cash used for Financing activity		58,849	**1,02,462**
Net Increase in Cash and Cash Equivalents		(17,304)	29,028
Opening Balance Cash and Equivalents		11,665	(17,363)
Closing Balance Cash and Equivalents		(5,639)	11,665
		(5,639)	11,665
		0	0
Restricted Cash Balance			
Margin Money for BG/ Letter of Credit and Pledged Deposits		3,484	3,124
		3,484	3,124

For and on behalf of the Board of Directors

(Pratima Pathania)
D.G.M. (Accounts)

(Sudershan K. Sharma)
Company Secretary

(Naresh Thakur)
Director (Finance)
DIN 11088059

(Abid Hussain Sadiq)
Managing Director
DIN 08183381

This is the Balance Sheet referred to our report of even date

For

Chartered Accountants

For N.K. Bhargava & Co.
Chartered Accountants
FRN No. 0000429N

N.K. Bhargava & Co. Chartered Accountants FRN-0429N SHIMLA

Partner

Membership No. 512853

Place SHIMLA

Date: 29/11/2025

HIMACHAL PRADESH POWER CORPORATION LIMITED

Statement of Change in Equity for the year ended 31st March 2024

A Equity Share Capital

(Rupees in Lacs)

for the year ended 31st March 2024				No. of Shares	Amount
Opening Balance as at April 2023				2,30,24,779.00	2,30,247.79
Changes in Equity share Capital due to prior period Errors					
Restated Balance as at April 2023				2,30,24,779.00	2,30,247.79
Changes in Equity share Capital during the year				4,01,500.00	4,015.00
Closing Balance as at March 31 ,2024				2,34,26,279.00	2,34,262.79
for the year ended 31st March 2023					
Opening Balance as at April 2022				2,25,10,279.00	2,25,102.79
Changes in Equity share Capital due to prior period Errors					
Restated Balance as at April 2023				2,25,10,279.00	2,25,102.79
Changes in Equity share Capital during the year				5,14,500.00	5,145.00
Closing Balance as at March 31 ,2023				2,30,24,779.00	2,30,247.79

B Other Equity

for the year ended 31st March 2024

Particulars	Share Application Money Pending Allotment	Capital Reserve	Other Reserves	Retained Earnings	Total Other Equity
Opening Balance as at 1st April 2023	1,865.00	-	-	(78,207.91)	(76,342.91)
Changes in accounting policy or prior period errors					-
Profit for the Year				(8,443.70)	(8,443.70)
Other Comprehensive Income				80.07	80.07
Total Comprehensive Income	1,865.00	-	-	(86,571.55)	(84,706.55)
Dividends					
Any Other change	(1,865.00)				(1,865.00)
Closing Balance as at 31st March 2024	-	-	-	(86,571.55)	(86,571.55)

Particulars	Share Application Money Pending Allotment	Capital Reserve	Other Reserves	Retained Earnings	Total Other Equity
for the year ended 31st March 2023					
Opening Balance as at 1st April 2022	275.00			(68,467.62)	(68,192.62)
Changes in accounting policy or prior period errors				(542.46)	(542.46)
Profit for the Year				(9,404.39)	(9,404.39)
Other Comprehensive Income				206.55	206.55
Total Comprehensive Income	275.00	-	-	(78,207.91)	(77,932.91)
					-
Dividends					-
Any Other change	1,590.00				1,590.00
					-
Closing Balance as at 31st March 2023	1,865			(78,207.91)	(76,342.91)

For and on behalf of the Board of Directors

(Pratima Pathania)
D.G.M. (Accounts)

(Sudershan K. Sharma)
Company Secretary

(Naresh Thakur)
Director (Finance)
DIN 11088059

(Abid Hussain Sadiq)
Managing Director
DIN 08183381

This is the Balance Sheet referred to our report of even date

For
Chartered Accountants
For N.K. Bhargava & Co.
Chartered Accountants
FRN No. 0000429N

N.K. Bhargava & Co. Chartered Accountants FRN-0429N SHIMLA

Partner
Membership No. 512853
Place SHIMLA
Date: 29/11/2025

HIMACHAL PRADESH POWER CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

1. Company Information and Significant Accounting Policies:

A. Reporting Entity

Himachal Pradesh Power Corporation Ltd. (the "Company") is a Company domiciled in India and limited by shares (CIN: U40101HP2006SGC030591). The address of the Company's Registered Office is Himfed Building, BCS, New Shimla (H.P.)-171009, India. Electricity generation is the principal business activity of the Company.

B. Significant Accounting Policies

1.1 Basis of Preparation:

These standalone financial statements are prepared on going concern basis following accrual system of accounting and in compliance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable) and the provisions of the Electricity Act, 2003, to the extent applicable.

Use of estimates and management Judgements:

The preparation of the financial statements requires management to make estimates and assumptions that may impact the application of accounting policies and the reported value of Assets, Liabilities, Income, Expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Actual results could vary from these estimates. The estimates and management's judgements are based on previous experience and other factors considered reasonable and prudent in the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future years.

1.2 Basis of Measurement:

These financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value:

- financial assets and liabilities except certain Investments and borrowings carried at amortised cost,
- assets held for sale — measured at fair value less cost of disposal,
- defined benefit plans – plan assets measured at fair value,
- Right of Use Assets – measured at fair value.

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. Normally at initial recognition, the transaction price is the best evidence of fair value. However, when the Company determines that transaction price does not represent the fair value, it uses inter-alia valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1.3 Functional and presentation currency: These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lacs (upto two decimals), except as stated otherwise.

1.4 Current and non-current classification: The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets/liabilities are classified as non-current.

1.5 Property, plant and equipment (PPE)

a) The Company has opted to utilize the option under para D7AA of Appendix D to Ind AS 101 which permits to continue to use the Indian GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS. Therefore, the carrying amount of property, plant and equipment according to the Indian GAAP as at April 1, 2015 i.e. Group's date of transition to Ind AS, were maintained in transition to Ind AS.

b) An item of PPE is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

c) PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to the acquisition/construction of the asset. Where final settlement of bills with contractors is pending/under dispute, capitalization is done on estimated/provisional basis subject to necessary adjustment in the year of final settlement.

d) After initial recognition, Property, Plant & Equipment is carried at cost less accumulated depreciation/ amortisation and accumulated impairment losses, if any.

e) Deposits, Payments / liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.

f) Asset created on land not belonging to the company, where the company is having control over the use and access of such asset are included under Property, Plant and Equipment.

g) Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised when no future economic benefits are expected from its use or upon disposal. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of profit and loss as and when incurred. Other spares are treated as "stores & spares" forming part of the inventory and expensed when used/ consumed.

h) Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the company and the cost of the item can be measured reliably.

i) Property, plant and equipment is derecognized when no future economic benefits are expected from its use or upon its disposal. Gains and losses on disposal of an item of property; plant and equipment is recognized in the statement of profit and loss.

1.6 Capital Work-in-progress

a) Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work-in-progress (CWIP). Such cost comprises of purchase price of asset including other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

b) Cost directly attributable to projects under construction include costs of employee benefits, expenditure in relation to survey and investigation activities of the projects, depreciation on assets used in construction of projects, interest during construction and other costs if attributable to construction of projects. Such costs are accumulated under "Expenditure Attributable to Construction (EAC)" and subsequently allocated on systematic basis over major immovable assets, other than land and infrastructure facilities on commissioning of projects.

c) Capital Expenditure incurred for creation of facilities, over which the Company does not have control but the creation of which is essential for construction of the project is carried under "Capital Work-in-progress" and subsequently allocated on systematic basis over major immovable assets, other than land and infrastructure facilities on commissioning of projects. Expenditure of such nature incurred after completion of the project, is charged to Statement of Profit and Loss.

d) Expenditure on Survey and Investigation of the project is carried as Capital Work-in-progress and capitalized as cost of project on completion of construction of the project or the same is expensed in the year in which it is decided to abandon such project.

e) Expenditure against "Deposit Works" is accounted for on the basis of statement of account received from the concerned agency and acceptance by the company. However, provision is made wherever considered necessary.

f) Claims for price variation / exchange rate variation in case of contracts are accounted for on acceptance.

g) The Expenditure of Corporate office and Sundernagar design office is allocated to different accounting units on systematic basis.

1.7 Investment Property

a) Land or a building or part of building or both held by company to earn rentals or for capital appreciation or both is classified as Investment property other than for :

i) Use in the production or supply of goods or services or for administrative purpose; or

ii) Sale in the ordinary course of business.

b) Investment property is recognised as an asset when and only when:

i) It is probable that the future economic benefits that are associated with the investment property will flow to the entity; and

ii) The cost of the investment property can be measured reliably.

c) Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss, if any.

d) Investment properties are derecognised either when they have been disposed off or when they are permanently with drawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of de-recognition.

e) Transfers to or from investment property is made when and only when there is a change in use.

1.8 Intangible Assets

a) Intangible assets are identifiable non-monetary asset without physical substance. Intangible assets are recognised if:

i). It is probable that the expected future economic benefit that are attributable to the asset will flow to the entity; and

ii). The cost of the asset can be measured reliably

b) Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Subsequent expenditure on already capitalized

Intangible assetsis capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.

c) Software (not being an integral part of the related hardware) acquired for internal use, is stated at cost of acquisition less accumulated amortisation and impairment losses, if any.
d) An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

e) Expenditure on development activities is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the company intends to & has sufficient resources to complete development and to use or sell the asset.
f) Expenditure incurred which are eligible for capitalisationunder intangible assets are carried as intangible assets under development till they are ready for their intended use.

1.9 Regulatory deferral accounts
a) Expenses / income recognized in the Statement of Profit & Loss to the extent recoverable from or payable to the beneficiaries in subsequent periods as per HPERC Tariff Regulations are recognized as 'Regulatory deferral account balances' as per Ind AS-114.
b) Regulatory deferral account balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries.

1.10 Impairment of non-financial assets
a) The carrying amounts of the Company's non-financial assets primarily include property, plant and equipment, which are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU's) 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 of the Company. 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. The resulting impairment loss is recognised in the Statement of Profit and Loss.
b) 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 fairvalue less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.
c) Impairment losses recognized in earlier period are assessed at each reporting date for any indication that loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

1.11 Inventories
a) Inventories mainly comprise stores and spare parts to be used for maintenance of Property, Plant and Equipment.
b) Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
c) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
d) The diminution in the value of obsolete, unserviceable and surplus stores & spares is ascertained on review and provided for. Scrap is accounted for as and when sold.

1.12 Foreign Currency Transactions:

a) **Functional and presentation currency:**

Financial statements have been presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

b) **Transactions and balances:**

i) Transactions in foreign currency are initially recorded at exchange rate prevailing on the date of transaction. At each Balance Sheet date, monetary items denominated in foreign currency are translated at the exchange rates prevailing on that date. Non-monetary items denominated in foreign currency are reported at the exchange rate prevailing at the date of transaction.

ii) Exchange differences arising on translation or settlement of monetary items are recognised in the statement of profit and loss in the year in which it arises.

1.13 Financial instruments – initial recognition, subsequent measurement and impairment

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A) **Financial Assets**

A financial asset includes inter-alia any asset that is cash, equity instrument of another entity or contractual obligation to receive cash or another financial assets or to exchange financial asset or financial liability under condition that are potentially favourable to the Company. A financial asset is recognized when and only when the Company becomes party to the contractual provisions of the instrument. Financial assets of the Company comprise cash and cash equivalents, Bank Balances, Advances to employees/ contractors, security deposit, claims recoverable etc.

Measurement:

The company measures the trade receivables at their transaction price if the trade receivables do not contain a significant financing component. A receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business.

De-recognition:

Financial asset is derecognised when all the cash flows associated with the financial asset has been realised or such rights have expired.

B) **Financial liabilities:**

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company. The Company's financial liabilities include loans & borrowings, trade and other payables etc.

Measurement:

a) Financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss or in the "Expenditure Attributable to Construction" if another standard permits inclusion of such cost in the carrying amount of an asset, when the liabilities are derecognised as well as through the EIR amortisation process.

b) Amortised cost is calculated by taking into account any discount tor premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

1.14 Investment in joint ventures and associates:

a) A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

b) An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over those policies.

c) The investment in joint ventures and associates are carried at cost. The cost comprises price paid to acquire investment and directly attributable cost.

1.15 Leases

The Company has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impactrecognised on the date of initial application (1st April, 2019).

Lease is a contract that conveys the right to control the use of identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether: (i) the contract involves use of an identified assets, (ii) the customer has substantially all the economic benefits from the use of the asset through the period of the lease and (iii) the customer has the right to direct the use of the asset.

i) As a lessee

At the date of commencement of lease, the company recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for lease with a term of twelve months or less (i.e. short term leases) and leases for which the underlying asset is of low value. For these short-term and leases for which underlying asset is of low value, the company recognizes the lease payments on the straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liability includes these options when it is reasonably certain that they will be exercised.

The right-to-use assets are initially recognized at cost, which comprises the amount of initial measurement of the lease liability adjusted for any lease payments made at or before the inception date of lease along with the initial direct costs, restoration obligations and lease incentives received.

Subsequently, the right-to-use assets is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of lease liability. The Company applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in accounting policy 1.8 on "Impairment of non- financial assets".

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The interest cost on lease liability is expensed in the Statement of Profit and Loss, unless eligible for capitalization as per accounting policy 1.16 on "Borrowing Cost".

Lease liability and ROU assets have been separately presented in the financial statements and lease payments have been classified as financing cash flows.

ii) As a Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Operating lease:
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. In the case of operating leases or embedded operating leases, the lease income from the operating lease is recognised in revenue on the basis of generation from such Plant. The respective leased assets are included in the balance sheet based on their nature.

1.16 Government Grants

a) Government grants with a condition to purchase, constructor otherwise acquire long-term assets are initially measured based on grant receivable under the scheme. Such grants are recognised in the Statement of Profit and Loss on a systematic basis over the useful life of the asset. Amount of benefits receivable in excess of grant income accrued based on usage of the assets is accounted as Government grant received in advance. Changes in estimates are recognised prospectively over the remaining life of the assets.

b) Government revenue grants relating to costs are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate.

1.17 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction/erection or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. All other borrowing costs are expensed in the period in which they occur.

Income earned on temporary investment made out of the borrowings pending utilization for expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

1.18 Provisions, Contingent Liabilities and Contingent Assets

a) A provision is recognised when:
i). the Company has present legal or constructive obligation as result of past event;
ii). it is probable that an outflow of economic benefits will be required to settle the obligation; and
iii). a reliable estimate can be made of the amount of the obligation.
b) If the effect of the time value of money is material, provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.
c) The amount recognised as provision is the best estimate of consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.
d) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the
receivable can be measured reliably.
e) Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.
f) Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future

events not wholly within the control of the company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgement of management. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

1.19 Revenue Recognition and Other Income:

Company's revenues arise from sale of energy and other income. Other income comprises interest from banks, employees, contractors etc., surcharge received from beneficiaries for delayed payments, sale of scrap, other miscellaneous income, etc. Revenue from sale of energy is accounted for at rates as per the PPA & Agreement signed between HPPC Ltd. and HPSEB Ltd./Tata Power Trading Company Ltd. (TPTCL).

1.20 Employee Benefits

Employee benefits consist of wages, salaries, benefits in kind, provident fund, pension, gratuity, post-retirement medical facilities, leave benefits and other terminal benefits etc.

a) Post-employment benefits plan:

Employee benefits obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have an impact on the resulting calculations.

a) **Short-term Benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in the period in which the service is provided.

b) **Terminal Benefits**

Expenses incurred on terminal benefits in the form of ex-gratia payments and notice pay on voluntary retirement schemes, if any, are charged to the profit and loss in the year of incurrence of such expenses.

1.21 Depreciation and amortization

i) Depreciation on Property, Plant & Equipment of Operating Units of the Company is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology as notified by HPERC for the fixation of tariff in accordance with Schedule-II of the Companies Act 2013, except for the assets specified below:

a) Depreciation is charged on Straight Line method following the rate & methodology notified by the H.P State Electricity Regulatory Commission (HPERC) for the purpose of fixation of tariff as amended from time to time, **except in case of:**
b) Mobile Phones are depreciated fully @ 25% P.A. in 4 years.
c) Kitchen items and small office items are depreciated over the period of 3 years, keeping 10% residual value.
d) Assets costing Rs.5000/- or less are depreciated fully in the year of procurement.
e) Expenditure on software is recognised as "Intangible Asset" and amortised fully over three years on SLM or over a period of its legal rights to use, whichever is less.
f) Infrastructural development construction power depreciated @5.28% SLM under the head any other assets not covered in the HPERC Schedule.
g) Depreciation is provided on pro-rata basis from the month in which the asset becomes obsolete is provided till the end of the month in which such declaration is made.

ii) Expenditure on catchment area treatment (CAT) Plan during construction is capitalised along with Dam/Civil works. Such expenditure during O & M stage is charged to revenue in the year of incurrence of such expenditure

iii) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, change in duties or similar factors, the revised unamortised balance of such assets is depreciated prospectively over the residual life.

iv) Depreciation on increase/decrease in the value of existing assets on account of settlement of disputes is charged retrospectively.
v) Depreciation on assets till start of commercial production has been shown under 'Incidental Expenditure during construction" under capital work in progress.
vi) Depreciation on addition/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date, when the asset is available for use/disposal.
(vii) Leasehold land is amortized pro-rata through depreciation over the period of lease or 40 years, whichever is lower.
viii) Depreciation on assets till start of commercial production has been shown under 'Incidental Expenditure during construction" under capital work in progress.
ix) Depreciation on addition/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date, when the asset is available for use/disposal.
(x) Leasehold land is amortized pro-rata through depreciation over the period of lease or 40 years, whichever is lower.
xi) Tangible Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land from the date such asset is available for use or at the applicable depreciation rates & methodology
notified by HPERC tariff regulations for such assets, whichever is higher.
xii) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, settlement of arbitration/court cases, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life of such asset determined following the applicable accounting policies relating to depreciation/ amortization.
xiii) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life determined by technical assessment.
xiv) Spare parts procured along with the Plant & Machinery or subsequently which are capitalized and added in the carrying amount of such item are depreciated over the residual useful life of the related plant and machinery at the rates and methodology notified by the HPERC.

xv) Temporary erections are depreciated fully (100%) in the year of acquisition /capitalization.

xvi) Expenditure on software recognized as 'Intangible Asset' and is amortized fully on straight line method over a period of legal right to use or three years, whichever is less. Other intangible assets with a finite useful life are amortized on a systematic basis over its useful life. The amortisation period and the amortisation method of intangible assets with a finite useful life is reviewed at each financial year end.

xvii) Right-of-use land and buildings relating to generation of electricity business governed by CERC Tariff Regulations are fully amortized over lease period or life of the related plant whichever is lower following the rates and methodology notified by the CERC Tariff Regulations.

xviii) Right-of-use land and buildings relating to generation of electricity business which are not governed by CERC tariff Regulations are fully amortized over lease period or life of the related plant whichever is lower. Other Right of use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

1.22 Income Taxes
Income tax expense comprises current tax and deferred tax.
Current Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the tax is also recognised directly in equity or in other comprehensive income.
a) **Current Income tax**
Current tax is expected tax payable on taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustments to tax payable in respect of previous years.

b) **Deferred tax**
Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
Deferred tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.23 Earnings per Share:
Basic earning equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

1.24 Statement of Cash Flows
a) Cash and cash equivalents includes cash/drafts/cheques on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
b) Statement of cash flows is prepared in accordance with the indirect method (whereby profit or loss is adjusted for effects of non-cash transactions) prescribed in Ind AS-7 "Statement of Cash Flows".

1.25 Material prior period errors
Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which error occurred. If the error occurred before the earliest period presented, opening balances of assets, liabilities and equity for the earliest period presented, are restated.

1.26 Segment Reporting:

i) Segments have been identified taking into account nature of product and differential risk and returns of the segment. These business segments are reviewed by the Management.

ii) Electricity generation is the principal business activity of the company. Other operations viz., Consultancy works etc. do not form a reportable segment as per the Ind AS -108 - 'Operating Segments'.

iii) The company is having a single geographical segment as all its Power Stations are located within the Country.

Notes on Accounts

The amounts in Financial Statements are presented in Indian Rupees and all figures have been rounded off to the nearest rupees lakh except when otherwise stated. The previous year figures have also been reclassified/regrouped/rearranged wherever necessary to conform to this year's classification

	Sub Note	Amount as at March 31,2024	Amount as at March 31,2023
2.1 Property Plant and Equipment	2.1.1	5,47,896	5 31 943
2.2 Capital Work In progress	2.2.1	3,99,299	3 23 847
2.3 Investment Property	2.3.1	24	26
2.4 Intangible Assets	2.4.1	54	43
TOTAL		9,47,274	8,55,858
		-	-
		-	-

2.5 Financial Assets - Investments

PARTICULARS	Amount as at March 31,2024	Amount as at March 31,2023
Investment in Equity Instruments Non Trade- Unquoted(at Cost)		
a) Joint Ventures Companies		
3375000(PY:3375000) Equity Shares of Rs 10/-each in Himachal Emta Power Limited	338	338
Less Provision for doubtful investments	(338)	(338)
TOTAL	-	-

2.6 Financial Assets - Loans

PARTICULARS	Amount as at March 31,2024	Amount as at March 31,2023
Security Deposits		
- Secured Considered Good		
- Unsecured Considered Good	153	151
-Doubtful		
TOTAL	153	151
2.7 Financial Assets - Others		
Fixed Deposits with Banks having Maturity for more than 12 months	-	-
	-	-
2.8 Deferred Tax Assets	-	-
2.9 Regulatory Deferral Account Debit Balance	-	-
	-	-
2.10 Other Non Current Assets		
Capital Advances:		
Unsecured Considered Good	***1,366***	***4,163***
Covered by Bank Guarantee	-	-
Others	-	-
Loans and advances to Related Parties		
Loans and Advances to Joint Ventures		
Secured Considered Good	-	-
Unsecured Considered Good	61	61
Less Provision for doubtful advance	(61)	(61)
Advances to Others		
Others - Secured Considered Good	113	55
Others - Unsecured Considered Good	196	191
Deposit with Judicial Authorities	37,303	38,775
Capital Stores At Cost		
Steel	-	-
Cement	-	
Others (Capital Stores)	-	-
Material at site	-	
Other items	-	
Others Recoverable	8,129	20
Recoverable Contractors	6,870	1,560
Less Provision for doubtful recoverable	-	-
Recoverable from Staff	-	-
Deposits With Income Tax Authorities	7,584	7,655
Grant Receivable Non Current	67,860	60,730
TOTAL	1,29,422	1,13,151

2.11 INVENTORIES

Rupees in Lacs

PARTICULARS	Amount as at March 31,2024	Amount as at March 31,2023
Loose Tools	-	-
Stores and Spares	1,432	952
Less Provision for Shortage and Obsolescence	-	-
TOTAL	1,432	952

2.12 Financial Assets-Trade Receivables		
Secured considered good		
Unsecured considered good		
-Power	9,871	1,037
Others	24	24
Doubtful		
Related Party Nil (PY Nil)	9,895	1,061

2.13 Financial Assets- Cash and Cash Equivalents

PARTICULARS	Amount as at March 31,2024	Amount as at March 31,2023
Cash and Bank Balances		
(1) Cash in hand (including Imp rest)	0	0
(2) Stamps in hand	0	0
(3) Balances with Banks		
(i) Current Deposits	20,034	13,203
(ii) Term Deposits with maturity period up to 3 months	-	-
Cheques and Drafts in hand		
	20,034	13,203

2.14 Financial Assets- Bank Balance other than above

Other Bank Balances		
Margin Money for Pledged Deposits	-	-
Margin Money for BG/ Letter of Credit	3,484	3,124
Other Term Deposits having maturity period for more than 3 months	-	-
	3,484	3,124

2.15 Financial Assets- Loans

PARTICULARS	Amount as at March 31,2024	Amount as at March 31,2023
Loans and Advances to Related Parties		
Loans and Advances to Directors		
Secured Considered Good	-	-
Unsecured Considered Good	-	-
Advances to Employees(Unsecured Considered Good)	1	(0)
Recoverable from Staff	15	0
TDS Recoverable/Amount Recoverable from Tax Authorities	112	-
TOTAL	128	0

2.16 Financial Assets- Other Assets

PARTICULARS	Amount as at March 31,2024	Amount as at March 31,2023
Interest Accrued but not due on Deposits with Banks	44	60
Amount Recoverable from Contractors	13,909	19,123
Less Provision for doubtfull Recoverbales	(13,034)	(13,034)
Income Tax Refund		
Unbilled Revenue	8,165	-
Interest Recoverable	-	316
Other Current Assets	55	61
TOTAL	9,139	6,525

2.17 Other Current Assets	as at March 31,2024	Rupees in Lacs as at March 31,2023
Advances to Contractors & Suppliers		
Secured Considered Good	-	-
Unsecured Considered Good	9,736	4,834
Considered Doubtful	-	-
Less Provision for Doubtful Advances	-	
Advances Others		
Secured Considered Good		
Unsecured Considered Good	280	45
Govt Departments		
Secured Considered Good		
Unsecured Considered Good	1,266	751
Deposit Work		
Secured Considered Good		
Unsecured Considered Good	-	22
TDS Recoverable		
Prepaid Expenses	947	804
Grant Receivable		
Deposit with courts	1,479	-
TOTAL	13,707	6,457

2.18 Equity Share Capital	as at March 31,2024		as at March 31,2023	
	Numbers of Shares	Amount	Numbers of Shares	Amount
AUTHORISED				
Equity Shares of par Value of Rs 1,000/- each	2,50,00,000	2,50,000	2,00,00,000	2,00,000
ISSUED, SUBSCRIBED AND FULLY PAID UP				
Equity Shares of par Value of Rs 1,000/- each fully paid up	2,34,26,279	**2,34,263**	**2,30,24,779**	**2,30,248**
Total		**2,34,263**		**2,30,248**

2.18.1 Detail of Shareholding holding more than 5% shares in the Company:

Name of Shareholder	Number of Shares	Percentage	Number of Shares	Percentage
Government of Himachal Pradesh	1,02,46,991	44	98,45,491	43
Himachal Pradesh Electricity Board Limited (13,07,731 Equity Shares Issued in kind)	13,07,731	6	13,07,731	6
Himachal Pradesh Infrastructure Development Board	1,18,71,507	51	1,18,71,507	52
TOTAL	**2,34,26,229**	**100.00**	**2,30,24,729**	**100**

2.18.2 Reconciliation of shares outstanding is set out below:

PARTICULARS	No. of shares	Amount	No. of shares	Amount
No of shares at the beginning	2,30,24,779	2,30,247.79	2,25,10,279	2,25,103
No of shares issued during the year	4,01,500	4,015.00	5,14,500	5,145
No of shares at the end	2,34,26,279	2,34,262.79	2,30,24,779	2,30,248

PARTICULARS	**Amount as at March 31,2024**	**Amount as at March 31,2023**
2.19 Other Equity		
Retained Earnings		
Opening Balance	(78,208)	(68,468)
Less Previous years adjustment		(542)
Add: Profit/Loss for the year as per Statement of Profit and Loss	(8,364)	(9,198)
Closing Balance	**(86,572)**	**(78,208)**

2.20 Financial Liabilities - Borrowings

Rupees in Lacs

PARTICULARS	Amount as at March 31,2024	Amount as at March 31,2023
<u>Long Term Loans</u>		
From Other Parties		
Secured		
Power Finance Corporation for Shongtong HEP *(Rate of Interest 9.70 % Compounded Monthly*	40,452	18,148
	40,452	**18,148**
Unsecured		
Government of Himachal Pradesh Loan for Shongtong HEP(KFW) *(Rate of Interest 3.83% p.a. payable in half-yearly instalments from July 2018 to January 2028)*	4,464	4,129
Government of Himachal Pradesh Loan for Shongtong HEP (KFW) *(Rate of Interest 0.75% p.a. payable in half-yearly instalments from July 2023 to January 2053)*	3,097	4,794
Government of Himachal Pradesh Loan		
Government of Himachal Pradesh Loan (ADB Trench 1) *(Rate of Interest 10% pa payable in yearly instalments of principal and interest from April 18 to January 2023)*	-	-
Government of Himachal Pradesh Loan (ADB Trench 2) *(Rate of Interest 10% pa payable in yearly instalments of principal and interest from April 18 to January 2025)*	-	2,772
Government of Himachal Pradesh Loan (ADB Trench 3) *(Rate of Interest 10% pa payable in yearly instalments of principal and interest from April 18 to January 2026)*	10,526	21,062
Government of Himachal Pradesh Loan (ADB Trench 4) *(Rate of Interest 10% pa payable in yearly instalments of principal and interest from April 18 to January 2027)*	6,853	12,227
Unsecured Term Loan Chanju-III -AFD *(Rate of Interest 2.39 % pa payable in semi annual instalments for each calendar half year on or before 15th January/ 15th July*	4,383	36
Unsecured Term Loan Deothal Chanju- AFD *(Rate of Interest 2.39 % pa payable in semi annual instalments for each calendar half year on or before 15th January/ 15th July*	22	22
	29,345	**45,042**
TOTAL	**69,797**	**63,190**

2.21 Financial Liabilities -Lease Liabilities

Current Lease Liabilities	323	520
	323	520

2.22 Financial Liabilities-Other Financial Liabilities :

Rupees in Lacs

PARTICULARS	Amount as at March 31,2024	Amount as at March 31,2023
Deferred Repayment of Interest of Government of Himachal Pradesh Loan		
Deferred Repayment of Principal of Government of Himachal Pradesh Loan		
Deposits Retention Money from contractors and others	4,304	2,087
Less Investment held as Security	(7)	(12)
Provision For Expenses	-	-
Provision Outsource Manpower	-	0
TOTAL	4,297	2,075

2.23 Non Current Liabilities -Provisions

PARTICULARS	Amount as at March 31,2024	Amount as at March 31,2023
Unfunded Employees Benefit		
Provision Pension Contribution	1,016	1,473
Provision HPSEBL Contribution	1,840	1,863
Gratuity (PVBDO)	1,930	1,737
Leave Encashment (PVBDO)	2,592	2,244
	-	-
TOTAL	7,377	7,317

	As at 1/04/2023	For The Year Additions	Write Back	Utilization	As At 31/03/2024
Unfunded Employee Benefits					
Provision Pension Contribution	1,473	321	778		1,016
Provision HPSEBL Contribution	1,863	140	163	1	1,840
Gratuity (PVBDO)	1,737	1,930	1,669	67	1,930
Leave Encashment (PVBDO)	2,244	2,589	2,189	52	2,592
Others					-
TOTAL	7,317	4,979	4,799	120	7,377

2.24 Deferred tax Liabilities	-	-

2.25 Other Non Current Liabilities	Amount as at March 31,2024	Amount as at March 31,2023
Capital Grant Government of India		
A) Utilised Grant		
Renuka		
Opening Balance	2,47,572	1,70,788
Addition during the year	37,307	76,783
Less Accumulated Depreciation on Fixed Assets	(288)	(263)
Closing Balance	2,84,590	2,47,308
Gyspa		
Opening Balance	1,283	1,273
Addition during the year	9	10
Less Accumulated Depreciation on Fixed Assets	(47)	(43)
Closing Balance	1,244	1,239
Total Utilised Grants	2,85,834	2,48,547

Rupees in Lacs

2.26 Current Liabilities- Borrowings

	Amount as at March 31,2024	Amount as at March 31,2023
Secured		
From Banks		
From KCCBL	7,685	0
HPSCBL CCL	17,988	1,538
Unsecured		
Government of Himachal Pradesh Loan (ADB)	2,21,718	1,99,584
Government of Himachal Pradesh Loan (KFW)	6,833	8,923
	2,54,224	**2,10,044**

2.27 Current Liabilities -Lease Liabilities

Lease Liabilities	285	224
	285	**224**

PARTICULARS	Amount as at March 31,2024	Amount as at March 31,2023
2.28 Current Liabilities -Trade Payables	-	-
	-	-

2.29 Current Liabilities-Other Financial Liabilities

	As at 31.03.2024	As at 31.03.2023
Liabilities for employee's remuneration and benefits	571	167
Liabilities for contractors & suppliers	5,469	2,340
Liabilities for government departments	75,903	64,957
Interest accrued and due on Unsecured Loans	2,44,680	2,20,326
Interest accrued and due on Secured Loans	-	-
Current portion of PFC Loan payable	71	71
Deposits Retention Money From contractors and Others	5,078	1,431
	3,31,771	**2,89,292**

2.30 OTHER CURRENT LIABILITIES:

PARTICULARS	Amount as at March 31,2024	Amount as at March 31,2023
Advance for Deposit Work	93	100
Taxes and duties payable	304	207
Bank Overdrawn due to Bank Reconciliation	-	-
A) Share Application money pending allotment (From Govt. of H.P.)	0	0
TOTAL	**398**	**307**

2.31 Provisions Current

	as at March 31,2024	as at March 31,2023
Provision for Expenses	32,578	24,962
Provision for Man Power Expenses	92	99
Provision for expenses others	0	0
Income Tax Payable	0	0
	32,670	**25,062**

Rupees in Lacs

	for the year ended on 31st March 2024	for the year ended on 31st March 2023
2.32 Revenue from Operations		
Sales		
Sale of Energy	**38,952**	**38,462**
Less Purchase of Power for Trading	**(132)**	**(11)**
Sale Of services		
Rent of Land		
Rent from Property	**6**	**38**
	38,826	38,489

	Amount for the year ended on 31st March 2024	Amount for the year ended on 31st March 2023
2.33 MISCELLANEOUS INCOME:		
Interest on Bank Deposits/FDR's	1	73
Interest from Banks	6	6
Income from Providing Design Works/Lab Receipts	5	1
Adjustment of Depreciation on Capital Grants	-	-
Late Payment Surcharge	1,212	33
Prior Period Income	-	0
Other	389	94
TOTAL	**1,612**	**207**

2.34 EMPLOYEE BENEFITS EXPENSES

PARTICULARS	Amount for the year ended on 31st March 2024	Amount for the year ended on 31st March 2023
Salaries, Wages, Allowances and Benefits	2,301	2,299
Contribution to Provident and Other Funds	146	146
Leave Salary and Pension Contribution	217	232
Welfare Expenses	26	27
TOTAL	**2,688**	**2,704**

2.35 FINANCE COST

PARTICULARS	Amount for the year ended on 31st March 2024	Amount for the year ended on 31st March 2023
Interest on Term Loans	20,113	20,250
Bank Charges/LC Charges	49	64
TOTAL	**20,162**	**20,313**

2.36 DEPRECIATION EXPENSES:

PARTICULARS	Amount for the year ended on 31st March 2024	Amount for the year ended on 31st March 2023
Depreciation for the year	20,895	20,734
	-	-
TOTAL	20,895	20,734

2.37 OFFICE AND ADMINISTRATIVE EXPENDITURE Rupees in Lacs

PARTICULARS		Amount for the year ended on 31st March 2024	Amount for the year ended on 31st March 2023
Repairs and Maintenance Vehicle		-	-
Repairs and Maintenance Office Furniture & Equipment's		2	1
Repairs and Maintenance Plant and Machinery		1,792	1,938
Repairs and Maintenance Buildings		1	-
Repairs and Maintenance Others		-	-
Power Selling Expenses			
Expenses in relation to sale of power	718.26		1,178
Free Power	74		68
Rebate to Customers	-	792	57
Office Expenses		1	2
Hospitality and Entertainment Expenses		2	2
Meeting Expenses		1	0
Water Cess H P Govt		1,069	32
Misc. Expenses		46	141
Communication Expenses		5	12
Rent, Rates and Taxes		9	4
Consultancy Fees		1	5
Annual Technical Support-SAP		4	2
Vehicle Running Charges & Insurance Charges		-	1
Training Expenses		8	1
Fees & Subscription		266	18
Electricity & Water Expenses		39	38
Printing & Stationary		12	5
Books, Periodicals & Newspapers		1	1
Freight & Labour Charges		0	0
Raising Day Expense		24	1
Legal & Professional Charges		70	122
Postage & Telegram Expenses		0	0
Publicity & Advertisement Expenditure		4	2
Expenditure on Transit Camps/Guest House		0	0
Business Promotion Expenses		-	-
Insurance-Other Assets		818	558
Land Acquisition Expenses		-	-
Contribution to IIIT Una		-	-
Statutory Audit Fees(Including Out of pocket Expenses)		7	7
Tax Audit Fees		-	-
Travelling and Conveyance		5	2
Hiring of Vehicles		151	151
Prior Period Expenses		-	-
TOTAL		**5,134**	**4,349**

Note 2.38 Earning Per Share Basic and Diluted

Net Profit after Tax	**(8,444)**	**(9,404)**
Weighted Average Number of Shares	2,32,25,529	2,27,67,504
Face Value of Share	1,000	1,000
EPS	**(36)**	**(41)**

Note 2.39 Analytical Ratios

The Following are the analytical ratios for the year ended 31st March 2024 and 31st March 2023

Sr. No.	Particulars	Numerator	Denominator	31st March 2024	31st March 2023	Percentage Variance
1	Current Ratio	Current Assets	Current Liabilities	0.09	0.06	56.46
2	Debt Equity Ratio	Paid Up debt Capital	Shareholder Equity	0.47	0.41	15.10
3	Debt Service Coverage Ratio	Profit before tax+interest+depriciation+exceptional items	interest scheduled principal repayments of scheduled borrowings	0.07	0.07	(2.57)
4	Return on Equity Ratio	Net Profit for the Year	Average Shareholders Equity	(0.36)	(0.40)	(10.86)
5	Inventory Turnover ratio	Revenue from Operations	Average Inventory	32.57	42.14	(22.72)
6	Trade Receivable Turnover R	Revenue from Operations	Average Trade Receivables	7.09	49.04	(85.55)
7	Trade Payable Ratio	Other Expenses	Average Trade Payables	-	-	-
8	Net Capital Turnover Ratio	Revenue from Operations	Net Working Capital	(0.07)	(0.08)	(11.33)
9	Net Profit Ratio	Profit for the Year	Revenue from Operations	-22%	-24%	(9.86)
10	Return on Capital Employed	Earnings Before interest, Tax and Exceptional items	Shareholders Equity +Paid up Debt Capital	8%	7%	11.96
11	Return on Investment	Income Generated from Investments	Time Weighted average Investments	24%	148%	(83.92)

Note No 2.40

Disclosure on Financial Instruments and Risk Management

i) Fair Value Measurement

a) Financial Instruments by Category

Rupees in Lacs

Particulars	Note no	As at March 31,2024 Amortised Cost	As at March 31,2023 Amortised Cost
Financial Assets			
Non Current Financial Assets			
(i)Investments	2.5	-	-
(ii)Loans	2.6	153	151
(iii)Others	2.7	-	-
Bank Deposits with more than 12 Months Maturity			
Current Financial Assets			
(i)Trade Receivables	2.12	9,895	1,061
(ii)Cash and Cash Equivalents	2.13	20,034	13,203
(iii)Bank Balance other than above	2.14	3,484	3,124
(iv)Loans	2.15	128	0
(v)Other Assets			
Interest Accrued	2.16	44	60
Other Recoverable	2.16	9,095	6,465
Total Financial Assets		**42,833**	**24,065**
Financial Liabilities			
(i)Long Term Borrowings			
a)Term Loans Financial Institutions	2.2	40,452	18,148
b)Term Loans from Others	2.20 and 2.22	29,345	45,042
(ii) Lease Liabilities	2.21	323	520
(ii) Deposits / retention non current	2.22	4,304	2,087
Current Financial Liabilities			
(iii) Financial Liabilities			
Short Term Borrowings	2.26	25,673	1,538
a)Current Maturity of Term Loans Finan	2.26	71	71
b)Current Maturity of Term Loans other	2.26	2,28,551	2,08,507
c)Lease Liabilities	2.27	285	224
d)Deposit/ retention Money	2.29	5,078	1,431
e)Liability for Employee Benefits	2.29	571	167
f)Other Payables	2.29	3,26,122	2,87,694
Total Financial Liabilities		**6,60,775**	**5,65,428**

B) **FAIR VALUATION MEASUREMENT**

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has to classify its financial instruments into the three levels prescribed under the accounting standards.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and traded bonds that have quoted price. The fair value of all equity instruments including bonds which are traded in the recognised Stock Exchange and money markets are valued using the closing prices as at the reporting date. The company has no financial instruments that are listed and traded in recognised Stock exchanges.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. This includes security deposits/ retention money and loans at below market rates of interest.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(a) Financial Assets/ Liabilities Measured at Fair Value- recurring Fair Value Measurement

Rupees in Lacs

		As at March 31,2024			**As at March 31,2023**		
	Note no	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets at FVTOCI							
(i) Investments							
-In equity Instrument quoted		-	-	-	-	-	-
- In government Securities		-	-	-	-	-	-
- In public sector undertakings/ Public Financial Institution and Corporate Bonds		-	-	-	-	-	-
Total		-	-	-	-	-	-

(b) Financial Assets/ Liabilities measured at amortised cost for which fair value are not disclosed

Rupees in Lacs

		As at March 31,2024			**As at March 31,2023**		
	Note no	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets							
(i) Loans to employees and Others			281			151	
(ii) Other		-	-	-	-	-	-
Bank deposits with more than 12 months maturity	2.7	-	-	-	0	-	-
		-	-	-	-	-	-
Total Assets		-	281	-	0	151	-

Financial Liabilities							
(i) Long term Borrowings(including current Maturity and Interest	2.21 and 2.29		3,14,548			2,83,587	
(ii) Deposit / Retention Money (Including Current	2.22 and 2.29	-	9,383	-	-	3,517	-
(iii) Lease Liabilities	2.21 and 2.27		608			744	
Total Liabilities		-	3,24,538	-	-	2,87,849	-
Total		-					

Valuation techniques and process used to determine fair values

The Company values financial assets or financial liabilities using the best and most relevant data available. Specific valuation techniques used to determine fair value of financial instruments includes:

-Use of Quoted market price or dealer quotes for similar instruments.

- Fair value of remaining financial instruments is determined using discounted cash flow analysis.

(iii) **Fair Value of financial assets and Liabilities measures at carrying cost**

Rupees in Lacs

		As at March 31,2024		As at March 31,2023	
	Note No	Carrying Amoun	Fair Value	Carrying Amount	Fair Value
Financial Assets					
(i) Loans to employees and Othe	2.6 and 2.15	281.09	281.09	151	151
(ii) Other					
Bank deposits with more than 12 months maturity	2.7	-	-	-	-
Total Assets		281.09	281.09	151.47	151.47
Financial Liabilities					
(i) Long term Borrowings (including current Maturity and Interest)	2.20 and 2.29	3,14,547.96	3,14,547.96	2,83,587.44	2,83,587.44
(ii) Deposit / Retention Money (Including Current)	2.23 and 2.29	9,382.57	9,382.57	3,517.28	3,517.28
(iii) Lease Liabilities	2.21 and 2.27	607.90	607.90	744.15	744.15
Total Liabilities		3,24,538.43	3,24,538.43	2,87,848.87	2,87,848.87

Sub Note No 2.1.1
Property Plant and Equipment
Sub Note No 2.1.1
as at 31st March 2024

Schedule of Property Plant and Equipment

A) Own Assets: (Rs. In lacs)

Particulars	GROSS BLOCK As at 01.04.2023	Addition during the	Deductions /	As at 31.03.2024	DEPRECIATION As at 01.04.2023	Addition during the	Deductions /	As at 31.03.2024	NET BLOCK As at 31.03.2024	As at 31.03.2023
Land - Leasehold	49.26			49.26	-2.64	1.16		-1.48	50.74	51.90
Land- Freehold	1,93,996.67	2,14,759.71	1,78,984.92	2,29,771.46	-			-	2,29,771.46	1,93,996.67
Residential Buildings	2,634.84	23.61	17.55	2,640.90	786.91	91.29		878.20	1,762.70	1,847.92
Non Residential Buildings	1,735.61	172.56		1,908.16	469.14	60.18		529.32	1,378.84	1,266.47
Temporary Sheds/ Erections	9.87			9.87	9.85			9.85	0.01	0.01
Project Civil Works	3,00,571.31	72.88		3,00,644.19	59,308.99	14,290.82	0.71	73,599.09	2,27,045.09	2,41,262.31
Roads Bridges and Traffic Tunnels	-	225.73		225.73	0.00	17.92		17.92	207.81	-0.00
Project Electro Mechanical works	1,08,500.82	80.78		1,08,581.60	22,689.44	5,173.78		27,863.22	80,718.38	85,811.38
Plant	67.63			67.63	9.28	3.26		12.54	55.09	58.35
Office Machinery	193.38	5.04		198.42	70.40	9.55		79.95	118.47	122.98
Electronics and Electrical Items	479.95	43.08	11.36	511.68	209.11	26.11	7.94	227.27	284.40	270.84
Furniture and Fixtures	444.45	31.58	0.68	475.36	218.53	26.62	0.09	245.06	230.30	225.93
Computers and Data Processing Machines	338.82	65.68	21.63	382.88	120.92	51.29	12.38	159.83	223.04	217.90
Vehicles	125.54			125.54	56.18	9.30		65.47	60.07	69.37
Kitchen Items	3.09	1.45		4.55	2.42	0.06		2.47	2.07	0.68
Fire Fighting Equipment's	0.42	1.96		2.37	0.21	0.09		0.30	2.08	0.21
Small Office items	0.73			0.73	0.68			0.68	0.05	0.05
Helipad	23.49			23.49	7.94	0.70		8.64	14.85	15.55
Bridges and Culverts	579.85			579.85	181.03	18.54		199.57	380.28	398.82
Servers and Networks	899.20			899.20	749.77			749.77	149.43	149.43
Roads	5,015.18			5,015.18	1,548.57	162.56		1,711.13	3,304.05	3,466.61
Assets not Owned by the Company Roads	-			-	-	311.30		311.30	-311.30	-
Assets not Owned by the Company others	312.15			312.15	0.86	124.43		125.29	186.87	311.30
Construction Power	2,619.52			2,619.52	937.05			937.05	1,682.47	1,682.47
Grand Total	6,18,601.80	2,15,484.06	1,79,036.13	6,55,049.73	87,374.66	20,378.93	21.12	1,07,732.47	5,47,317.26	5,31,227.14

B) Right of Use: (Rs. In lacs)

Particulars	GROSS BLOCK As at 01.04.2023	Addition during the	Deductions /	As at 31.03.2024	DEPRECIATION As at 01.04.2023	Addition during the	Deductions /	As at 31.03.2024	NET BLOCK As at 31.03.2024	As at 31.03.2023
Building	1,117.80	93.30	-	1,211.10	432.22	230.39	-	662.61	548.49	685.58
Land	31.31	-	-	31.31	0.70	0.35	-	1.04	30.27	30.62
Total (B)	1,149.12	93.30	-	1,242.42	432.91	230.74	-	663.65	578.76	716.20
Grand Total (A+B)	6,19,750.92	2,15,577.36	1,79,036.13	6,56,292.15	87,807.57	20,609.67	21.12	1,08,396.12	5,47,896.03	5,31,943.35

as at 31st March 2023

A) Own Assets:

Particulars	GROSS BLOCK As at 01.04.2022	Addition during the	Deductions /	As at 31.03.2023	DEPRECIATION As at 01.04.2022	Addition during the	Deductions /	As at 31.03.2023	NET BLOCK As at 31.03.2023	As at 31.03.2022
Land - Leasehold	7.93	46.48	5.15	49.26	-2.64	-	-	-2.64	51.90	10.57
Land- Freehold	1,99,488.66	1,12,698.57	1,18,190.57	1,93,996.67	-	-	-	-	1,93,996.67	1,99,488.66
Residential Buildings	2,634.84	-	-	2,634.84	695.63	91.29	-	786.91	1,847.92	1,939.21
Non Residential Buildings	1,735.61	112.06	112.06	1,735.61	416.33	68.80	15.99	469.14	1,266.47	1,319.28
Temporary Sheds/ Erections	9.87	-	-	9.87	9.85	-	-	9.85	0.01	0.01
Project Civil Works	3,00,464.80	106.50	-	3,00,571.31	45,027.03	14,282.68	0.71	59,308.99	2,41,262.31	2,55,437.77
Roads Bridges and Traffic Tunnels	-	-	-	-	0.00	-	-	0.00	-0.00	-0.00
Project Electro Mechanical works	1,08,465.22	35.60	-	1,08,500.82	17,516.25	5,173.19	-	22,689.44	85,811.38	90,948.97
Plant	66.68	0.96	-	67.63	6.07	3.22	-	9.28	58.35	60.61
Office Machinery	145.92	48.34	0.88	193.38	61.89	8.93	0.42	70.40	122.98	84.02
Electronics and Electrical Items	462.11	20.62	2.77	479.95	184.24	26.05	1.18	209.11	270.84	277.86
Furniture and Fixtures	416.58	39.29	11.42	444.45	192.53	32.00	6.00	218.53	225.93	224.06
Computers and Data Processing Machines	270.20	74.98	6.36	338.82	92.70	29.34	1.12	120.92	217.90	177.50
Vehicles	138.06	7.16	19.68	125.54	57.75	16.14	17.71	56.18	69.37	80.32
Kitchen Items	3.09	-	-	3.09	2.37	0.05	-	2.42	0.68	0.73
Fire Fighting Equipment's	0.42	-	-	0.42	0.13	0.07	-	0.21	0.21	0.29
Small Office items	0.73	-	-	0.73	0.27	0.41	-	0.68	0.05	0.46
Helipad	23.49	-	-	23.49	7.24	0.70	-	7.94	15.55	16.25
Bridges and Culverts	579.85	-	-	579.85	162.49	18.54	-	181.03	398.82	417.36
Servers and Networks	899.20	-	-	899.20	749.77	-	-	749.77	149.43	149.43
Roads	4,957.15	58.03	-	5,015.18	1,386.04	162.54	-	1,548.57	3,466.61	3,571.11
Assets not Owned by the Company Roads	-	-	-	-	-	-	-	-	-	-
Assets not Owned by the Company others	-	312.15	-	312.15	-	0.86	-	0.86	311.30	-
Construction Power	2,619.52	-	-	2,619.52	812.61	124.43	-	937.05	1,682.47	1,806.90
Grand Total	6,23,389.94	1,13,560.75	1,18,348.88	6,18,601.80	67,378.57	20,039.24	43.15	87,374.66	5,31,227.14	5,56,011.37

B) Right of Use: (in Rs.)

Particulars	GROSS BLOCK As at 01.04.2022	Addition during the	Deductions /	As at 31.03.2023	DEPRECIATION As at 01.04.2022	Addition during the	Deductions /	As at 31.03.2023	NET BLOCK As at 31.03.2023	As at 31.03.2022
Building	1,026.47	91.33	-	1,117.80	205.71	226.50	-	432.22	685.58	820.76
Land	31.31	-	-	31.31	0.35	0.35	-	0.70	30.62	30.97
Total (B)	1,057.79	91.33	-	1,149.12	206.06	226.85	-	432.91	716.20	851.73
Grand Total (A+B)	6,24,447.73	1,13,652.08	1,18,348.88	6,19,750.92	67,584.63	20,266.09	43.15	87,807.57	5,31,943.35	5,56,863.10

Himachal Pradesh Power Corporation Limited

Note No 2.2.1

Capital work in progress

as at March 31,2024

(Rs. In lacs)

Particulars		As at April 1, 2023	Additions During the Year	Transfers/ Adjustment	Total CWIP as at March 31,2024	Capitalised During the Year	As at March 21,2024
Residential Buildings		-			-		-
Non Residential Buildings		184.35	5.74		190.10	172.56	17.54
Roads, Bridges & Culverts		856.06	32.59		888.66	225.73	662.93
Civil Works		99,226.31	20,490.53		1,19,716.83		1,19,716.83
Electro-Mechanical Works		36,118.07	22,369.17		58,487.25		58,487.25
Construction Power		73.97	4.56		78.53		78.53
Environment & R&R Expenses		10.49	38.70		49.20		49.20
Plant & Machinery		7.54			7.54		7.54
Land Submerged Area		-			-		-
Investigation & Survey		-			-		-
AUC Office Items		0.84			0.84		0.84
Expenditure during construction		1,87,366.77	32,600.58		2,19,967.35		2,19,967.35
Lada			309.00		309.00		309.00
IND AS adjustment		2.41			2.41		2.41
Total		3,23,846.82	75,850.88	-	3,99,697.70	398.28	3,99,299.42

(Rs. In lacs)

Particulars		As at April 1, 2022	Additions During the Year	Transfers/ Adjustment	Total CWIP as at March 31,2023	Capitalised During the Year	As at March 21,2023
Residential Buildings		-	-		-	-	-
Non Residential Buildings		184.35	-		184.35	-	184.35
Roads, Bridges & Culverts		674.75	259.35		934.09	78.03	856.06
Civil Works		75,012.71	24,320.52		99,333.23	106.92	99,226.31
Electro-Mechanical Works		33,905.99	2,212.08		36,118.07	-	36,118.07
Construction Power		1.53	72.44		73.97	-	73.97
Environment & R&R Expenses		-	10.49		10.49	-	10.49
Plant & Machinery		7.54	-		7.54	-	7.54
Land Submerged Area		-	2.19		2.19	2.19	-
Investigation & Survey		-	-		-	-	-
AUC Office Items		0.84	-		0.84	-	0.84
Expenditure during construction		1,10,416.52	84,123.05		1,94,539.57	7,172.80	1,87,366.77
IND AS adjustment		406.21	-		406.21	403.80	2.41
Total		2,20,610.45	1,11,000.12	-	3,31,610.57	7,763.74	3,23,846.82

Capital Work In Progress(aging Schedule)

as at March 31,2024

	Less Then One Year	1-2 Years	2-3 Years	More then 3 Years	Total
Projects in Progress	**75,452.60**	**1,03,236.38**	**27,588.00**	**1,93,022.45**	**3,99,299.42**
Projects Temporary suspended					
	75,452.60	**1,03,236.38**	**27,588.00**	**1,93,022.45**	**3,99,299.42**

as at March 31,2023

	Less Then One Year	1-2 Years	2-3 Years	More then 3 Years	Total
Projects in Progress	**1,03,236.38**	**27,588.00**	**80,856.00**	**1,12,166.45**	**3,23,846.82**
Projects Temporary suspended					
	1,03,236.38	**27,588.00**	**80,856.00**	**1,12,166.45**	**3,23,846.82**

Note No 2.2.2

HIMACHAL PRADESH POWER CORPORATION LIMITED

Amount in Lacs

Expenditure During Construction	Note No.	As at 31.03.2023	Addition during 23-24	Deletion during 23-24	Net Adj. During 23-24	As at 31.03.2024
EXPENSES (A):						
Employees' Benefits Expenses	2.2.2.1	68,005	6,619	-	6,619	74,624
Finance/Interest Cost	2.2.2.2	40,036	8,212	-	8,212	48,248
Depreciation Expenses	2.2.2.3	2,094	550	-	550	2,645
Office and Administrative Expenses	2.2.2.4	91,057	22,408	(3,932)	18,475	1,09,533
TOTAL (A)		**2,01,192**	**37,790**	**(3,932)**	**33,858**	**2,35,050**
Less: Miscellaneous Income	2.2.2.5	(13,826)	(1,257)	-	(1,257)	(15,083)
Less: Renukaji & Gyspa Project Depreciation adjusted against Capital Reserve		-	-	-	-	-
NET EXPENDITURE (B) (Carried forward to CWIP)		**1,87,367**	**36,533**	**(3,932)**	**32,600**	**2,19,967**

Note No 2.2.2.1

EMPLOYEE BENEFITS EXPENSES (Expenditure During Construction):

Amount in Lacs

PARTICULARS	As at 31.03.2024	Addition during 23-24	Deletion during 23-24	Net During 2023-24	As at 31.03.2023
Salaries, Wages, Allowances and Benefits	67,989.07	6,253.67	-	6,253.67	61,735.40
Contribution to Provident and Other Funds	1,087.13	51.04	-	51.04	1,036.09
Leave Salary and Pension Contribution	3,964.91	212.90	-	212.90	3,752.01
Travelling Exp.	459.51	33.84	-	33.84	425.67
Medical Exp.	626.74	39.31	-	39.31	587.43
Welfare Expenses	497.09	28.70	-	28.70	468.39
TOTAL	**74,624.46**	**6,619.46**	-	**6,619.46**	**68,005.00**

Note No 2.2.2.2

FINANCE/INTEREST COST (Expenditure During Construction):

Amount in Lacs

PARTICULARS	As at 31.03.2023	Addition during 23-24	Deletion during 23-24	Net During 2023-24	As at 31.03.2022
Interest on Term Loans	48,186.33	8,210.38	-	8,210.38	39,975.95
Bank Charges/LC Charges	42.43	1.90	-	1.90	40.53
Others-FBT/Service Tax Interest	19.04	-	-	-	19.04
TOTAL	**48,247.80**	**8,212.28**	-	**8,212.28**	**40,035.52**

Note No 2.2.2.3

DEPRECIATION EXPENSES:

Amount in Lacs

PARTICULARS	As at 31.03.2024	Addition during 23-24	Deletion during 23-24	Net During 2023-24	As at 31.03.2023
Depreciation for the year (Transferred to Profit & Loss Account)			-	-	-
Depreciation for the year (Transferred to Expenditure During Construction)	2,644.97	550.49	-	550.49	2,094.48
TOTAL	**2,644.97**	**550.49**	-	**550.49**	**2,094.48**
Depreciation written off from Capital Reserve				-	

Note No 2.2.2.4

OFFICE AND ADMINISTRATIVE EXPENDITURE (Projects Incidental Expenditure):

Amount in Lacs

PARTICULARS	As at 31.03.2024	Addition during 23-24	Deletion during 23-24	Net During 2023-24	As at 31.03.2023
Repairs and Maintenance Vehicle	146.16	15.66	-	15.66	130.50
Repairs and Maintenance Office Furniture & Equipment's	119.67	24.05	-	24.05	95.62
Repairs and Maintenance Plant and Machinery	133.57	10.99	-	10.99	122.58
Repairs and Maintenance Buildings	713.93	83.95	-	83.95	629.98
Repairs and Maintenance Others	50.99	1.50	-	1.50	49.49
Office & Administration Expenses	41.83	0.62	-	0.62	41.21
Hospitality and Entertainment Expenses	197.15	21.56	-	21.56	175.59
Meeting Expenses	88.49	12.45	-	12.45	76.04
Misc. Expenses	141.85	1.46	-	1.46	140.39
Communication Expenses	799.78	40.87	-	40.87	758.91
Rent, Rates and Taxes	2,243.76	74.72	-	74.72	2,169.04
Consultancy Fees	915.32	105.61	-	105.61	809.71
Annual Technical Support-SAP/ AMC	3,747.52	397.64	-	397.64	3,349.88
Vehicle Running Charges & Insurance Charges	379.72	36.67	-	36.67	343.05
Hired Vehicle Expenses	2,673.17	320.91	-	320.91	2,352.26
Training & Seminar	310.71	21.19	-	21.19	289.52
Fees & Subscription	48.72	6.12	-	6.12	42.60

Electricity & Water Expenses	522.36	34.10	-	34.10	488.26
Printing & Stationary	341.51	31.55	-	31.55	309.96
Books, Periodicals & Newspapers	85.70	5.35	-	5.35	80.35
Freight & Labour Charges	51.84	2.66	-	2.66	49.18
Insurance	52.03	3.08	-	3.08	48.95
Raising Day Expense	33.36		-		33.36
Legal & Professional Charges	499.98	43.55	-	43.55	456.43
Postage & Telegram Expenses	32.91	1.61	-	1.61	31.30
Publicity & Advertisement Expenditure	357.49	37.78	-	37.78	319.71
Expenditure on Transit Camps/Guest House	50.00	3.65	-	3.65	46.35
Business Promotion Expenses	264.76	1.35	-	1.35	263.41
Power/ Water Park	42.79	-	-	-	42.79
Foreign Exchange Variation Cost	55.36	-	-	-	55.36
Land Acquisition Expenses	11.07	0.26	-	0.26	10.81
LADA	4,995.06	90.00	-	90.00	4,905.06
Relief and Rehabilitation Costs	8,113.43	715.76	-	715.76	7,397.67
Environmental and Ecology exp.	68,603.97	1,325.93	-	1,325.93	67,278.04
Expenditure on Enabling Assets	51.24	-	-	-	51.24
CAT Plan	7,959.62	1,075.58	-	1,075.58	6,884.04
Study and Research	49.76	6.08	-	6.08	43.68
Survey & Investigation	24,236.54	14,533.82	-	14,533.82	9,702.72
Construction Power HPSEBL 1-8-1	248.72	13.16	(4.00)	9.16	239.56
Environment Management Plan	1,122.08	23.02	-	23.02	1,099.06
Fuel expenses Data Centre	9.11	-	-	-	9.11
Gift & Presentation A/c (Pending Allocation)	3.39	-	-	-	3.39
Honorarium & Stipend	225.70	0.02	-	0.02	225.68
Incidental expenses-Power Water & parks	(42.53)	-	-	-	(42.53)
OUTSOURCED MANPOWER EXPENSES (Pending Allocatio	5,755.16	809.58	-	809.58	4,945.58
Retain earning Adjustment unto FY 2014	2,847.95	-	-	-	2,847.95
SAFETY RELATED EXPENSES	0.22	-	-	-	0.22
Hydraulic and numerical Model	32.08	-	-	-	32.08
Winter Heating Exp. (Pending Allocation)	93.52	7.06	-	7.06	86.46
Wages (Daily paid staff) (PROJECT)	4.57	-	-	-	4.57
Remuneration to Auditors	34.07	2.65	-	2.65	31.42
Consumables Stores	111.35	7.52	-	7.52	103.83
Transmission lines	12.00	-	-	-	12.00
Common Cost (HO & SNR)	-15,676.31	2,451.91	(3,928.46)	(1,476.55)	(14,199.76)
Fisheries Management	(42.51)	-	-	-	(42.51)
Preliminary Expenses	11.91	-	-	-	11.91
Pre- construction & Construction stage Expenses	6.52	-	-	-	6.52
Incidental exp after COD(proportion)Stage-1 2017-18	(0.98)	-	-	-	(0.98)
Incidental exp Before COD Stage-1	(8,152.73)	-	-	-	(8,152.73)
Expenditure related to previous year	46.74	-	-	-	46.74
AUC-Amount Settlement	(252.96)	-	-	-	(252.96)
AUC incidental investment clearing account	(6,041.42)	-	-	-	(6,041.42)
Financial Charges on lease	8.81	-	-	-	8.81
Interest/Penalty	0.33	0.02	-	0.02	0.31
E & M Letter of credit Charges	2.18	2.18	-	2.18	
Loss on sale of assets	1.36	1.36	-	1.36	
Pekhubella SPP	0.95	0.95	-	0.95	
Generation of DPR	0.22	0.22	-	0.22	
TOTAL	**1,09,527.92**	**22,407.73**	**(3,932.46)**	**18,475.27**	**91,057.36**

Note No 2.2.2.5

Miscellaneous Income Transferred to Expenditure During Construction:

Amount in Lacs

PARTICULARS	As at 31.03.2024	Addition during 2023-24	Deletion during 23-24	Net During 2023-24	As at 31.03.2023
Interest from Banks Deposits/FDR's	(2,196.47)	(72.88)		(72.88)	(2,123.59)
Income from Providing design work/Lab Receipts	-	-		-	-
Interest from Employees	-	-		-	-
House Rent Collection from employees/Other recovery	-	-		-	-
Infirm Sale or Power	(16.82)	-		-	(16.82)
Interest on Tax Refunds	-	-		-	-
Income from sale of tender forms	(0.87)	(0.15)		(0.15)	(0.72)
Income from Contractors	-	-		-	-
Income from Transit Camp/Guest House	-	-		-	-
Gain on sale of Assets	(1.16)	-		-	(1.16)
Miscellaneous Receipts	(12,867.35)	(1,184.06)		(1,184.06)	(11,683.29)
TOTAL	**(15,082.68)**	**(1,257.09)**	**-**	**(1,257.09)**	**(13,825.59)**

Himachal Pradesh Power Corporation Limited

Investment Property

Schedule of Investment Property

Sub Note No 2.3.1

As at 31st March 2024

A) Investment Property:	GROSS BLOCK				DEPRECIATION				NET BLOCK (Rs. In lacs)	
Particulars	As at	Addition	Deductions /	As at 31.03.2024	As at 01.04.2023	Addition during	Deductions /	As at	As at 31.03.2024	As at 31.03.2023
Building	46.91	-	-	46.91	21.26	1.41	-	22.67	24.24	25.65
		-	-	-	-	-	-	-	-	-
Total (A)	**46.91**	**-**	**-**	**46.91**	**21.26**	**1.41**	**-**	**22.67**	**24.24**	**25.65**

As at 31st March 2023

A) Investment Property:	GROSS BLOCK				DEPRECIATION				NET BLOCK (Rs. In lacs)	
Particulars	As at	Addition	Deductions /	As at 31.03.2023	As at 01.04.2022	Addition during	Deductions /	As at	As at 31.03.2023	As at 31.03.2022
Building	46.91	-	-	46.91	19.85	1.41	-	21.26	25.65	27.06
Total (B)	**46.91**	**-**	**-**	**46.91**	**19.85**	**1.41**	**-**	**21.26**	**25.65**	**27.06**

HIMACHAL PRADESH POWER CORPORATION LIMITED

Note No 2.4.1
Intangible Assets
as at March 31,2024

(Rs. In lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2023	Addition during the year	Deductions / Adjustments	As at 31.03.2024	As at 01.04.2023	Addition during the year	Deductions / Adjustments	As at 31.03.2024	As at 31.03.2024	As at 31.03.2023
Software	101.42	26.71	-	128.13	58.84	15.32	-	74.16	53.97	42.58
		-	-	-	-	-	-	-	-	-
Total (B)	**101.42**	**26.71**	**-**	**128.13**	**58.84**	**15.32**	**-**	**74.16**	**53.97**	**42.58**

as at March 31,2023

(Rs. In lacs)

B) Right of Use: Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2022	Addition during the year	Deductions / Adjustments	As at 31.03.2023	As at 01.04.2022	Addition during the year	Deductions / Adjustments	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Software	69.13	32.29	-	101.42	52.97	5.87	-	58.84	42.58	16.16
Total (B)	**69.13**	**32.29**	**-**	**101.42**	**52.97**	**5.87**	**-**	**58.84**	**42.58**	**16.16**

Intangible Assets(aging Schedule)
As at March 31,2024

	Less Then One Year	1-2 Years	2-3 Years	More then 3 Years	Total
Projects in Progress	26.71	32.29	0	69.13	128.13
Projects Temporary suspended					
	26.71	32.29	0	69.13	128.13

As at March 31,2023

	Less Then One Year	1-2 Years	2-3 Years	More then 3 Years	Total
Projects in Progress	32.29		14	55.13	101.42
Projects Temporary suspended					
	32.29	0	14	55.13	101.42

Disclosure as per Ind AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'
(A) Restatement for the year ended 31st March 2023 and as at 1st April 2022

In accodance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance Sheet as at 31st March 2023 and 1st April 2022 (beginning of the preceding period) and Statement of Profit and Loss and Statement of Cash Flows for the year ended 31st March 2023 for the reasons as stated in the notes below.

Reconciliation of Restated items of Balance Sheet as at 31st March 2023 & 1st April 2022 :

Amt. In Lacs

Particulars		Note No.	As at March 31,2023			As at April 1, 2022		
			As Previously Reported	IND AS 8 Adjustment	As Restated	As Previously Reported	IND AS 8 Adjustment	As Restated
Property Plant and			5,31,704.79	238.56	5,31,943.35	5,56,612.44	250.65	5,56,863.10
Capital Work-in-Progress		(i)	3,24,137.53	(290.29)	3,23,847.24	2,20,900.74	(290.29)	2,20,610.45
Extract Total				**(51.73)**			**(39.64)**	
Other Equity		(i)	(75,704.85)	(639.20)	(76,344.05)	(68,171.12)	(563.95)	(68,735.07)
Provision for expenses		(i)		587.47	587.47	-	524.31	524.31
Extract Total				**(51.73)**			**(39.64)**	
					5,31,943.35			5,56,863.10
					0			

Reconciliation of Restated items of Statement of Profit and Loss for the year ended 31st March 2023

Particulars		Note No.	As at March 31,2023		
			As Previously Reported	IND AS 8 Adjustment	As Restated
Depreciation			20,722.13	12.10	20,734.23
Other Expenses			4,285.00	63.15	4,348.15
			-	-	-
Profit after Tax				75.25	

Notes:
i) Certain reclassification have been made to the comparative period's financial statements to enhance comparability with the current year's financial statements.

(ii) Financial Risk Management

Financial risk factors:
The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company has advances and other receivables, trade and other receivables, investments and cash and short-term deposits that arise directly from its operations. The Company's activities expose it to a variety of financial risks:

a) Credit risk:
Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and financial institutions.

Risk	Exposure arising From	Measurement	Management
Credit risk	Cash & Cash equivalents, Trade receivables and financial assets measured at amortised cost	Aging analysis	Diversification of bank deposits, credit limits and letter of credit
Liquidity Risk	Borrowings and other facilities	Rolling cash flow forecasts	availability of committed credit lines and borrowing facilities
Market Risk-Interest rate	Long term borrowings at Fixed rates	sensitivity analysis	interest rate swaps/change of financer

b) Liquidity risk:
Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

c) Market risk:
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risks: currency rate risk, interest rate risk and other price risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments. Foreign currency risk is the risk that the fair value or future cash flows of financial instrument/advances/retention money will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and financial liabilities held as at 31st March, 2024 and 31st March, 2023.The Company's risk management is carried out as per policies approved by Board of Directors from time to time.

(A) Credit Risk:
The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

a) Trade Receivables:
The Company extends credit to customers in normal course of business. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade

receivables as low; as its customers are mainly State Discoms to whom late payment surcharge is as per the HPERC regulation. Further, the fact that beneficiaries are primarily State Discoms and considering the historical credit loss experience for trade receivables, the Company does not envisage either impairment in the value of receivables from beneficiaries or loss due to time value of money, due to delay in realization of trade receivables.

b) Financial assets at carrying cost:
The advances to contractors and other recoverable are shown at carrying cost. Management has assessed the past data and does not envisage any probability of default on these loans

c) Financial instruments and cash deposits:
The Company considers factors such as track record, size/net worth of the institution/bank, market reputation and service standards and limits and policies as approved by the Board of Directors to select the banks with which balances and deposits are maintained.

(B) Liquidity Risk:
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company's objective is to maintain an optimum level of liquidity at all times to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its need for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure that it has sufficient cash to meet capital expenditure and operational needs while maintaining sufficient head room on its undrawn committed borrowing facilities at all times, so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Maturities of Financial Liabilities:
The table below provides undiscounted cash flows towards company's financial liabilities into relevant maturity based on the remaining period at the Balance Sheet date to the contractual maturity date. Balance due within 1 year is equal to their carrying balances as the impact of discounting is not significant. (Refer note2.20, 2.22, 2.26, 2.29, 2.30 & 2.31).

(Rs. in lacs)

As at 31st March, 2024						
Contractual maturities of financial liabilities	**Note No.**	**Outstanding debt on 31.03.2024**	**Within 1 year**	**More than 1 year and less than 3 years**	**More than 3 years and less than 5 years**	**More than 5 years**
1. Borrowings (Including interest accrued but not due	2.20, 2.26 & 2.30	5,43,100	4,73,302	20,971	330	48,496
2. Other current & financial liabilities	2.22, 2.26, 2.29, 2.30 & 2.31	74,440	70,143	4,297	-	-

(Rs. in lacs)

As at 31st March, 2023						
Contractual maturities of financial liabilities	**Note No.**	**Outstanding debt on 31.03.2023**	**Within 1 year**	**More than 1 year and less than 3 years**	**More than 3 years and less than 5 years**	**More than 5 years**
1. Borrowings (Including interest accrued but not due)	2.19, 2.28	492094	427433	37698	4789	22175
2. Other current & financial liabilities	2.21,2.25 & 2.28	32164	28018	4146	-	-

(C) Market Risk:
The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in the respective market risks. The Company's activities expose it to a variety of financial risks, including the effects of changes in interest rates.

(i) Interest rate risk and sensitivity:
The company has taken borrowings from state government and PFC, only at fixed rate of interest which is not subjected to risks of changes in market interest rates and the same has been shown at carrying value.

(Rs. in Lacs)

Particulars	**As At 31st March 2024**	**As At 31st March 2023**
Fixed Rate Borrowings	29,345	64,379

ii) Price Risk: Exposure:
The company has no exposure to price risk as there is no investment in equity shares which are listed in recognised stock exchange and are publicly traded in the stock exchanges.

iii) Foreign Currency Risk: Foreign Currency Risk Exposure:
The company's exposure to foreign currency risk at the end of the reporting period expressed *(in lacs)* is as follows:

Particulars	**As At 31st March 2024**			**As At 31st March 2023**		
Foreign Currency	USD	Euro	CHF	USD	Euro	CHF
Financial Assets						
Net Exposure to foreign currency risk -Asset (A)	7.92	0.84	0	7.92	0.84	0
Financial Liabilities						
Retention Money	0	0	0	0	0	0

Other Payables	0	0	0	0	0	0
Net Exposure to foreign currency risk –Liabilities (B)	0	0	0	0	0	0
Net Exposure to foreign currency risk (A-B)	**7.92**	**0.84**	**0**	7.92	0.84	**0**

The foreign currency risk is only for the foreign currency advances and other liability on account supplier dues and retention money payable to contractors. As per accounting policy of the company, transactions in foreign currency are initially recorded at exchange rate prevailing on the date of transaction. At each Balance Sheet date, monetary items denominated in foreign currency are translated at the exchange rates prevailing on that date. Non-monetary items denominated in foreign currency are reported at the exchange rate prevailing at the date of transaction. Exchange differences arising on translation or settlement of monetary items are recognised in the statement of profit and loss, in the year in which it arises.

(iii) Capital Management

(a) Capital Risk Management:
The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern, in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended 31st March, 2024.
The Company monitors capital using gearing ratio, which is net debt divided by total of Capital and Net Debt. The gearing ratios are as follows:

(Rs. In Lacs)

Particulars		**As at 31st March 2024**	**As at 31st March 2023**
a)	**Loans and Borrowings**	3,24,021.00	2,55,086.79
b)	**Trade and Other Payables**	6,62,347.00	5,72,012.68
c)	**Less: Cash and Cash Equivalents**	20,034.00	13,210.00
d)	**Net Debt**	**9,66,334.00**	8,13,889.47
e)	**Total Capital**	1,47,691.00	1,54,543.00
f)	**Capital and Net Debt**	**11,14,025.00**	9,68,432.47
g)	**Gearing Ratio (%age)**	**86.74**	**84.04**

Note: For the purpose of the Company's capital management, capital includes issued capital, and all other equity reserves. Net debt includes, interest bearing loans and borrowings, trade and other payables less cash and short term deposits.

(b) Loan Covenants:
Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:-

There is requirement to maintain Debt Equity ratio of 70:30 by the ADB and 80:20 by the AFD, which are the funding agencies to the State Government.

(c) Dividends:

The Company started commercial operation during the year 2016-17 and total cumulative loss as on 31.03.2024 is Rs. 86,572 lacs, thus no dividend has been declared by the company.

Other Explanatory Notes to Accounts:

2.41 Contingent Liabilities:

(a) Claims against the Company not acknowledged as debts in respect of:

(i) Capital works:

Contractors have lodged claims as on 31.3.2024, aggregating to approx. Rs. 75593.21 lacs, against the Company on account of rate & quantity deviation, cost relating to extension of time and idling charges due to stoppage of work/delays in handing over the site etc. These claims are being contested by the company as being not admissible in terms of provisions of the respective contracts or are lying at arbitration tribunal/other forums/other Courts.

(ii) Land Compensation cases:

In respect of land acquired for the projects, some of the land losers have filed claims for higher compensation amounting to Rs.20836.06 lacs as on 31.03.2024, before various authorities/courts. Company has shown the same as contingent liability as the matter is subjudice.

(iii) Others:

a) Claims on account of other matters as on 31.03.2024, amounting to Rs. 5663.07 Lacs, mainly on account of claims for EPF, Data Centre, diversion of forest land & building etc.

		(Rs. In Lacs)
Particulars	**31st March 2024**	**31st March 2023**
Capital Works	74606.98	91440.77
Land Compensation	20836.06	76100.36
Others	5663.07	4875.96
Total	**101106.11**	**172417.09**

The above is summarized below as at 31.03.2024:

(Rs. In Lacs)

Particulars	Claims as on 31.3.2024	Provision Against The Claims	Contingent Liablility as on 31.3.2024	Contigent Liability as on 31.3.2023	Addition /deletion of Contigent Liability for the period
Capital Works	74,606.98	0	74,606.98	91,440.77	-16,833.79
Land Compensation	20,836.06	0	20,836.06	76,100.36	-55,264.30
Others	5,663.07	0	5,663.07	4,875.96	787.11

The above is summarized below as at 31.03.2023:

Rs. In Lacs

Particulars	Claims as on 31.3.2023	Provision Against The Claims	Contingent Liablility as on 31.3.2023	Contigent Liability as on 31.3.2022	Addition /deletion of Contigent Liability for the period
Capital Works	91,440.77	0	91,440.77	77,378.51	14,062.26
Land Compensation	76,100.36	0	76,100.36	79,245.46	-3,145.10
Others	4,875.96	0	4,875.96	457.52	4,418.44

b) The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified.

(c) It is not practicable to ascertain and disclose the uncertainties relating to outflow in respect of contingent liabilities.

(d) The company's management does not expect that the above claims/obligations (including under litigation), when ultimately concluded and determined, will have a material and adverse effect on the company's results of operations or financial condition.

2.42 Detail of Contingent Assets: **(Rs. In Lacs)**

Particulars	As At 31st March 2024	As At 31st March 2023
Civil Work and E & M works	54,110.50	40,930.73

2.43 Estimated amount of commitments not provided for is as under: **(In Lacs)**

Particulars	Currency	As At 31st March 2024	As At 31st March 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for	INR	1,18,267.97	1,13,318.13
	Euro	54.15	54.15
	US$	6.33	6.33

2.44 The effect of foreign exchange fluctuation during the year is as under:

(Rs. In Lacs)

Sr. No.	Particulars	Year ended 31.3.2024	Year ended 31.3.2023
(i)	Amount Charged to Statement of Profit and Loss Account excluding depreciation	**9.68**	**54.94**
(ii)	Amount Charged to Expenditure attributable to construction	**Nil**	**Nil**
(iii)	Amount adjusted by addition to the carrying amount of fixed Assets	**Nil**	**Nil**

2.45 Disclosure under the provisions of IND-AS-19 'Employee Benefits': General description of various defined employee benefits are as under:

Defined Contribution plans:

Pension:

The Company employees are not covered under any Government pension scheme. However, the employees of the HPSEBL who are on secondment basis with the company the pension contribution is payable to the HPSEBL.

b) Defined benefit plans:

(i) Employers contribution to Provident Fund:

The employees of the company are covered under EPF Scheme with Regional Provident Commissioner and the contribution is being paid on monthly basis to the authorities.

(ii) Gratuity:

The Company has a defined benefit Gratuity Plan, for its employees, which is regulated as per the provisions of Payment of Gratuity Act, 1972. The liability of the same is recognised on the basis of actuarial valuation. However the employees of the HPSEBL who are on secondment basis with the company the gratuity contribution is payable to the HPSEBL.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at balance sheet date:

	Assets / Liability	**31/03/2024**	**31/03/2023**
a	Present value of obligation	192,970,350	173,663,047
b	Fair value of plan assets	--	--
c	Net assets / (liability) recognized in balance sheet as provision	(192,970,350)	(173,663,047)

Plan Liability

The actuarial value of gratuity liability calculated on the above assumptions works out as under.

(Amt. in Rs.)

Date Ending	**31/03/2024**	**31/03/2023**
Present value of obligation as at the end of the period	**192,970,350**	**173,663,047**

7. Service Cost

		31/03/2024	**31/03/2023**
a)	Current Service Cost	17,074,268	15,822,300
b)	Past Service Cost including curtailment Gains/Losses	--	--
c)	Gains or Losses on Non routine settlements	--	--

Net Interest Cost

9. Change in Benefit Obligation

		31/03/2024	**31/03/2023**
a)	Present value of obligation as at the beginning of the period	173,663,047	162,078,774
b)	Acquisition adjustment	--	--
c)	Interest Cost	12,816,333	11,702,087
d)	Service Cost	17,074,268	15,822,300
e)	Past Service Cost including curtailment Gains/Losses	--	--
f)	Benefits Paid	(6,733,978)	(8,149,807)
g)	Total Actuarial (Gain)/Loss on Obligation	(3,849,320)	(7,790,307)
h)	Present value of obligation as at the End of the period	192,970,350	173,663,047

10. Bifurcation of Actuarial Gain/Loss on Obligation

		31/03/2024	31/03/2023
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	--	--
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	3,195,868	(3,131,494)
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	(7,045,188)	(4,658,813)

Significance of actuarial gain/loss - Recurring significant amount of actuarial gain/loss arising from experience as percentage of PBO in a year indicates that valuation assumptions need reconsideration unless it is caused by some exceptional event during the inter-valuation period.

Balance Sheet and related analysis

		.31/03/2024	31/03/2023
a)	Present Value of the obligation at end	192,970,350	173,663,047
b)	Fair value of plan assets	--	--
c)	Unfunded Liability/provision in Balance Sheet	(192,970,350)	(173,663,047)

13. The amounts recognized in the income statement.

		31/03/2024	31/03/2023
a)	Total Service Cost	17,074,268	15,822,300
b)	Net Interest Cost	12,816,333	11,702,087
c)	Expense recognized in the Income Statement	29,890,601	27,524,387

14. Other Comprehensive Income (OCI)

		31/03/2024	31/03/2023
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--
b)	Actuarial gain / (loss) for the year on PBO	3,849,320	7,790,307
c)	Actuarial gain /(loss) for the year on Asset	--	--
d)	Unrecognized actuarial gain/(loss) for the year	3,849,320	7,790,307

Change in Net Defined Benefit Obligation

		31/03/2024	31/03/2023
a)	Net defined benefit liability at the start of the period	173,663,047	162,078,774
b)	Acquisition adjustment	--	--
c)	Total Service Cost	17,074,268	15,822,300
d)	Net Interest cost (Income)	12,816,333	11,702,087
e)	Re-measurements	(3,849,320)	(7,790,307)
f)	Contribution paid to the Fund	--	--
g)	Benefit paid directly by the enterprise	(6,733,978)	(8,149,807)

h)	Net defined benefit liability at the end of the period	192,970,350	173,663,047

Bifurcation of PBO at the end of year in current and non current.

		31/03/2024	31/03/2023
a)	Current liability (Amount due within one year)	5,316,112	11,996,351
b)	Non-Current liability (Amount due over one year)	187,654,238	161,666,696
	Total PBO at the end of year	**192,970,350**	**173,663,047**

19. Expected contribution for the next Annual reporting period.

		31/03/2024	31/03/2023
a)	Service Cost	18,091,831	16,959,501
b)	Net Interest Cost	13,951,756	12,816,333
c)	Expected Expense for the next annual reporting period	32,043,587	29,775,834

20. Sensitivity Analysis of the defined benefit obligation.

a) Impact of the change in discount rate		
	Present Value of Obligation at the end of the period	**192,970,350**
a)	Impact due to increase of 0.50%	(10,365,414)
b)	Impact due to decrease of 0.50 %	11,231,043
b) Impact of the change in salary increase		
	Present Value of Obligation at the end of the period	**192,970,350**
a)	Impact due to increase of 0.50%	4,062,637
b)	Impact due to decrease of 0.50 %	(4,133,434)

Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.

Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

Maturity Profile of Defined Benefit Obligation

	Year	Amount
a)	0 to 1 Year	5,316,112
b)	1 to 2 Year	5,087,444
c)	2 to 3 Year	5,976,531
d)	3 to 4 Year	8,335,475
e)	4 to 5 Year	9,298,531
f)	5 to 6 Year	9,233,640
g)	6 Year onwards	149,722,617

(iii) Leave encashment:

The Company has a defined benefit leave encashment plan for its Employees. Under this plan they are entitled to encashment of earned leaves and medical leaves subject to limits and other conditions specified for the same. The liability of the same is recognised on the basis of actuarial valuation. However the employees of the HPSEBL who are on secondment basis with the company, the leave salary contribution is payable to the HPSEBL as per the formula devised by them.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the Leave encashment plan and the amounts recognized in the Company's financial statements as at balance sheet date:

(Amt. in Rs.)

	Assets / Liability	31/03/2023	31/03/2024
a	Present value of obligation	224,110,793	258,900,321
b	Fair value of plan assets	--	--
c	Net assets / (liability) recognized in balance sheet as provision	(224,110,793)	(258,900,321)

Plan Liability

The actuarial value of earned leave liability calculated on the above assumptions works out as under.

Date Ending	31/03/2023	31/03/2024
Present value of obligation as at the end of the period	**224,110,793**	**258,900,321**

7. Service Cost

		31/03/2023	31/03/2024
a)	Current Service Cost	20,133,280	21,554,377
b)	Past Service Cost including curtailment Gains/Losses	--	--
c)	Gains or Losses on Non routine settlements	--	--
d)	Total Service Cost	20,133,280	21,554,377

8. Net Interest Cost

		31/03/2023	31/03/2024
a)	Interest Cost on Defined Benefit Obligation	14,938,957	16,539,377
b)	Interest Income on Plan Assets	--	--
c)	Net Interest Cost (Income)	14,938,957	16,539,377

Change in Benefit Obligation

		31/03/2023	31/03/2024
a)	Present value of obligation as at the beginning of the period	206,910,761	224,110,793
b)	Acquisition adjustment	--	--
c)	Interest Cost	14,938,957	16,539,377
d)	Service Cost	20,133,280	21,554,377
e)	Past Service Cost including curtailment Gains/Losses	--	--
f)	Benefits Paid	(6,303,941)	(5,228,233)
g)	Total Actuarial (Gain)/Loss on Obligation	(11,568,264)	1,924,007
h)	Present value of obligation as at the End of the period	224,110,793	258,900,321

Actuarial Gain/Loss on Obligation

		31/03/2023	31/03/2024
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	--	--
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(4,553,735)	4,754,417
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	(7,014,529)	(2,830,410)

Significance of actuarial gain/loss - Recurring significant amount of actuarial gain/loss arising from experience as percentage of PBO in a year indicates that valuation assumptions need reconsideration unless it is caused by some exceptional event during the inter-valuation period.

Balance Sheet and related analysis

		31/03/2023	31/03/2024
a)	Present Value of the obligation at end	224,110,793	258,900,321
b)	Fair value of plan assets	--	--
c)	Unfunded Liability/provision in Balance Sheet	(224,110,793)	(258,900,321)

13. The amounts recognized in the income statement

		31/03/2023	31/03/2024
a)	Total Service Cost	20,133,280	21,554,377
b)	Net Interest Cost	14,938,957	16,539,377
c)	Net actuarial (gain) / loss recognized in the period	(11,568,264)	1,924,007
c)	Expense recognized in the Income Statement	23,503,973	40,017,761

Change in Net Defined Benefit Obligation

		31/03/2023	31/03/2024
a)	Net defined benefit liability at the start of the period	206,910,761	224,110,793
b)	Acquisition adjustment	--	--
c)	Total Service Cost	20,133,280	21,554,377
d)	Net Interest cost (Income)	14,938,957	16,539,377
e)	Re-measurements	(11,568,264)	1,924,007
f)	Contribution paid to the Fund	--	--
g)	Benefit paid directly by the enterprise	(6,303,941)	(5,228,233)
h)	Net defined benefit liability at the end of the period	224,110,793	258,900,321

17. Bifurcation of PBO at the end of year in current and non-current

		31/03/2023	31/03/2024
a)	Current liability (Amount due within one year)	9,583,161	5,173,762
b)	Non-Current liability (Amount due over one year)	214,527,632	253,726,559
	Total PBO at the end of year	**224,110,793**	**258,900,321**

18. Expected contribution for the next Annual reporting period.

		31/03/2023	31/03/2024
a)	Service Cost	21,516,485	23,142,548
b)	Net Interest Cost	16,539,377	18,718,493
c)	Expected Expense for the next annual reporting period	38,055,862	41,861,041

19. Sensitivity Analysis of the defined benefit obligation.

a) Impact of the change in discount rate		
	Present Value of Obligation at the end of the period	**258,900,321**
a)	Impact due to increase of 0.50 %	(15,406,004)
b)	Impact due to decrease of 0.50 %	16,722,854
b) Impact of the change in salary increase		
	Present Value of Obligation at the end of the period	**258,900,321**
a)	Impact due to increase of 0.50 %	16,518,945
b)	Impact due to decrease of 0.50 %	(15,368,944)

Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.

Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

Maturity Profile of Defined Benefit Obligation

	Year	Amount
a)	0 to 1 Year	5,173,762
b)	1 to 2 Year	6,434,055
c)	2 to 3 Year	7,590,795
d)	3 to 4 Year	9,617,374
e)	4 to 5 Year	11,095,542
f)	5 to 6 Year	10,144,407
g)	6 Year onwards	208,844,386

2.46 Segment information:

a) Operating Segments are defined as components of an enterprise for which financial information is available that is evaluated regularly by the Management in deciding how to allocate resources and assessing performance.

b) Electricity generation is the principal business activity of the Company. Other operations viz., Lab Testing does not form a reportable segment as per the Ind AS 108 on 'Segment Reporting'.

c) The Company is having a single geographical segment as all its Power Stations are located within the Country.

d) **Information about major customers:** **(Rs. In Lacs)**

Sr. No	**Name of Customer**	**Revenue from Customers**	**Revenue from Customers**	**Revenue from Customers as %age of revenue**	
		2023-24	**2022-23**	**2023-24**	**2022-23**
1	**HPSEB Ltd.**	**29899.76**	**13394.01**	**76.64**	**34.82**
2	**M/s TPTCL**	**9052.24**	**25067.70**	**23.36**	**65.18**
	Total Revenue	**38825.67**	**38461.71**	**100**	**100**

2.47 Information on 'Related Party Disclosures' as per Ind AS 24 is as under:

(a) List of Related Parties:

(i) Directors & Key Management Personnel:

Name	Designation	Period/Duration (w.e.f.)
Sh. Harikesh Meena, IAS	Managing Director	04.02.2023 to till date
Sh. Shivam Pratap Singh,IAS	Director (Personnel & Finance)	04.07.2023 to till date
Sh. Surender Kumar	Director (Civil)	22.07.2021 to till date
Sh. Desh Raj	Director (Electrical)	28.11.2023 to till date
Sh. Sudershan Kumar Sharma	Company Secretary	07.08.2008 to till date

(ii) Joint Ventures:

Name of Entity	Principal Place of operation	Principal Activities	Percentage of Shareholding/ voting Power	
			As At 31st March 2024	As At 31st March 2023
Himachal EMTA Power Limited	Kolkata	Thermal Power Generation	50%	50%

(iii)Transactions with the related parties are as follows: **(Rs In Lacs)**

Particulars	Joint Venture Companies	
Transactions During the Year	2023-24	2022-23
Investment in Share Capital	-	-
Share Application Money	-	-
Amount Recoverable	-	-

2.48 Remuneration to Directors and Key Managerial Personnel:

(Rs In Lacs)

Sr. No.	Particulars	Year ended on 2023-24	Year ended on 2022-23
(i)	Short Term Employee Benefits	56.56	59.78
(ii)	Post Employment Benefits	Nil	Nil
(iii)	Other Long Term Benefits	Nil	Nil
(iv)	Termination Benefits	Nil	Nil
	Total	**56.56**	**59.78**

Whole Time Directors are allowed to the use of staff cars including private journeys on payment in accordance with company rules. Remuneration shown above includes value of perquisite on account of leased accommodation.

2.49 Interest in Other Entities:

(i) Interest in joint ventures:

The company's interest in joint ventures as at 31st March, 2024 are set out below, which in the opinion of the management, are material to the company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the company. The country of incorporation of Company or registration is also their principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held:

(Rs. In Lacs)

Name of Entity and place of Business	% of ownership Interest	Relation -ship	Accounting Method	Quoted Fair value		Carrying Amount	
				31st March 2024	31st March 2023	31st March 2024	31st March 2023
Himachal EMTA Power Limited	50	Joint Venture	Equity Method	*	*	*	*

* Unlisted Entity- no quoted Price available

** The Company has made provision of doubtful investments amounting to Rs. 338 lakhs in the F.Y. 2017-18.The same has been approved in 61st BoD meeting vide agenda item no. 61.27 dated 13.09.2017.

- The Company has 50 % interest in Himachal EMTA Power Limited, which is a Joint Venture with EMTA Limited for setting up (2*250 MW) thermal power Plant at Rani Ganj West Bengal. However the Hon'ble Supreme Court of India has cancelled all allotment of coal Blocks and termed all captive coal Blocks as illegal.

Summarised balance sheet as at 31 March 2024 using the Equity Method: (Rs. In lacs)

Current Assets:		
Cash and cash Equivalents	17.85	17.06
Other Assets	0.98	0.55
Total Current Assets	**18.83**	**17.61**
Total Non Current Assets	**3.67**	**2.44**
Current Liabilities:		
Financial Liablities	0.71	0.71
Current Liabilities	1.57	1.60
Total Current Liabilities	**2.28**	**2.31**
Non Current Liabilities:		
Financial Liabilities	121	121.00
Other Liablities	207.93	83.66
Total Non Current Liabilities	**328.93**	**204.66**
Net Assets	**-308.71**	**-186.92**

Summarised Statement of Profit and Loss using Equity Method:

(Rs. In lacs)

	As At 31st March 2024	As At 31st March 2023
Revenue	0.00	0.00
Interest Income	1.32	0.63
Other Expenses	0.80	32.56
Depreciation and Amortisation	0.00	0.00
Profit Before Tax	0.52	(31.93)
Tax Expense	0.08	0.00
Total Comprehensive Income for the Year	**0.44**	**(31.93)**

2.50 Impairment of Assets:

Ind AS 36, in the opinion of the management there is no indication of any significant impairment of assets during the year.

2.51 Fair Valuation of assets and liabilities:

The company had adopted the carrying cost / value of all liabilities and assets as on 1st April 2015 and also on 1st April 2021, as the fair value of the assets and liabilities cannot be measured accurately due to the uncertainty involved in the estimating the exact date of commissioning of the projects, which is dependent on various external factors and which have impact on the payments to be made to the contractors and the amount to be recovered from them.

2.52 Other disclosures as per Schedule-III of the Companies Act, 2013 are as under:

(Rs. in lacs)

	Particulars	Year ended on 2023-24	Year ended on 2022-23
A	Expenditure in Foreign Currency (EURO)	Nil	Nil
B	Earnings in Foreign Currency	Nil	Nil
C	Value of Import Calculated on CIF basis	Nil	Nil
i)	Capital Goods	Nil	Nil
ii)	Spare Parts	Nil	Nil
D)	Value of Component, Stores and Spare Parts Consumed	Nil	Nil
i)	Imported	Nil	Nil
ii)	Indigenous	Nil	Nil

2.53 Quantitative details in respect of energy generated & sold:

Hydro & Solar Power:

Sr. No	Particulars	Year ended on 2023-24	Year ended on 2022-23
1)	Licensed Capacity	281 MW	281 MW
2)	Installed Capacity	281 MW	281 MW
3)	Actual Generation (million Units)	854.744MUs	912.18 MUs

2.54 Payment to Auditors includes:

(Rs In Lacs)

Particulars	Year ended on 2023-24	Year ended on 2022-23
As Auditors		
Statutory Auditors	5.62	5.62
Tax Audit	2.00	1.00
Cost Audit	1.51	2.03
Other services	0.00	0.00
Reimbursement of Expenses(TA/DA)	4.47	0.27
Reimbursement of GST	1.64	1.56
Total	**15.24**	**10.48**

2.55 Disclosure related to Corporate Social Responsibility (CSR) as per the Companies Act, 2013:

The company has started commercial operations from the year 2016-17 and has not generated any profits since then and even during the year; hence CSR rules are not applicable.

2.56 Information in respect of Micro and Small Enterprises as at 31st March 2024 as required by Micro, Small and Medium Enterprises Development Act, 2006:

(Rs. in lacs)

Particulars	**Year ended on 2023-24**	**Year ended on 2022-23**
a) Amount remaining unpaid to any supplier	**3.48**	**Nil**
Principal amount	**Nil**	**Nil**
Interest due thereon	**Nil**	**Nil**
b) Amount of interest paid in terms of section 16 of the MSMED Act along with the amount paid to the suppliers beyond the appointed day.	**Nil**	**Nil**
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	**Nil**	**Nil**
d) Amount of interest accrued and remaining unpaid	**Nil**	**Nil**
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23of MSMED Act.	**Nil**	**Nil**

2.57 Previous years' figures have been re-casted/ regrouped to comply with the Ind AS, wherever required.

2.58 Status of pending Income Tax cases:

- From F.Y. 2007-08 till F.Y. 2014-15, the cases are pending before Hon'ble High Court of H.P., for full Tax exemption u/s 260A of Income Tax Act, 1961.

- For the FY 2015-16, an amount of Rs. 11,05,28,339/- has been deposited as Advance tax (including TDS & TCS) and Rs. 29,25,700/- as statutory deposit @20% against total demand raised by the AO Shimla circle for Rs. 1,46,28,230/- and the corporation have preferred to file an Appeal before CIT (Appeal) camp at Solan, against the demand raised by the Assessing Officer. The Appeal is yet to be decided by the CIT (Appeal).

- For the FY 2016-17, an amount of Rs. 6,55,52,279/- (Rs. 6,06,67,400+ Rs. 48,84,879) has been deposited as Advance tax (including TDS & TCS). The assessment proceeding is completed and a partial refund of Rs. 4,61,89,669/- is received along with interest of Rs. 79,14,291/-. The appeal is pending before CIT (Appeal) for full Income Tax relief.

- For the FY 2017-18, an amount of Rs. 7,62,66,645/- (Rs. 6,46,89,324 + Rs. 1,15,77,321) has been deposited as Advance tax (including TDS and TCS) with Income Tax authorities. The assessment proceeding is completed and a Refund of Rs. 7,62,66,645/- is received along with interest. An appeal is pending with CIT Appeal against the penalty imposed u/s 271 (1) (c).

- For the FY 2018-19, an amount of Rs. 1,71,74,779/-, (Rs. 62,96,381+ Rs. 1,08,74,148) has been deposited as Advance tax, TDS & TCS. Assessment proceedings by AO has been completed and a refund of Rs. 1,79,47,641/- along with interest of Rs. 7,72,862/- is issued in favour of HPPCL. An appeal is filed with CIT (Appeal) against the Assessment orders passed by the A.O. vide which the carry forward expenses are not considered for the Assessment of Income of the Corporation and appeal is yet to be decided by the CIT Appeal.

- For the FY 2019-20 (AY 2020-21) Assessment Proceeding has been completed and a Refund of Rs. 32,62,495/- (TDS Rs. 32,33,524 + TCS 28,971) along with interest has been issued in favor of HPPCL and No Liability/Demand has been raised yet.

- For the FY 2020-21 (AY 2021-22) and FY 2021-22 (AY 2022-23), the Assessment proceedings have not started yet, however, partial refund has been issued after adjustment/recovery against demand of AY 2018-19 (i.e. Rs. 22,88,000/- plus Interest).

- For the FY 2022-23 (AY 2023-24) and FY 2023-24 (AY 2024-25) the Assessment proceedings have not started yet.

2.59 The Company is in possession of forest land at Sainj HEP, Shongtong HEP, Kashang HEP, Sawra Kudu HEP and Beradol SPP. The Company has accounted for the cost of the lease hold land in accordance of Govt. of H.P notification No.Rev.-D(G) 6-69/2011-II dated 23.01.2016. However, the lease deeds with the revenue department in respect of above projects are under process.

2.60 Apportionment of expenditure of Corporate Office and DW Sundernagar:

Pre COD

The Company has apportioned the expenditure net of income of corporate office and Design Wing Sundarnagar up to 31st August 2016 since incorporation of the company in the following proportions :-

- 15% of the total expenditure to Renukaji project.
- Rest is apportioned to the remaining projects on the basis of ratio of the capital expenditure incurred on various projects up to 31st August 2016.

Post COD

(i) **Expenditure :**

The Company has apportioned the expenditure of Corporate office and Sundernagar (Design Wing) from 01 September 2016 to 31st March 2024 in the following proportions:-

- 15% of the total expenditure to Renukaji project
- In case of Commissioned projects the apportionment has been done in the ratio of Sales (Gross Generation-13% free power) to Capital outlay
- Rest is apportioned to the projects which are under construction stage/ Investigation Stage on the basis of ratio of the capital expenditure incurred by these projects.
-

(ii) **Income Portion:**

The Company has apportioned the income of Corporate office and Design Wing Sundernagar from 01 September 2016 to 31st March 2024 in the following proportions:-

- 15% of the total income to Renukaji project.
- Rest is apportioned to the projects which are under construction stage/ Investigation Stage on the basis of ratio of the capital expenditure incurred by these projects.

2.61 AFD during Dec, 2015 has agreed to provide Euro 80 million for construction of Chanju-III and Deothal Chanju HEP. Credit Facility agreement between GoI and AFD was signed on 04.07.2017 and **Project Agreement** among HPPCL, GoHP and AFD was signed on dated 02.02.2018. As on date, the total loan raised from AFD stands at Rs. 4404.95 lakh only. Further, the Board of Directors in its 86th meeting dated 20.08.2024 has decided that it would be in fitness of things that Deothal Chanju HEP is not taken up for execution.

2.62 State Government Loan for Shongtong-Karcham HEP (450 MW):

Consequent upon the expiry of ADB loan and cancellation of KFW Loan, HPPCL has executed a loan agreement with Power Finance Corporation Limited on dated 06.10.2021 for a loan amounting to Rs 2207.63 crore for the balance works of STKHEP including IDC. Corporation has also availed the disbursements amounting to Rs. 1002.80 crores from the said loan upto 31.12.2024.

2.64 Commissioning of a new Project:
Pekhubella and Bhanjal SPPs have been commissioned on dated 15.04.2024 and 30.11.2024 respectively.

2.65 A sum of ₹103.24 lakh (excluding interest) is shown as recoverable from the Directorate of Energy (DoE), Govt. of H.P., for the Tidong-II HEP.
In the 70th meeting of the Board of Directors (BoD) held on 03.12.2019, the BoD did not approve the proposal to consider this investment as a doubtful debt. Instead, they advised pursuing the matter further with the DoE, GoHP.
Given the broader issue of significant amounts owed by various developers to HPSEB and HPPCL, a meeting was convened on 25.08.2021 under the chairmanship of the ACS (MPP & Power), involving DoE, HPPCL, HPSEBL and HIMURJA. It was decided that DoE and HPSEBL would finalize the total dues, including interest and issue recovery notices to defaulting companies/PSUs to expedite the process. DoE, GoHP, has been repeatedly requested through letters dated 18.10.2022, 24.05.2023, 13.09.2023, 13.03.2024 and 07.10.2024 to recover the total expenditure, including 10% interest liability, amounting to ₹4,36,92,107/- (₹4.37 crore) as on October 2024. However, no response has been received from the DoE till date.
Since the Directorate of Energy has not explicitly denied reimbursement, a provision for doubtful debt has not been made in the Books of Accounts.

2.66 Survey and Investigation of Khab Hydro Electric Project:

No Provision of Survey and Investigation expenditure is made by the Corporation in its books of accounts with respect to Khab Hydro Electric project, for which the expenditure is incurred by SJVN as the same was allotted to the SJVN earlier by Department of Energy. The Company has communicated to the DoE, GoHP vide letter dated 22.07.2017 that as PFR prepared by SJVNL is of no use to Company and fresh planning of Khab HEP has to be carried out by Company as it was observed that the Khab Dam HEP, as proposed by SJVN, encroaches the domain of both the upstream and downstream projects, already allotted to other IPPs. DoE vide letter dated 31.07.2017 allowed company to carryout fresh planning of Khab HEP, with domain elevations ranging between El. ±2538m to El. ±2325m, after considering the requirement of MoEF guidelines. Accordingly vide HPPCL letter dated 16.05.2018, informed SJVNL that the PFR of Khab HEP prepared by SJVNL encroaches the domain of other allotted projects, hence HPPCL has to prepare fresh PFR and therefore, it is not in a position to take into account the expenditure incurred by SJVNL. After receiving the above response from HPPCL, SJVNL has not raised any fresh demand of re-imbursement from HPPCL.

2.67 Grant Receivable:

Cabinet Committee of Economic Affairs (CCEA) approved funding of the water component of Renukaji Dam Project (a National Project) under PMKSY-AIBP on 15.02.2021. The Project has entered in construction stage. Hon'ble Prime Minister has laid foundation stone on 27.12.2021. A sum of Rs. 2544.15 Crore has been utilized till 31.07.2024. The amount of Rs 2385.32 Cr contributed by GoI, Govt. of NCT Delhi, Govt. of Haryana, Govt. of Rajasthan and GoHP. These funds have been utilised for the payment of enhanced compensation to land owners and for land acquisition for depositing required amount in CAMPA account for Stage-II Forest Clearance. The Proposal for Central Assistance for FY 2024-25 for Rs 1147.3 Cr as Central grant has been submitted to CWC on 23-10-2024.

In case of Gyspa HEP, Company has shown Rs 12.44 crore as grant receivable from Central Water Commission, Government of India. The Central Water Commission has sanctioned Rs

12.50 crore to the company for field survey and investigation and preparation of Detailed Project report of the Gyspa HEP (300MW). The Central Water Commission has released Rs 5.00 crore to the company for the above work on 31 March 2012; with the condition that next installment will be paid on the submission of the DPR of the project. The work for conducting the investigation /preparation of DPR was allotted and the same was started by the consultant. But could not be completed due to sustained opposition and hindrance by local people. The Company has incurred expenditure in excess of the amount released by the authorities and the same has been shown as grant receivable from the Central Water Commission. HPPCL vide letter dated 16.08.2021 submitted that the detailed geological investigation desired by CWC shall be carried out after approval of ToR from MoEF & CC and hence requested to convey the prima–facie acceptance of location of the dam so that case for approval of ToR can be processed. CWC vide letter dated 03.09.2021 reiterated that it is essential to examine the layout of spillway and proposed sediment management measures to examine the suitability of Dam location. To solve the above issue a meeting was held under the chairmanship of Member (WP&P), CWC on 04.01.2022 wherein it was informed that BoD of HPPCL has decided that the matter for construction of Gyspa Dam shall be taken up with GoHP/Directorate of Energy (DoE) to allot this project to some other CPSU and HPPCL has communicated the same to DoE. However, CWC desired that till the time project is allotted to some other organization, HPPCL may work on the project and reply to observations may be submitted for approval at the earliest.

Keeping in view the emphasis laid by GoI and the past history of opposition of local people it was decided that a drone survey of the dam area will be carried out since there are less chances of it being hindered by local people. The survey work has been completed and the deliverables/report has been received from the contractor. Now conceptual layout of dam and associated appurtenant structure is being developed based upon observed geography and geology of the area. The same will shortly be submitted to CWC for approval.

2.68 The Company is in possession of Land and Buildings at Sarabai, Thalot and Larji of HPSEB Ltd. (Erstwhile HPSEB Board) at Sainj HEP. The Joint Committee constituted by both Companies has assessed the value of the said properties at Rs.45.99 Crores in the Meeting held in the month of August 2012. Now, the said properties have been transferred in name of HPPCL, in the revenue records. But due to pending approval of higher authorities and financial constraints, the said payment could not be released to the HPSEBL. Now, HPPCL has requested to HPSEBL for conveying its acceptance for payment in the shape of Equity Share Capital for the amount involved so that long pending para could be settled. Hence, no provision in the Books of Accounts has been made so far. The same shall be accounted for only after taking approval from BoD.

2.69 Local Area Development Fund: Provision of amount payable to LADA fund (as booked in the books of accounts) on account of increase in cost of the Projects on its commissioning, has been made, however determination of final revised cost of these projects is under process.

2.70 No provision of income tax has been made by the company, as the company has brought forward losses and unabsorbed depreciation under income tax Act and during the year also, the company has incurred losses.

2.71 Amount recoverable from contractors includes a sum of Rs.129.92 crores recoverable from Coastal Projects on account of works being executed on their risk and cost awarded to M/s HCC Limited. The Lender Banks of the Contractor had filed liquidation proceedings with Ld. NCLT and the company had filed claim of Rs.405.67 crores against the contractor. Provision for doubtful amount for recovery has been made for Rs.129.92 Crores in the Books of Accounts as on 31.3.2022, keeping in view the bleak realization of such recoverable amount. The matter has been disposed of by the Ld. NCLT Cuttack Bench on 18.04.2023 by dismissing the Application/Claim of HPPCL. However, on such dismissal the HPPCL has filed the appeal against the order of NCLT before the Ld. NCLAT (National Company Law Tribunal) at Delhi on 30.05.2023 with the filing No. 9910133/04372/2023. The case was listed on dated 17.12.2024 and on that date the learned Counsel for the Respondent had sought some time to file a short Affidavit. As requested, the Affidavit be filed within four weeks. Response to the said Affidavit, if any, be filed within two weeks thereafter. The matter is now listed for 18.07.2025.

2.72 Status of the Nakthan HEP: Nakthan HEP (460MW) was allotted to the HPPCL by the Government of Himachal Pradesh on 22 September 2009 as a Run-of-the- River project on Tosh Nala / Parbati River. The Detailed Project Report (DPR) of Nakthan HEP (460 MW) in Distt. Kullu is in advanced stages of appraisal in Central Electricity Authority (CEA)/ Central Water Commission (CWC. Clearances/approval for 8 aspects/chapters of DPR has been obtained from CWC/CEA out of total 9 aspects/chapters under Level-I stage. Defence clearance is also in Place. Project was taken up for appraisal by EAC earlier in 2015 and 2016. In the 91st meeting of EAC held in February 2016, Environment clearance was withheld due to pending court case with M/s Sai Engineering in Hon'ble High Court of HP. In pursuance of Forest Clearance, Forest rights for Nakthan ward have been settled for Tosh ward were submitted. The matter regarding FRA certificates is pending for final decision by Deputy Commissioner. Efforts are going on Government level for amicable out of court settlement. However, no amicable settlement could be reached, as IPP is adamant on his assertion of exclusive use of Tosh water. Accordingly, matter was apprised to Govt of HP. Subsequently, HPPCL has also filed an intervention petition in Hon'ble High Court of HP.

CEA was requested on 31.12.2018 to suspend the monitoring of DPR for such time, the GoHP will finalize revised scheme. Further investigations were also stopped till appropriate decision in the matter. Further, the work of "Consultancy services for preparation of FSR & DPR" has been terminated. Consultant has revised the cost estimate volume at March 2021 price level. Total completed cost (including escalation, IDC and Financial charges) with 1% local area Development cost is Rs. 5149.14 crore.

As per the order of Hon'ble Apex court dated 03.06.2022 in IA no. 1000 of 2023(as intimated by Forest Deptt.), the present domain of the project will fall inside the ESZ of the Great Himalayan National Park Conservation Area.

For amicable out of Court settlement, the issue of development of Standalone Hydro Electric Scheme on river Parvati and Tosh Nallah is under consideration of GoHP. Accordingly, the domain of projects is to be intimated by DoE for further progress in the matter.

2.73 POWER SALE AGREEMENTS

IKHEP:

The PPA i.r.o sale of power from Kashang HEP was signed on dt.20.10.2016 valid from synchronization of 1st unit of Kashang HEP till 31.03.2017 @ Rs.2.92/unit. Further, a MoM was signed on dt.19.05.2017 valid from 01.04.2017 to 31.03.2018 @ Rs. 2.20/Unit (as an extension to PPA dt. 20.10.2016 with HPSEBL). Furthermore, a MoM dt. 19.03.2018 was signed valid from 01.04.2018 to 06.05.2018 @ Rs. 2.20/Unit (as an extension to PPA dt. 20.10.2016 with HPSEBL). Thereafter, Agreement was signed on dt. 02.05.2018 b/w HPPCL & PTC LTD for sale of Power at IEX, valid from 07.05.2018 to 31.08.2021. Moreover, Agreement was signed on dt. 24.11.2021 for sale of Power at IEX b/w HPPCL & TPTCL valid from 01.09.2021 to 30.04.2022. The Short Term PPA had been signed on dt. 28.04.2022 b/w HPPCL & HPSEBL @ Rs. 3.40/unit valid from 01.05.2022 to 31.03.2023.Now the Long term PPA dt. 29.03.2023 has been signed b/w HPPCL & HPSEBL at HPERC determined tariff valid from 01.04.2023 till the useful life of the power project.

Sawra Kuddu HEP:

The Agreement was signed on dt. 04.11.2020 for sale of Power at IEX b/w HPPCL & TPTCL after 21.01.2021.Further, Agreement was signed on dt. 24.11.2021 for sale of Power at IEX b/w HPPCL & TPTCL. The Short Term PPA has been signed on dt. 28.04.2022 b/w HPPCL & HPSEBL @ Rs. 3.40/unit valid from 01.05.2022 to 31.03.2023. Now the Long term PPA dt. 29.03.2023 has been signed b/w HPPCL & HPSEBL at HPERC determined tariff valid from 01.04.2023 till the useful life of the power project.

Sainj HEP:

From COD to date 31.03.2023 power was sold in power exchange through power trader i.e. TPTCL.

Now, it has been agreed between both HPPCL and HPSEBL for sale/purchase of power from HPPCL Hydro Electric Projects viz-a-viz Kashang HEP Stage 1 (1X65 MW), Sawra Kuddu HEP (3X37 MW) and 50% generation of HPPCL share of power from Sainj HEP (2 X 50MW) for useful life of these projects at Ex-Bus on HPERC determined tariff.

A joint petition was submitted at HPERC for the approval of Power Purchase Agreements to be executed between HPPCL and HPSEBL here-to for sale of power by Himachal Pradesh Power Corporation Limited to Himachal Pradesh State Electricity Board Limited from Kashang I HEP (1X65 MW), Sainj HEP (2X50 MW) and Sawra Kuddu HEP (3X37 MW). The HPERC vide its order dt. 13.02.2023 had approved these PPAs with minor amendments. The approved PPAs were signed between HPPCL and HPSEBL on dt. 29.03.2023 and has come into force from 01.04.2023 and shall remain operative till the useful life of the project. The power of Sawra-Kuddu, Kashang-I & Sainj HEPs is being supplied to HPSEBL as per the Long Term PPA and balance 50% power of Sainj HEP is being sold through IEX. 50% generation of HPPCL share of power from Sainj HEP has been committed to World bank for their mission regarding "INDIA: Himachal Pradesh Power Sector Development Program (P176032)" as the pilot project (ie Bundled power project for RTC power) that's why, only 50% generation of HPPCL share of power from Sainj HEP (2 X 50MW) has been tied up with HPSEBL.

For hiring of power trader/ aggregator by HPPCL for developing and operationalizing a green bundled product with an identified hydropower capacity and other Renewable Energy (RE) capacity bids were invited and a pre-bid meeting was held with the prospective bidders on 14.01.2025. Tendering is under process.

Berradol SPP:

PPA has been entered from CoD till 25 years with HPSEBL.

Pekhubella SPP:

PPA has been entered with HPSEBL on 26.12.2024 for 25 Years. Since the Pekhubella SPP was commissioned on dated 15.04.2024 and the PPA with HPSEBL was signed w.e. f. 26.12.2024. Therefore, for the remaining period i.e. 16.04.2024 to 25.12.2024, a revised petition has been filed with HPERC for regulating the said period. Accordingly, the sale of power for the period from CoD i.e 15.04.2024 to 26.12.2024 has not been accounted for in the books of accounts as the rates are not available for the said period.

Bhanjal SPP:

PPA has been entered from CoD till 25 years with HPSEBL.

2.74 A deferment of loan was granted by GoHP to HPPCL for the FY 2021-22. HPPCL has requested the State Government to restructure the loan liabilities of the corporation. As on date, the said proposal is under consideration at the Finance Department of the State Government. Parallely, a proposal for deferment of loan dues towards the State Govt. has also been sent to GoHP. However, a repayment of interest on loan of Rs. 200 crores was also made to GoHP on dated 18.12.2024 as per the directions of GoHP letter no.FIN-B-CO(10)-1/2022 dated 18.10.2024.

2.75 Renukaji Dam, a Project of "National Importance" has been conceived as a storage project on Giri River in Sirmaur district of Himachal Pradesh. Live Storage will be 0.498 billion cubic meters (BCM). 23 cumecs of drinking water will be supplied to Delhi and 200 Million Units of electricity will be generated in 90% dependable year, which will be utilized by Himachal Pradesh. Project envisages construction of a 148m high rock fill dam and a surface power house with installed capacity of 40MW on right bank of the river. Interstate Agreement amongst Govt. of India and the beneficiary states of Upper Yamuna Basin was signed on 11.01.2019. In February 2019 updated cost at October 2018 price level has been finalized at Rs 6946.99 Cr. This cost was earlier approved as Rs 4596.76 Cr at March 2015 price level. Cost apportionment has been finalized with cost of water and power component as Rs. 6647.46 Cr and Rs. 299.53 Cr respectively.

For Water component, GoI will bear an expenditure of Rs. 5689.83 Cr and Rs. 957.633 Cr shall be borne by the beneficiary states including Himachal Pradesh. Govt. of NCT of Delhi has agreed to fund 90 % cost of the power component also, in MoWR meeting dated 12.09.2018 held in New Delhi. Technical Advisory Committee (TAC) of MoJS accepted this proposal in its meeting held on 09-12-2019. Investment Clearance has been accorded by MoJS in the meeting dated 07-08-2020. Expenditure Finance Committee has approved the project on 6 August 2021.

Cabinet Committee of Economic Affairs (CCEA) has granted its approval for the funding of the Project under Pradhan Mantri Kisan Sinchayi Yojana- Accelerated Irrigation Benefit Program (PMKSY-AIBP) on 15-12-2021. Hon'ble Prime Minister of India has laid the Foundation Stone of the Project on 27-12-2021.

Status of Preparatory works - Project Roads, building works etc.

The estimates are ready for the roads to the component of the project. Deposit work for preparation of DPRs for construction of three alternate road widening/ improvement of existing roads has been awarded to HPPWD. HPPWD has prepared two DPRs and will submit these DPRs shortly, while one DPR is being prepared. Once the Forest Stage-II Clearance is accorded to the Project, the land will be handed over to HPPCL. Thereafter, construction activities, i.e. construction of approach roads to the project components, will commence.

Central Water Commission (CWC) has been hired as Design Consultant on nomination basis for carrying out the activities i.e. review of DPR, Detailed design and Engineering and Preparation of Tender stage Design and Drawings on 01-07-2022. CWC carried review of DPR and intended to affect some changes in the design to ensure that the reservoir capacity is maintained for whole of its service life and not encroached by siltation caused by heavy erosion in catchment area. Panel of geological experts (PoGE) was formed for appraisal of geology for finalising the dam type and design. As suggested by CWC to Form Panel of Standing Expert with experts from other disciplines beside geology, EX-CWC Chairman Sh.

Ranjan Kr. Sinha has been appointed as standing Expert from Engineering side, making addition to PoGE to form Panel of Standing Expert. Some investigations have been carried out as suggested by PoGE. A meeting to review progress of investigations was held on dated 18-08-2023 in which PoGE informed that on the basis of the findings of the explorations carried out so far the geological conditions are not suitable for a concrete gravity dam and now CW has decided to go for a Rock-fill cum Earth dam.

2.76 Advances given to HPSEB Ltd., HPPTCL, I&PH, HPPWD, etc. against works to be executed on deposit work basis, could not be settled/capitalized, due to pending utilization Certificates to be received from these Depts. /Corporations.

2.77 Disclosure of Major Changes in existing Contracts/Agreements during the period:

- Amicable Settlement Agreement No. 1 i.e. amicable settlement of disputes between M/s PEL and HPPCL executed on 05.04.2023.
- Change Order/ Variation Order No. 11 w.r.t. additional work/ extra effort carried out by M/s PEL for construction of niches in Power House and Transformer cavern.
- Supplementary Agreement No. 14 executed between HPPCL and M/s PEL on 10.04.2023 regarding procurement of material through Escrow Account.
- Supplementary Agreement No. 15 executed between HPPCL and M/s PEL on 10.04.2023 regarding special Advance payment amounting Rs.25.000 croe to M/s PEL on 11.09.2024.
- Supplementary Agreement No. 16 (Amendement to Supplementary Agreement No.3) executed between HPPCL and M/s PEL on 24.01.2025 regarding grant of 2nd EOT to M/s PEL.
- Supplementary Agreement No. 17 executed between HPPCL and M/s PEL on 24.01.2025 regarding Amendment No.1 to Supplementary Agreement No.3.

2.78 The Enforcement Directorate vide Provisional Attachment Order 03/2017 dated 29/12/2017 (F No ECIR/ 02/54520/2014/07/7537) dated 29/12/2017, has attached the assets of the Himachal Emta Private Limited (HEPL) (a Joint Venture Company), amounting to ₹ 2.59 crores.M/s HEPL, filed a Special Leave Petition (SLP) in the Hon'ble Supreme Court, which has been dismissed by the Hon'ble Supreme Court of India

2.79 As per Hydro Generation Tariff Regulation 20, on Depreciation (given in the Appendix of Depreciation Schedule), of HPERC Notification No. HPERC/Gen/479 dated 1st April, 2011, investment in land, cost of clearing the site and land for reservoir in case of Hydro Generation Station of Land under lease is to be capitalized and depreciated @3.34%. Land under full ownership is not required to be depreciated. In case of this Corporation, Reservoir/ Dam, is being constructed in RenukaJi HEP only and the land so far acquired is under the full ownership of the Corporation, hence the depreciation is not applicable on it.

2.80 To finance the working capital requirements, Corporation is availing the cash credit limits of Rs. 200.00 Crore, each from KCC Bank Ltd and H.P State Cooperative Bank Limited, The Mall, Shimla against the State Govt. Guarantee. As on 26.02.2025, total limit exhausted /utilized against CCLs of KCCBL & HPSCBL stands to Rs 6.36 Lakh and Rs. 16168.82 lakhs respectively. In case of H.P State Cooperative Bank Limited, escrow arrangement w.r.t. revenue receipts of Kashang Stage-I HEP has been made and charge over current assets of corporation equivalent to limit amount has been created. In respect of KCC Bank Ltd, the charge over assets of Kashang Stage-I equivalent to limit amount has been created.

2.81 Surrender of Unviable/Idle Projects allotted to HPPCL:

Corporation has submitted a proposal to the GoHP to surrender the under mentioned Unviable/Idle Projects allotted to HPPCL i.e. Chirgaon-Majhgaon HEP (52 MW), Dhamwari Sunda HEP (70 MW), Lujai HEP (45 MW), Chiroti Saichu HEP (26MW), Saichu HEP (58 MW) and Saichu Sach Khas HEP (117 MW). Approval of GoHP is awaited.

Further, the Board of Directors in its 86th meeting dated 20.08.2024 has decided that considering the high cost of the Deothal Chanju HEP and the limited time period for completion of the project with respect to the availability of AFD funds, it would be in fitness of things that this project is not taken up for execution.

2.82 Change in accounting policies -Applicability of IND AS 20- Accounting for Government Grants and Disclosure of Government Assistance.

Non-monetary government grants

As per para 23 of IND AS 20, a government grant may take the form of a transfer of a non-monetary asset, such as land or other resources, for the use of the entity. In these circumstances the fair value of the non-monetary asset is assessed and both grant and asset are accounted for at that fair value.

Further para 23, substituted vide Notification No. G.S.R. 903(E) dated 20th September 2018,a Government grant may take the form of a transfer of a non-monetary asset, such as land or other resources, for the use of the entity. In these circumstances, it is usual to assess the fair value of the non-monetary asset and to account for both grant and asset at that fair value. An alternative course that is sometimes followed is to record both assets and grant at a nominal amount.

HPPCL has received forest land from state government at the concessional rate in the following units stated below:

1)Sawara Kuddu HEP, 2) Sainj HEP, 3) Kashang HEP Stage I, 4) Kashang HEP Stage II & III, 5) Shongtong Karchham HEP

In pursuance of para 23 of Ind AS 20 there are two methods available for recording of asset received at concessional rate i.e., either at nominal amount or fair value. So, Himachal Pradesh Power Corporation Limited (HPPCL) has adopted a nominal value method for accounting of land received at concessional rate.

2.83 HPPCL has assailed the Arbitration Award which was passed against the HPPCL on 31.03.2023 amounting Rs. 101.00 crore approx. by AT-III titled as HPPCL Vs M/s HCC Ltd. in respect of EPC contract for (Civil & HM Works) of Sainj HEP before the Hon'ble High Court of HP which was first listed on 30.06.2023 and was sub-judice before the said Hon'ble Court. Now as per the order dated 09.01.2025, the Hon'ble High Court of HP has directed HPPCL to deposit the award amount.

HPPCL has assailed the Arbitration Award of Rs. 124.75 crores which was passed by the Arbitral Tribunal titled as HPPCL Vs M/s HCC Ltd. in respect of Contract Agreement No. Kashang/Civil-I for Civil & HM Works of Kashang HEP before the Hon'ble High Court of HP on 5th September, 2023. The matter is sub-judice before the said Court and now as per order dated 09.12.2024, the Hon'ble High Court of HP has mentioned that these cases are liable to be dealt with by the Commercial Division of this Court.

2.84 Government of Himachal Pradesh has decided to develop Himachal Pradesh as Green Energy State for which Himachal Pradesh Power Corporation Limited has assigned a target to harness the Solar potential in Himachal Pradesh upto 500MW.

In this regard, HPPCL has identified several land parcels in different districts of Himachal Pradesh. Accordingly, the various projects have been allotted by HIMURJA, the status of which is as follows:

Sr. No.	Project Name allotted by HIMURJA	Capacity allotted by HIMURJA (in MW)	Actual Plant Capacity (in MW)	Allotment letter issued on	Remarks
Projects with works awarded					
1	Pekhubella	70	32	18-03-2023	C.O.D. of Pekhubela SPP 32MW has been declared w.e.f. 15-04-2024
2	Bhanjal	5	5	24-04-2024 (revised)	Project has been synchronized on 30-11-2024.
3	Aghlor	17	10	17-02-2023	Project is under construction.
Projects under Tendering Process					
4	Gondpur bulla Uparla	13.5	12	17-02-2023	Letter of Award has been placed on 20-12-2024. Contract agreement is yet to sign.
5	Lamlehri Upparli	47	11	18-03-2023	Letter of Award has been placed on 01.01.2025
6	Bada Basot	18	8	06-06-2023	Approval has been accorded by the management for placing LOA subject to transfer/possession of land which is under process
7	Saned	19	13	06-06-2023	Approval has been accorded by the management for placing LOA subject to transfer/possession of land which is under process
8	Tihra Khas	22	6	17-02-2022	Placed for management decision.
9	Dabhota-I	20	9	06-06-2023	Placed for management decision.
10	Mazra-Dabhota	25	13	06-06-2023	Placed for management decision.
	Dabhota-II	9		06-06-2023	

Other Solar Projects					
11	Lamlehri Nichli	54	-	17-02-2023	Projects under DPR preparation Stage
12	Ghandran	41	-	05-12-2024	
13	Sukohan	15	-	05-12-2024	
14	Dhaular	36	-	05-12-2024	
15	Bhangla	15	-	06-06-2023	FCA case under process.
16	Palasi Kalan	34	-	06-06-2023	
17	Kyariyan	11	-	06-06-2023	
18	Hadal	27	-	06-06-2023	
19	Kopda Uprgehad (Kopda-II)	16	-	06-06-2023	
20	Kopda Khas (Kopda-I)	33	-	06-06-2023	
21	Tanda Upparla	45	-	16-08-2023	
22	Ghanger	53	-	16-08-2023	
23	Bera Dol-II	20		05-12-2024	
24	Kohladi	17	-	16-08-2023	Kept in Abeyance
25	Thana Gaon	10		05-12-2024	
26	Sainj	3	-	16-08-2023	
Projects Dropped:					
27	Mata Hateshwar SPP	5	-	15-09-2022	Projects have been dropped, as approved vide 40th meeting of WTDs (Item no. 04) and consequent GM(Elect-II/RE) letters HPPCL/GM(RE)/Solar/ 2024-25-8333-36 dt. 09-09-2024.
28	Shivnagar	3.4	-	12-10-2022	
29	Laam	36	-	17-02-2023	
30	Santokhgarh	5.5	-	18-03-2023	
31	Ropa	7	-	06-06-2023	
32	Bela Ludhiarchan	15	-	06-06-2023	
33	Dalyaoo	6	-	06-06-2023	
34	Kaloor	5	-	06-06-2023	
35	Kirpalpur	11	-	06-06-2023	
36	Kolar	20	-	06-06-2023	
37	Bela	11.5	-	06-06-2023	
38	Jhida	5.5	-	06-06-2023	
39	Dol Nadoli	19	-	16-08-2023	

2.85 HPPCL is in process of identifying suitable locations for setting up of aggregate 200MW of Solar capacity by March 2024. Setting up of 150 MW capacity has been agreed as a Disbursement Linked Indicator under the Himachal Pradesh Power Sector Development Program (HPPSDP) being funded by the World Bank although total capacity of 200 MW will qualify under the program boundary for expenditure under the sub head. So, on progressive achievement of the above target, alongwith some other indicators funds to the tune of net 112.5 M USD shall flow to the HPPCL. The appraisal had got completed in October 2022 and invitation to negotiations and negotiations package containing draft Program Appraisal Document, draft Loan agreement, draft Program Agreement and draft Disbursement and Financial Information letter was received vide Bank's letter dated 31.10.2022. The loan negotiations meeting was held on May 27, 2023 and negotiations have been concluded successfully. Further, the program has received approval of Executive Board of Directors of the World Bank on 27.06.2023.

The Loan Agreement between Govt. of India and the World Bank was signed on 06.11.2023. The Pekhubella Solar Power Projects (SPP) was commissioned on 15.04.2024. Further the Bhanjal SPP (5MW) was on 30.11.2024. While the execution works for the Aghlor SPP (10MW) is in progress and is expected to be completed by March 2025.

The first claim disbursement under World Bank Funded HPPSDP amounting Rs. 63.53 crores has been received in the month of October 2024. The second claim disbursement under the program was raised in the month of Feb 2024 and subsequent reminder was sent to DoE on 22.01.2025.

2.86 Status regarding CBI Court Case related to M/s Himachal EMTA Power Limited (HEPL):

On reference of Central Vigilance Commission, CBI registered the case on 07.08.2014 and thereafter, on 31.08.2022, CBI court passed its judgment wherein all the accused i.e. M/s Himachal EMTA Power Ltd. (A-1), its two directors: Ujjal Kumar Upadhaya (A-2) and Bikash Mukherjee (A-3), and its CGM (Power): N.C. Chakraborty (A-4) were held guilty and convicted for the offence u/s 120-B IPC and 120-B r/w 420 IPC. All the above accused persons were also held guilty and convicted for the substantive offence u/s 420 IPC. Subsequently, orders dated 07.09.2022 on sentence were passed by the Hon'ble court wherein out of total four (4) convicts, M/s HEPL was fined with Rs.10,00,000/- under 120-B/420 IPC and Rs.10,00,000/- under 420 IPC, which was to be deposited within two weeks (till 21.09.2022), whereas, other three convicts were sentenced for three years of imprisonment with fine of Rs. 4 lakhs each. In view of aforesaid judgment and subsequent court orders, HPPCL sought opinion of Panel Advocate, Sh. Aaditya Vijay Kumar, engaged by GoHP vide letter dated 29.01.2021, with respect to safeguarding the interest of GoHP/ HPPCL and its officers (who are on the Board of M/s HEPL). In response, Ld. Counsel opined that *"No steps have to be taken presently to safeguard the interests of the GoHP and/ or HPPCL and its officers. The entire judgment does not refer to the role of GoHP/ HPPCL and its officers. Infact, it only discloses the manner in which the Accused misrepresented and cheated the Government of India. In this background, it would only be advisable to keep a watch on the appeals which are filed and observe such proceedings, as and when the appeals are filed."*

Subsequently, Legal Cell of HPPCL opined that the Managing Director, M/s HEPL, may be requested to deposit the fine imposed on Accused No. 1 i.e. M/s HEPL till 21.09.2022 as ordered by the Court and also, to assail the order of the CBI Court by way of filing appeal before the concerned High Court. Accordingly, Managing Director, M/s HEPL, was requested vide letter dated 13.09.2022, in response of which M/s HEPL vide letter dated 17.09.2022 intimated that *"...we need to pay a total amount of Rs. 32 Lakhs for the Company itself, its' two Directors and Ex-CGM (Power) and fund be provided by the partners of the Joint Venture, EMTA and HPPCL in the ratio of 50:50 basis."* Further, it was intimated by M/s

HEPL that they have made the payment regarding the aforesaid amount of Rs. 32 Lakhs and requested HPPCL to remit its share of Rs. 16 Lakhs in favour of EMTA Coal Limited. In this regard, legal aspects in the matter are being looked into.

However, in this matter the appeal has been filed before the hon'ble High Court of Delhi on 15.10.2022 titled as M/S HIMACHAL EMTA POWER LTD Vs. CBI with the No. CRL.A.536/2022 & CRL.M.(Bail) 1279/2022 against the judgement of CBI Court and as per order dated 18.10.2022 of Hon'ble High Court of Delhi, the fine imposed on M/s HEPL stands deposited and the appeal filed by M/s HEPL is admitted for hearing, which is to be listed with other connected matters in 'Regular List' and since then no further hearing has been held in this matter.

2.87 Disclosure: HPPCL has made an investment of Rs. 337.5 Lacs in the equity of Himachal EMTA Power Limited (HEPL), which is a Joint Venture (JV) with EMTA Limited for setting up (2*250 MW) Thermal Power Plant at Raniganj, West Bengal. The company has 50% equity participation in HEPL. The objective of JV is coal block for ensuring the uninterrupted fuel supplies thereto. However, Hon'ble Supreme Court of India has cancelled all allotment of coal block and termed all captive coal block allocation since 1993 as illegal. The JV Company of Himachal EMTA has filed a claim to the Ministry of Coal for expenditure incurred on the project and has not received the claim for the Ministry of Coal as yet. Therefore, the Provision for Doubtful Investment of Rs. 337.5 Lacs has been made in the books of accounts in the F.Y. 2016-17.

2.88 Govt. of Himachal Pradesh has imposed Water cess on Hydropower generation and the provisions of the Himachal Pradesh Water Cess on Hydropower Generation Act, 2023 have been made applicable w.e.f. 10.03.2023.Sainj HEP, Kashang Stage-I HEP and Sawrakuddu HEP have also registered with the Commission. As per GoHP, Jal Shakti Vibhag New Notification no. JSV-B(A)3-1/2022-1dated 26.08.2023, the rates of the water cess on Hydro-power Generation projects in the State of HP for use of water for Hydro-power Generation have been fixed. The provision for the same has been created in the books of accounts. Now, this matter is sub-judice in Hon'ble Supreme Court of India.

2.89 The forest land having area 6.46 hact. for the construction of BerraDol 5 MW Solar Power Project has been transferred in the name of MPP& Power Deptt. by the DC Bilaspur. Matter has been taken up with Tehsildar Swarghat to make necessary entries in the revenue record. The process of entries in revenue record is under progress. Thereafter, revenue papers of said land shall be collected from concerned Patwari & shall be forwarded to LAO for further lease in the name of HPPCL.

With respect to additional forest land, initially the matter was taken up with DC Bilaspur on dated 14.12.2018 for diversion of said land. DC Bilaspur desired to submit the State order on dated 29.05.2019, for which matter was taken up with Conservator of Forest, Bilaspur on dated 14.06.2019. & with DFO Bilaspur on dated 06.08.2019. & with Nodal Officer-Cum-CCF (FCA),O/o Pr. CCF. HP (HoFF), Shimla-01,(H.P.) on dated 12.09.2019, 09.10.2019.

After series of correspondence, all the documents as desired by the Nodal officer APCCF(FCA) O/o Pr.CCF HP Shimla vide letter dated 28.11.2019 stands again submitted to his office vide this office letter no. 1674-79 dated 11.12.19. After that reminders were issued on dated 14.02.2020 & 03.07.2020, but state order is yet to be issued.

After issuance of state order, DC Bilaspur shall issue the necessary order regarding transfer of said land to MPP& Power Deptt. After that, matter shall be pursued with Tehsildar, Swarghat for making necessary entries in revenue record and thereafter, the revenue papers of said land shall be collected from concerned Patwari & shall be forwarded to LAO for further lease in the name of HPPCL.

2.90 1 MW Green Hydrogen Plant (on pilot basis)

HPPCL has made collaboration with M/s OIL for the installation of 1 MW Green Hydrogen Plant. The work for establishment of 1 MW Green Hydrogen Plant at Dabhota, Nalagarh (on pilot basis) has been awarded to EPC Contractor on 09-09-2024 with the completion time period of 18 months from the date of award and its execution is in progress.

2.91 LTA Charges

Outstanding LTA charges in respect of the Wangtoo substation, it is informed that HPERC passed the tariff order against the capital cost of the Wangtoo substation on dated September 28, 2022. However, the beneficiaries of the substation were not clear and HPPTCL has been directed to file suitable application before the CERC for recovery of ARR approved in the order. No transmission charges bill has been raised to HPPCL in respect of the transmission charges against wangtoo substation till date.

The transmission charges bill i.r.o. Kashang Bhabha line was initially raised by HPPTCL on dated 06.04.2021. However, among other observations raised i.r.o. the bill, a crucial one was related to the mode of preparation of the bill which as per HPERC regulations requires the calculation of TAFM. However, there was no reference to TAFM in any bill of HPPTCL up to December 2023 despite repeated correspondence in the matter. Due to this, the said bills were not accepted by HPPCL. For the first time, in the bill of January, 2022, a calculation of TAFM was submitted and the same was processed. However, the surcharge was denied due to the bills not being as per the regulatory procedure of raising the transmission charges bills. Also, a disputed amount of Rs. 8, 71, 98,209/- was retained on account of interest on PFC loan. However, after multiple correspondences, the said disputed amount was released on dated 04.02.2023.

Initially, this office started to claim rebate @1% as per the regulation having cleared the previous bills. However, HPPTCL refused to admit the initial bills not being as per the regulatory procedure. HPPTCL have continued to pile surcharge on account of the accumulated surcharge on bills dated up to December 2021. Initially, this office started to claim rebate @ 1% which is applicable as per the regulations upon timely clearing of bills. However, the same was stopped after March 2023 due to the same not being considered by HPPTCL. All the payments made by this office are under protest initially due to non providing of certified copy of TAFM and thereafter due to the HPERC having stated in its order dated 02.05.2022 that the aforesaid line is not a dedicated line and the commission was misinformed about its status.

2.92 Pump Storage Projects

(i) <u>Renukaji Pump Storage Project (1630 MW):</u>

The project is envisaged as an off-stream open-loop scheme, which will utilize water from the Renukaji Dam Project reservoir (lower reservoir) to pump water into an upper reservoir created by constructing a 90-meter-high dam on Jogar Ka Khala, a left-bank tributary of the Giri River. The project includes a 3.3 km water conductor system and an underground powerhouse with 10 units of 163 MW each. The Project has been allotted to HPPCL on 08.10.2024 with an installed capacity 1630 MW. A Pre-Implementation Agreement (PIA) is underway with the Government of Himachal Pradesh (GoHP). The Terms of Reference (ToR) for "Hiring the DPR Consultant (including Survey & Investigation and Tender Document Preparation)" has been given in-principle approval in the 30th WTD meeting. The estimate preparation for this scope is in progress, and tender documents are expected to be ready by the time MoEF&CC approves the ToR for carrying out EIA/EMP studies.

(ii) Thana Plaun Pump Storage Project (270 MW):

The project is envisaged as an off-stream open-loop scheme, which will utilize water from the Thana Plaun HEP as a lower reservoir to pump water into an upper reservoir created by constructing a ±60m high gravity dam on Luni khad, a tributary of Beas River. The project includes a ±250m water conductor system and an underground powerhouse with 4 units of 67.5 MW each. The Project was allotted to HPPCL on 08.10.2024 with an installed capacity 270 MW. A Pre-Implementation Agreement (PIA) is underway with the Government of Himachal Pradesh (GoHP). The Terms of Reference (ToR) for "Hiring the DPR Consultant (including Survey & Investigation and Tender Document Preparation)" is under preparation.

2.93 The bank balance in the accounts of Land Acquisition Officer against land compensation cases of HPPCL as on 31.03.2024 is Rs. 2,33,77,687.96/-.

2.94 Loan installment from AFD bank for Chanju-III HEP amounting to Rs.36.83 Crore is to be received from GoHP.

2.95 Beneficiary State Share of Rajasthan Govt. amounting to Rs.31.04 Crore for Renukaji HEP is also to be received from GoHP.

2.96 In case of Sainj HEP, 2 nos. GIS circuit breaker got damaged during May, 2022 and subsequently during Nov, 2022. However the damaged poles have not been scraped/ written off till now as the damaged poles are required for carrying out the Root Cause Analysis, so that the damaged/ failure of GIS Circuit Breaker poles do not occur/ happen again.

2.97 As per provisions of the Contract Agreement and as decided by the Board, an amount of Rs.14.85 Crore has been shown as recoverable in the Books of Accounts for imposition of Liquidated damages of M/s HCC Limited. Now, the Corporation has filed a petition against the arbitral award in the Hon'ble High Court of HP and the matter is still sub-judice in the Hon'ble High Court.

2.98 The proposal for declaring submerged area as reserve forest under Section -4 of the Indian Forest Act, 1927 in respect of Shongtong Karchham Hydel Electric Project (STKHEP) is presently under active consideration at the HP State Govt. level.

2.99 The Leave salary amount to be recovered in r/o HPPCL employees who are on deputation with various Central, State Deptt./ undertakings has not been reflected in books of accounts for the F.Y. 2023-24. However, the provision of related leave salary & gratuity has already been taken in books of accounts based upon the Actuarial valuation as per Ind AS19.

For and on behalf of Board of Directors:

(Pratima Pathania) **DGM (Accounts)**	(Sudershan K Sharma) **Company Secretary**	(Naresh Thakur) **Director (Finance)** **DIN No.11088059**	(Abid Hussain Sadiq) **Managing Director** **DIN No.08183381**

For N.K. Bhargava & Co.
Chartered Accountants
FRN No. 0000429N

N.K. Bhargava & Co. FRN-0429N SHIMLA Chartered Accountants

Partner
M. No. 512353
Place: SHIMLA
Date: 29/11/2025

INDEPENDENT AUDITORS REPORT

To the Members of Himachal Pradesh Power Corporation Limited

Report on the Audit of the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of Himachal Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and Notes to the Standalone Financial Statements, including a summary of 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 Financial Statements give the information required by the Companies Act, 2013, as amended in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2024, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis of Qualified Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 ethical requirements that are relevant to our audit of the financial Statements under the provisions of the Act and the Rules made there under, 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 qualified audit opinion on the standalone financial statements.

A. **Software used by the company:** The organization uses SAP software, but it is lacking because it consists solely of debit and credit entries without any accompanying documentation. This undermines the primary objective of using SAP, and non-availability of various information and reports.
B. **Preparation of the Financial Statements:**
   As per information and explanation given to us and based on our test checks, Company is in the process of stabilizing ERP Software. However, closing of accounts like preparation of balance sheet and related activities are being done on computer with the help of MS excel.
   Financial Statements are prepared on excel sheets but, only generating units' trial balances were made available to us. This is worth mentioning that this task of preparing Standalone Financial Statements including unit wise balance sheets is given to a firm of CAs who neither prepared them unit wise nor in terms of IND AS (see deficiencies here under in this report) as per appointment letter.
   The qualification as to differences in details provided & financial statements reported in previous audit reports remained unverified by us & not reproduced here.
C. **Material Misstatements:** The below observation made by previous auditor and still pending during the year:
   i) The expenses on repair maintenance booked Rs. 2.58 crore (reported in audit report of 2021) at Kashang HOP are doubtful for material misstatements, no external evidence or proof of seepage was made available to us during this year also.
   ii) The payment of GST @18% to contractor PEL is doubtful for material misstatements, the claim of management that this payment was made on the advice of some consultant (being CA) but neither any proof of advice nor any opinion was made available to us. After going through the contract documents we doubt it to be excess payment, actual excess amount could not be ascertained in the absence of information which is required from inception of this contract

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of this contract. The management claims to have opinion of some CA but in terms of Contract / tender this was not payable as contract was all inclusive. This should be recovered from the contractor as the company has the undertaking cum indemnity bond.

D. Non-Compliance of Indian Accounting Standards (Ind As)

The company has not compiled with the following Indian Accounting Standards while preparing the financial statements: -

i) **Indian Accounting Standard (Ind As 1) Preparation of Financial Statements**
The Para of Ind As 1 Presentation of Financial Statements states that where Financial Statements comply with Ind As the company shall make an explicit and unreserved statement of such compliance in the notes. No Disclosure for the same has been made on the face of Balance sheet or in the notes.

ii) **Indian Accounting Standard 115 & 116:**
Accounting for supply of 100% Generation of power to HPSEB applicable provision of IND AS 115/116 not compiled with.

iii) **Indian Accounting Standards (Ind AS) 20 Accounting for Government Grants and Disclosure of Government Assistance**.
The Company has been granted the deferment of repayment of loan for FY 2021-22 refer Note 2.74. Company has requested the state government to restructure and deferment of loan dues. The company must account for the interest payable on such deferment till the close of the year at market rate as grant from the government and must be accounted for as the addition to cost and the same has also to be shown as addition of grant. No such interest has been accounted for by the company till the close of the year as per para 10A of the IND AS. In the absence of the information, we are unable to comment on same.

iv) **Indian Accounting Standard (Ind AS) 19 Employees Benefits.**
The para 55 to 62 of the Indian accounting standard is applicable to the company in respect of the Post Employment Benefit: **Defined Benefit Plans** which requires that actuarial valuation of the liability of employees defined benefit plan has to be made at the end of the year and same must be accounted for on in the book of accounts. The Company has accounted for the liability based on the actuarial valuation but neither any policy has been taken, nor any trust has been created to cover the liability for post-employment benefits of employees.

v) **Indian Accounting Standard (Ind AS) 37 Provisions, Contingent Liabilities and Contingent Assets:**
The Company has disclosed the provisions contingent liabilities and contingent assets only up to the date when the accounts has been approved by the BOD. No disclosures of provisions, contingent liabilities and contingent Assets after the accounts approved by the BOD and till the date of finalisation of this report is considered in these financial statements.

vi) **Indian Accounting Standard (Ind AS) 10 Events After the Reporting Period**
The financial statements for the year under review are provided to us which was approved by the BOD on 12th March 2025. The financial statements are not adjusted for the events occurred between the Balance sheet date and audit report date for the both favourable and unfavourable till date of the finalisation of this report.

vii) **Indian Accounting Standard (Ind AS) 113 fair Value Measurement**
The Company has not made fair value of the assets and liabilities as on 31st March 2024. (Refer Note No.2.40). The same is not in line with the with the Ind As 113 Fair Value Measurement which is mandatory applicable to the company.

viii) **Indian Accounting Standard (Ind AS) 109 Financial Instruments**
The company has not applied the Ind As 109 while disclosing the Government Loan in the financial statements below market rate interest and its impact on the profit and loss and Balance sheet has not been disclosed in the financial statements. Further, company not providing expected credit loss (ECL) in the financial statement and there is no policy for provision for doubtful debt on debtor and advances which may not provide the correct position of the current assets.

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ix) **Indian Accounting Standard (Ind AS) 12 Income Tax**
The Company has not followed the Ind As in respect of Income Tax for calculating the deferred tax assets and Liabilities and its accounting in the books of accounts. The same is also not in line with Note no. 1.22 of the significant accounting policies adopted by the company. No information in respect of the same has been provided to us. In the absence of the information, we are unable to comment on the impact of the same on the Balance Sheet at the close of the year.

x) **Indian Accounting Standard (Ind AS) 8 Accounting Policies, Changes in Accounting in Accounting Estimates and Errors**
As reported in earlier audit reports, the company has not applied the Ind As 8 in relation to accounting of the Prior Period adjustments of errors while preparing the financial statements as stated in the Para 1.25 of the Significant Accounting Policies of the company.

E. Full Time Management: In our opinion the Company should have full time management including the Managing Director. Compliance with requirements of section 203 of The Companies Act 2013 should be done.

F. Observations on the Financial Statements

1. Property Plant and Equipment Note 2.1

i) We invite attention to Note 2.59 wherein it's stated that the Company is in possession of forest land at, Sainj HEP, Shongtong HEP, and Sawra Kuddu and Provision has been made @Rs 1 per bigha as amount of lease pending lease deed execution.

ii) As reported during the previous year audit report, the company has not accounted for the cost of the Land and Buildings of HPSEP Limited amounting to Rs. 4,599 lakhs. In our Opinion the Property Plant and Equipment are understated to the extent of above and correspondingly the other current Financial Liabilities are also understated to the extent of the above. The Sainj HEP has entered into agreement to lease out the land from the above land in possession to AFCONS Infrastructure Limited Lease agreement in the month of September 2019 for four years.

iii) Reported in previous audit reports, the Renukaji HEP has accounted for Rs. 44276 Lakhs on account of compensation paid for the land. The Himachal Pradesh Electricity Regulatory Commission Hydro Generation Tariff Regulation has provided that the Depreciation @3.34% is leviable on submerged Land. The HP CAG issued comment on the same in the supplementary audit for the year 2016-17. The company claims depreciation is to be provided after the land is submerged. We were made to understand that the proposed reservoir is for water supply for drinking & irrigation & generation of electricity is incidental to it. Further Renukaji HEP has paid Rs. 5,369 Lakhs on account of compensation paid for trees and Structures. The CAG in their supplementary audit report for the year 2016-17 has commented that Rs. 785 Lakhs has been less charged on the above and the Property Plant and Equipment is overstated to the extent of above and capital work in progress is understated to that extent. The Company has not accounted for the same in the financial statements and no further details has been provided in respect of depreciation to be charged on the above. The Qualification of the CAG for the year 2016-17 has been considered in this report.

iv) Partial effect has been given by the management in the financial statements to the comments issued by CAG of India dated 23-08-22 & Statutory Audit Reports on financial statements for the year ended 31.3.2023 nor on 31.3.2021 or 31.3.2022 although the management claims compliance of the same.

v) As per the Company's Fixed Asset policy, assets with an individual cost of ₹5,000 or less are to be fully depreciated in the year of acquisition. However, we observed that certain assets falling below this threshold continue to be reflected in the FAR, with an aggregate net book value of ₹5.67 lakhs. These assets should have been fully written off in accordance with the stated policy.

vi) In the Sainj Plant accounts, an insurance claim amounting to ₹3.47 crore was received in respect of damage to a circuit vehicle (poll). However, the corresponding damaged asset continues to be reflected in the fixed asset register and it carrying value remains in the books. As the asset has been rendered non-

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functional and compensated through the insurance claim, it should be written off from the books of accounts. Additionally, in line with the applicable accounting standards, the insurance proceeds and corresponding asset write-off should be appropriately disclosed in the financial statements, with consideration given to presenting the transaction as an exceptional item, depending on its nature and materiality.

vii) Company has been given advance payment of ₹11.06 crore to HPPTCL on 18.04.2023 for the transmission line related to power evacuation. However, this amount has not been capitalized as of date. Although the transmission line is in working condition and ready for use.

2. Capital Work in Progress 2.2

i) We invite attention that the Court case has been filed by the Toss Mini Hydel Project in the Hon'ble High Court of Himachal Pradesh against the Government of Himachal Pradesh. The matter is still under litigation, and may have impact on the Development of the Project.

ii) The Sainj Unit has paid Entry Tax amounting to Rs. 544 lakhs September 2010 to December 2016 to HCC Limited. As per the Himachal Pradesh Entry Act 2010 the dealer paying the entry is entitled to take the credit of the entry tax and adjust the same with the VAT Liability of the Dealer which the dealer has claimed in the VAT return filed by the contractor to the concerned Assessing Authorities. Thus, the dealer was not entitled to claim the entry tax which was adjusted by dealer towards its VAT Liability. Thus, CWIP Project Electromechanical works is overstated to the extent of RS. 544 Lakhs and other current assets are understated to that extent. The HCC has gone into court case and the amount is of non-recoverable nature as the amount is not recovered till date. Thus, provision for the same is required and provisions are understated to the extent of above. No action has been taken by the management although reported in previous years audit reports.

iii) Reported by previous auditors the Kashang unit has charged interest paid on PFC loan of Rs. 3000 lakhs transferred from HPSEB at the same time of transfer of assets and liabilities from the HPSEB of the Kashang Unit to the Expenditure Under Construction. It has been observed that at the time of transfer of assets from Kashang Unit from HPSEB a sum of Rs. 1392 lakhs have been used for construction of Transmission lines amounting to Rs. 6,585 lakhs back to the HPSEB Limited. Further it has been observed that at the time of transfer of transmission lines the loan component of the PFC utilised on the construction of transmission lines has not been transferred to the HPSEB Limited and further a sum of Rs. 871 lakhs have been paid as interest on the above loan by the company till 31st March 2017 to the PFC. Thus, a sum of Rs. 871 lakhs are recovered from HPSEB Limited on account interest paid to PFC on transmission lines transferred back to HPSEB. In our opinion Property Plant and Equipment are overstated to the extent of Rs. 871 lakhs and the other current assets are understated to the extent of above. The observation is continuing since 2016-17 and the amount is not recovered till date hence a provision for the same is required. Thus, expenditure is understated to the extent of above.

iv) Appointment of Corporate and Sundarnagar (Design Wing) Expenses to Renukaji Project-

Reported by previous auditors the Company has apportioned 15% of the total expenditure of Corporate Office and Sundarnagar design office to Renukaji Project vide Managing Directors Office Order note dated 10/11/2017 during the year under 2016-17. It has been observed that during previous year for Renukaji HEP where only expenditure of 5% of the total cost of the Fixed Assets and CWIP has been incurred by the company till the close of the year on the project, 15% of the total expenditure of Corporate Office and Sundarnagar and rest has been allocated to the other units in the proportion of capital expenditure incurred by the remaining units. The above apportionment ratio has not been approved by the Board of Directors of the company. The allocation percentage and ratio adopted by the

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company is also not in compliance to accounting policy of the company mentioned at Note for allocation of corporate office and Sundarnagar expenditure to Renukaji HEP.

This has resulted in less apportionment of the expenditure to the generating unit i.e., Kashang Stage I, Sainj HEP & Sawra Kuddu and may affect the depreciation charged during the year by these generating units. In the absence of the information, we are not able to comment on the less amount of depreciation charged after COD period by the generating units.

We would further like to submit that no confirmations from the participating states and the central government has been provided to us for the inclusion of above expenditure towards the cost of the project. In the absence of confirmations, we are unable to comment on the recoverability of the expenditure from the participating states and central government.

3. **Non- Current Investment Note 2.5**

i) We invite attention to Note no. 2.5, the company has made an investment of Rs. 337.50 lac on the equity of Himachal EMTA Power Limited which has been established as Company's joint venture with EMTA for setting up a thermal power plant. The Company has 50% equity participation in HEPL. The Government of India has allotted coal block to Himachal EMTA Power Limited and JSW Steel Limited for which another Joint Venture has been made in the name of Gourangdih Coal Limited.

"The hon'ble Supreme Court of India on 25/08/2014 and 24/09/2014 ordered that the allotment of the coal block made by the screening committee of the Government of India through the government dispensation route are arbitrary and illegal thus the Gouragdih Coal Block allotted to Himachal EMTA Power Limited and JSW Steel Limited has been cancelled."

ii) The Company has made provision for doubtful investments amounting to 337.50 lakhs in the books of accounts.

iii) The company independent auditors of Gourangdih Coal Limited concern in respect of preparing the Financial Statements on the basis Going Concern Concept and Historical cost Convention due to deallocation of the Coal Blocks by the decision of the Supreme Court of India.

iv) We invite attention to note 2.78 where in the Enforcement Directorate has attached the assets of the Himachal Emta Private Limited amounting to ₹ 259 Lakh. The Directors report of the Himachal Emta Limited for the year 2018-19 stated that the CBI has filed charge Sheet accussing the two Directors of the company Sh Ujjal Kumar Upadhaya and Sh Bikas Mukherji in the matter pertaining to the allocation of Gourangdih ABC coal Block by misrepresentation of facts. The ED on the basis of the Charge sheet filed has attached the assets of the Gourangdh Coal Limited considering them to be proceeds of crime under Prevention of money Laundering Act 2002. M/s HEPL, filed a Special Leave Petition (SLP) in the Hon'ble Supreme Court of India, which has been dismissed by the Hon'ble Supreme Court of India.

4. **Other Non – current Financial Assets Note 2.10**

i) As per previous audit report, The Chirgaon Unit is showing a sum of Rs. 5 lakhs as amount paid to LAO for purchase of land. The accounting unit was transferred from erstwhile Board. The payment was made by the LAO of the HPSEB, and the land is in the name of HPSEB. The unit was transferred from the erstwhile HPSEB, and the advance account of the LAO is being is being carried forward by the unit as advance and the land is in possession of the corporation. The unit has not changed the name of ownership of the corporation in the revenue records nor has adjusted the advance account. In our opinion, the company is entitled for title of the land once the award has been ordered by the LAO and land legally vests with the company. Thus, other Non-current Financial assets are overstated to the extent of above and correspondingly the Property Plant and Equipment is understated to the extent of above.

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ii) The Shongtong HEP, has paid Rs. 44.06 lakhs to land owners for acquisition of land measuring 0.1702 hectare, for the project, at the time of mutation it is found that the same land was already acquired by HPPWD. The amount is doubtful for recovery as the amount has not been recovered from the landowners and a provision for the same is required. In our opinion other Non – Current Financial Assets is overstated to the extent of above and consequently the expenditure is understated to the extent of above. The management claim that that out of Rs 44.06 lakhs, Rs 33.35 lakhs stands recoverable from the parties.

iii) (a) We invite attention to Note No 2.71 where in it is stated that the amount recoverable from contractors includes a sum of ₹ 12992 lakhs (previous year ₹ 12926 lakhs) recoverable from Coastal Projects on account of risk and cost. The contract with the contractor was terminated in the year 2013 and the same was awarded to M/s HCC Limited The amount paid to HCC Limited on account extra cost has been shown as recoverable from Coastal Projects. The amount is doubtful of recovery from the Coastal Projects as there is no agreement with the party to recover the money as the contract with the party has already been terminated since 2013. The Company has gone into liquidation as the lender banks of the contractor has filed liquidation petition with NCLT and the amount is doubtful of recovery.

The Management has informed the previous auditors through a letter from the Director Finance dated 9th June 2023 that in case of non-recovery of the amount from the contractor the same will be charged to the cost of the "Main Civil Works" after obtaining the necessary approval from the Board of Directors.

We suggest that the Management should take approval from the BOD regarding charging of the amount recoverable from the contractor to the "Main Civil works" in case of the non-recovery of the amount due from the contractor at subsequent Board Meeting. The same is required as per the requirement of Ind As so that the above cost will become part of the cost to bring the assets to location and condition necessary for it to be capable of operating in the manner intended by the Management.

The company is not the secured creditors of the Coastal Projects and the company has not shown to our verification any documents in support of their claim that the amount recoverable from the coastal projects are fully secured and there is full probability that the amount will be fully recovered in the near future.

In our opinion as the amount is doubt full of recovery necessary provision should be made in the books of accounts. Thus, Other Non-Current Financial Assets are overstated to the extent of above and Capital work in progress are understated to the extent of above.

(b) Reported by previous auditors the unit has not charged the GST on the amount of the amount of ₹ 3,287 Lakh charged to the Coastal Projects on account of Risk and Award Cost charged to the contractor. Thus, GST amounting to ₹ 592 Lakh has not been charged on the above on account of reimbursement of expenses and liability is understated to the extent of above.

(c) As per previous audit report, The Company has debited the amount of service tax payable by the company amounting to ₹ 65.30 Lakh to the service tax authorities and the same has been paid by the company in its own service tax number under the Viswas se Vivad Scheme. The Liability of payment of the service tax was of the company in the pre-GST period which was Charged from the HCC on account of Rent Charges of use of Machinery of the Coastal Projects by the HCC. The Amount was credited to the Costal Projects without depositing the service tax from the rent credited to the Coastal Projects. Thus, the services are covered Under Principal agent relationship and GST have to be charged on the same and a sum of ₹ 11.70 Lakh is to be paid as GST on the above. The Liability is understated to the extent of above.

(d) Further the Company has filed a claim of ₹ 40,736.90 Lakhs inclusive of interest with the NCLT against the Coastal Projects Limited as the contractor company has gone into liquidation which is in the nature of Contingent Assets and same has been disclosed as Contingent Assets as per Note 2.42. The Official Liquidator has

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iv) We invite attention to Note No 2.65 where in it is stated that the company has not made a provision for ₹ 103.24 lakhs recoverable from Gammon India since 2013 through Directorate of Energy. The amount has to be recovered along with interest of 10 % per annum. The amount has not been recovered till the date of audit and the same is doubtful of recovery hence provision for doubtful advance is required. In our opinion the Non-Current Financial Assets are overstated to the extent of above and Expenditure are understated to the extent of above.

v) As per previous audit report, The Renukaji HEP has deposited ₹ 186.42 Lakh with HPSEB for deposit work. The HPSEB has fully utilised the advance and given the Utilisation certificate to the company. However, the company has not capitalised the assets. In our opinion the other Non-Current Financial Assets are overstated to the extent of above and Capital work in progress is understated to the extent of above.

vi) Grant Receivable

In case of Gyspa HEP, we invite attention to Note No 2.67 where in it is stated that company is showing ₹ 1244 lakhs as recoverable grant from the Central Government on account DPR and Investigation Expenses. The Government of India has approved ₹ 1,250 Lakhs for survey and investigation of the project and paid ₹ 500 Lakhs as advance and the rest of the amount is to be paid on the submission of the DPR. The work of the DPR is not completed since 2012 due to sustained opposition to the project by local people. The Central Government has stayed the further payment of the grant until the submission of the DPR. The grant recoverable shown is not as per para 7 and 8 of the Indian Accounting Standard (Ind as) 20 Accounting for Government Grants and Disclosures thereof which states that: -

"7 Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:

(a) the entity will comply with the conditions attaching to them; and

(b) the grants will be received.

8 A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the entity will comply with conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled."

The grant recoverable is not as per the applicable IND as 20 and the contention of the company is that as the project is of National importance and the concerned ministry is continuously pursuing the matter with the State Government and directing the company to take appropriate action to resolve the issue with the affected families so that the survey investigation work may be completed at the earliest. In our opinion the continuous monitoring of the project by the ministry and the Central Government and further directions to resolve the issue with effected families at the earliest is a sufficient compliance for the condition attached to the grant as per the requirement of IND as 20.

vii) As per previous audit report, The Shognton unit is showing huge advances to the contractors the recoverability of the same is dependent on the completion of the project and the same has not been discounted and shown as per the fair value as required by Ind As 113. In the absence of information, we are unable to comment on the same.

viii) As per previous audit report, The Shongtong unit is showing advance of ₹ 28.65 Lakh to HPSEB as on 31st March 2023 and as the advance will not be recovered from the agencies and assets are being used by the corporation the same should

N. K. Bhargava & Co. FRN-042SN SHIMLA Chartered Accountants be capitalised. In our opinion the Non-Current Financial Assets are overstated to the extent of ₹ 28.65 lakhs and CWIP are understated to the extent of above.

ix) As per previous audit report, The Swara Kuddu HEP is showing a sum of ₹ 440.10 lakhs is shown as recoverable from HPPTCL out of ₹ 485 lakh paid against deposit work and converted in to recoverable from HPTCL. Efforts should be made to recover the same.

x) As per previous audit report, The Chanju III has not capitalised the advance to HPPTCL for design and survey work amounting to ₹ 17 lakhs for want of utilisation certificate.

xi) As per previous audit report, The Deonthal Chanju has not capitalised the advance to HPPTCL for design and survey work amounting to ₹ 13.00 lakhs for want of utilisation certificate.

xii) As per previous audit report, The Sainj unit has shown₹ 9 Lakh as recoverable from DOE on account of LADF charges paid on Infirm Power. The amount is not recovered till date and provision for the same is required. Thus, the Other Non-Current Assets are overstated to the extent of above and expenditure is understated to that extant.

xiii) As per previous audit report, The Sainj unit has shown ₹ 131 lakhs as interest recoverable from HCC on account of advances given against retention money. The party has not repaid the amount of advance and nor the interest on the same has been paid back hence provision for the same is required. Thus, the Other Non-Current Assets are overstated to the extant of above and expenditure is understated to that extant.

xiv) As per previous audit report, The Sainj unit has booked advance to HPSEB amounting to ₹ 5.29 Lakh which is of non-recoverable nature and should have been charged to the CWIP. Thus, Current advances have been overstated to the extent of above as the amount has not been recovered and adjusted till date.

xv) As per previous audit report, The Sainj unit has booked advance to XEN IPH amounting to ₹ 4.65 Lakh which is of non-recoverable nature and should have been charged to the CWIP. Thus, Current advances have been overstated to the extent of above as the amount has not been recovered and adjusted till date.

xvi) As per previous audit report, The Sawara Kuddu unit has debited ₹ 41 lakhs to Patel Engineering on account of Risk and award cost of the work done during the year 2017-18. The contractor has not paid the amount till date. Thus, Provision for non-recoverability of amount is required. Thus, Other non-current Assets are overstated to that extant.

xvii) As per previous audit report, The Chanju III has not capitalised the amount of ₹ 187 Lakh paid to HPSEBL.as the work has not been completed.

xviii) As per previous audit report, The Deonthal Chanju has not capitalised the amount of ₹ 187 lakh paid to HPSEBL, as the work has not been completed.

5. Inventory Note 2.11

i) In Sainj HEP, GL Inventories (1110000), O&M Tools (1110500), O&M Spares (1110501) total amount is showing in Trail Balance of Rs.7,82,54,238 while as per physical verification report it has been reported of Rs. 6,75,37,548. Hence difference of Rs.1,07,16,690 has been observed. And due to this asset and profit both has been overstated by 1,07,16,690.

6. Trade Receivables Note 2.12

Trade receivables are subject to confirmation & reconciliation, concerning HPSEBL.

7. Other Current Assets Note 2.16

(i) As per previous audit report, The Sawra Kuddu unit has not shown the amount recoverable from Patel Engineering on account of recovery of concrete cutting amounting to ₹ 77.50 lakhs. The case is reported to be in High Court. In our opinion the Other Current

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Assets are understated to the extent of above and CWIP is overstated to the extent of above.
(ii) Prepaid expenses amounting 18,39,284 (approximately) included which was paid for F.Y. 2023-24 or before this F.Y. but still included in prepaid expenses as on 31.03.2024. Which increase the current assets of the company and also overstate the profit by this amount.

8. Non-Current Other Financial Liabilities Note 2.21

(i) Long Term Borrowing

The Company has taken loan from the State Government for construction of Hydro projects. The Company has not paid the Instalment and interest on the State Government loans. In our opinion the Company has defaulted in payment of instalments and interest to the state government which is holding 41.45% of the equity. However, there is no other default in payment of loan and interest to any other financial institutions/Banks. The Company has not complied with Requirements of the Ind As 20 Accounting of the Government Grant which states that the any concession from the government should be added as addition to the cost and should be credited to the revenue.
(ii) The loan the company was sanctioned by the Central Government to the State Government as 90% grant and 10% loan basis has been further advanced to the company as 100% loan which was sanctioned to the state government under clean energy program. The Funding of the Grant to State Government as Loan to the Company has increased the financial cost Liability on account of interest payable to the State Government. This will increase the cost per unit of the generation of power and will not be recovered from the consumer and have to be borne by the company. The charging of the interest will not make the company profitable as it constitutes 40% to 45% of the revenue cost and the company has not paid the interest to the state government even after four units are commissioned and the company is pursuing for the deferment of principal and interest till 2024 and in earlier year also the deferment has been granted by the State Government.
The CAG has also raised concern over the same in their report and suggested that the matter be taken up with the state government to get the benefit of the Govt of India policies.
(iii) The long-term liabilities include EMD, retention money and Security Deposits pending since inception of projects and the same has not been paid till the close of the year. The Internal control in respect of them is very weak and should be strengthened and the liabilities should be assessed at fresh and should be charged to revenue in appropriate cases.

9. Non-Current Liabilities Provisions Note 2.23

(i) For Company Employees
We invite attention to note 1.20 and 2.40 where in the policy adopted for employees benefit and accounting in respect of the same has been disclosed. The above policy is not in compliance with the Ind AS 19 Employees Cost in relation to Post Employment defined Benefits plan in the matter of its recognition and measurement. The company has created liability on the basis of actuarial valuation. Neither any policy has been taken nor any trust/fund has been made for the same.
(ii) For HPSEB Employees
The provision for leave encashment liability, gratuity liability and pension Liability of HPSEB employees has been calculated based on formula adopted by HPSEB Limited. The Liability provided for is subject to the confirmation from HPSEB Limited.
In the absence of information and confirmation from HPSEB Limited we are unable to comment on the effect of the same on the financial statements at the close of the year.
(iii) Company does not maintain plan assets against its liabilities related to gratuity, leave encashment, and other long-term employee benefit obligations. As per the requirements of Ind AS 19 – Employee Benefits, an entity is required to recognize the present value of defined benefit obligations on its balance sheet and, where applicable, offset these against the fair value of plan assets. The absence of plan assets may result in an increased net

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liability position and impact on the Company's liquidity. In view of this, it is recommended that the Company evaluate and consider investing in appropriate plan assets, in line with the actuarial valuation, and strengthen its financial position with respect to future employee benefit obligations.

10. Other Non-Current Liabilities Note 2.25

a) Utilised Grant Renuka Ji

(i) The Company has incurred following expenditure on the Renukaji project till 31st March 2024.

(Rs. in Lakhs)

Particulars	As on 31-03-2023	As on 31-03-2024
Tangible Assets	1,55,561.06	1,91,314.66
Advances & Deposits	11,461.62	11,507.66
CWIP	7.54	20.76
Incidental Expenses	80,355.07	81,848.88
Advances	186.42	186.42
	2,47,571.72	2,84,878.39
Grant Received	1,87,624.91	2,17,808.97
Shortfall	59,946.80	67,069.42

There is shortfall of grants received & expenditure incurred ₹ 67069.42 lakhs (previous year shortfall of expenditure to the tune of ₹ 59946.80 lakhs). In absence of information, we are not able to comment on the same. Tangible Assets include allocated expenses of HO & Sunder nagar design office @15% as reported in audit reports every year. Grant ₹ 1038 cr received on 31.03.2022 not accounted for as funds were received by Govt of H.P & transferred to company' account on 20-4-2022 & 10-05-2022.

(ii) We invite attention previous year audit report regarding allocation of expenses to Renukaji HEP wherein it stated that the allocation of expenditure of corporate office and sundarnagar design office to the unit has not been confirmed / approved by the participating states and the central government. In the absence of confirmation and approvals we are unable to comment on the apportionment of expenditure charged to the Renukaji HEP. The company has allocated expenses of corporate office and design wing expenses to the Renukaji HEP for current year viz 31st March 2024.

11. Current Liabilities Other Financial Liabilities Note 2.29

(i) The liability on account of Retention Money, Security Deposit and dues payable to Contractors and suppliers are subject to Confirmation. In the absence of Information, we are unable to comment on its effect on assets and liabilities.

(ii) The difference units of the company are showing separately the amount payable and recoverable from HPSEB Limited. No Confirmation from the HPSEB Limited has been provided to us for the amount payable and recoverable. In our opinion only one account of the HSPEB Limited should be maintained and net balance of recoverable or payable should be shown in the financial statements.

(iii) The Other Current Liabilities includes EMD, Retention Money and Security Deposits pending since inception of projects and the same has not been paid till the close of the year. The Internal control in respect of them is very weak and should be strengthened and the liabilities should be assessed at fresh and should be charged to revenue in appropriate cases.

(iv) The Other Financial Current Liabilities includes ₹115.61 lakhs as unclaimed money on account of payables, retention, security and other payables to the contractors. The amount has been shown under this head because the persons to whom amount is payable is not

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traceable. In our opinion the other current financial liabilities are overstated to the extent of above and necessary provision for amount written back should be provided.

(v) The Sawra Kuddu unit has made a provision for CAT Plan Expenses on 04th January 2016 amounting to ₹ 69 lakhs. The Unit has informed us that the amount has not been paid as the previous utilisation certificates has not been provided by the Forest Department. In our opinion the amount is of the nature of withheld amount and should be shown under the head Non-Current Financial Liabilities. Thus, current Liabilities are overstated to the extent of above.

(vi) The Corporate Office has not made the provision for demand raised by the PF Commissioner for the period 09/2008 to 06/2011 on account of PF contributions of Unregistered Contractors amounting to ₹189 Lakhs on 02nd August 2018. Thus, current liabilities are understated to the extent of above.

(vii) Local Area Development Fund: -

We invite attention to Note 2.69 where in the company has not made any provision of amount payable to LADA fund on account of increase in cost of the projects, as final cost determination of commissioned projects is under process.

(viii) Reported during earlier year audit reports the Kashang Unit has not charged GST on the liquidation charges amounting to ₹ 534.42 lakhs on ₹ 2,969 Lakh charged from HCC. The Company has not shown the Liability under GST returns filed during the year under review nor the same has been charged to the contractor. The observation was also reported in the previous year also. Thus, the current liabilities and understated to that extent and other non-current assets is also understated to that extant. Claim of management that this pertain to pre-GST erais wrong as date of bill is 21-11-2017.

(ix) As per previous audit report, The Swara Kuddu HEP has transferred land measuring 0.9224 hectare to the HPTCL for the construction of 220 KV Switching Station at Hatkoti. The Company has received ₹ 916 Lakh as cost towards the cost of land in the month of November 2018. The company has handed over the possession of the land to the HPTCL but has shown the amount as advance from the customers and the sale deed for the same has not been executed so far. In our opinion the advance has to be adjusted with the cost of the land and the deposit with the court. Thus, current liabilities are overstated to the extent of Rs 916 Lakh. Pending execution of transfer deed cannot be credited to land.

(x) As per previous audit report, The Sainj Unit has shown a sum of ₹ 519 Lakh as amount payable to Voith Hydro. The HEP has not provided to us the details in respect of the same and nor any confirmation from the supplier has been provided. The Amount is payable since 2017 and the same has not been paid till the date of the audit. Thus, the liabilities are overstated to the extent of above& reconciliation is reported tobe in progress.

12. Generation & Sale of Power

(i) The Company is showing only net sale instead of gross sale.

(ii) The Beradol Solar Power unit while fixing the tarrif rate has adopted HPREC AD benefit rate of ₹ 4.31 per unit while approving the Tariff Rate with HPSEB. The corporation is not availing the advance depreciation benefit thus tariff rate of ₹ 4.79 per unit is applicable to the corporation. Thus, sale of power is understated for previous years.

13. Apportionment of expenditure and income of corporate office and sundarganar

(i) Expenditure of corporate office and sundarganar

It has been observed that 15% of total expenditure of HO & sundarnagar has been apportioned to renukaji project (refer significant accounting policy no. 1.6(g) and note no. 2.60). The above apportionment is not in line with the accounting policy referred in note 1.6(g) which states that the *"The Expenditure of Corporate office and Sundarganar design office is allocated to different accounting units on systematic basis."*

In our opinion the expenditure and income should have been apportioned separately on actual basis between the pre and post COD period to different units. The adoptaion of wrong method of apportionment may affect the allocation of cost to different units and the effect on its depreciation after commissioning of the projects. In the absence of information we are unable to comment on the same.

(ii) Income of corporate office and sundarganar

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It has been observed that the income of the corporate office mainly consists of the interest earned on Fixed deposits by making short term investments of the following funds: -

- Funds received for Equity
- Funds for Renukaji Project
- Imprest Funds for Funded Projects State Govt Loan
- Interest on Funds with LAO

The Company has allocated income to various projects on the basis of allocation of expenditure to different units as per accounting policy of the company during the year. Similarly, expenditure has been allocated alongwith HO to other units.

(iii) Apportionment of expenses of corporate office and sundarnagar design office

The qualification of previous year auditors on apportionment stands for this year also.

14. Provision for Income Tax

We invite attention to that where is no provision has been made by the company for income tax during the year there being net loss.

We also invite attention to note 2.58 where in the cases for earlier years are pending with different authorities and the outcome of which are uncertain and may affect the amount shown as Deposits with Income Tax authorities ₹ 7584 lakhs (Previous Year ₹7599 lakhs (refer note 2.10).In view of the uncertainly involved and the matter is subjudice we are unable to comment on the recoverability of the above amount and its effect on the Financial Statements.

During our review of provisions recorded by HPPCL, it was observed that no Tax Deducted at Source (TDS) has been deducted on provisions made towards payments for professional fees, consultancy charges, statutory audit, tax audit, and internal audit services. As per the provisions of the Income Tax Act, 1961, TDS is required to be deducted at the time of credit or payment, whichever is earlier, for such services.

15. Quantitative details in respect of energy generated and sold

We invite attention to Note 2.53 where in the company has stated that it has installed capacity of 281 MW as on 31st March 2024. The company has capacity 65 MW *3 i.e. 195 MW but water supply was only for one turbine at Kashang stage I against installed 3 turbines and the installed capacity of the Sainj HEP is 100 MW and Swara Kuddu HEP installed capacity is 111MW and one solar unit with the capacity of 5MW was installed. However, the installed capacity at Kashang is not utilizable in the absence of water as the stage II & III are under construction. Out of 3 turbines water is sufficient for running one turbine only. For rest 2, work is in progress.

16. Income Tax Appeals with the High Court in respect of chargeability of Income Tax on interest on fixed deposits kept as short-term investments.

Reported by previous auditors the company has filed an Appeal with the High Court of Himachal Pradesh that the interest on the short-term investment of the funds in Fixed Deposits with bank from the Equity received from the Government is an addition to the equity and not an income of the company and on same the income tax is not payable. Similarly, the Income earned on Renuka Funds is also an additional grant from the Agencies and the same is also not an income of the company and the same will be utilised on the project expenses and is part of the Grant.

The Company has not shown the interest earned on equity fund till the close of the year as an addition to the Equity and similarly the interest earned on Renuka HEP funds till the close of the year has not been shown as additional grant from the Agencies.

The Income Tax Authorities are considering such income as taxable income and is being charged as taxable Income of the Company.

No information in respect of the same has been provided to us by the company till the close of the year. In the absence of the information, we are unable to comment on the effect of the same on the Balance Sheet.

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17. **Land Court Cases Renuka Ji Project**
The Board of Directors in its 75th meeting on meeting 18th March 2023 has decided not to the file Regular First Appeal in the Hon'ble High Court against the awards passed by the Lower Courts and against the decision of the Hon'ble High Court. Refer Note 2.41 Notes where in it's stated that the company has made contingent provision in respect of the awarded. The Decision of the company not to file the appeal will make the contingent provisions as regular provisions and thus the provisions on account of land compensation of Renuka Ji Project is understated to the extent of above.

18. As per previous audit report, Amount laying in Bank (HPSCB) accounts of LAO has been added to the cost of land instead of showing as bank balance under current assets amount on 31.03.2023 was ₹ 28960520/- in bank accounts of LAO has not been shown as bank balance, instead it has been added to cost of land and still pending for compliance.

Emphasis of Matter

We draw attention to:

1. No serious efforts have been made to remove the qualification raised in earlier year audit reports and the same has been considered in this year report also.
2. We further draw attention to the following matters in the notes to the standalone financial statements:
   (i) Balances of trade receivables, advances, deposits, trade payables are subject to reconciliation/ confirmation and respective consequential adjustments.
   (ii) Note No. 2.62 to the standalone financial statements regarding statement on State Government loan for Shongtong Karcham HEP (450MW) where the ADB funding to state government has expired and stopping of funding by the KFW to the projects. HPPCL has executed a loan agreement with PFC Ltd on dated 06.10.2021 for a loan amounting to 2207.63 crore for the balance work of STKHEP including IDC. Corporation has availed the disbursement amounting to ₹ 1002.80 crore from the said loan as on 31-12-2024.
   (iii) Note No. 2.72 to the standalone financial statements regarding statement on Nakhtan project pending with Hon'ble High Court of Himachal Pradesh the fate of which is dependent on the outcome of the case.
   (iv) The company has entered into agreement with HPSEBL for purchase of 100% generation of some units, but company did not comply with provisions of Ind As 115/116.
3. All invoices issued by Himachal Pradesh Power Transmission Corporation Limited (HPPTCL) to HPPCL for monthly transmission charges related to wheeling of power from the Kashang HEP include arrears amounting to ₹7.62 crores as of 29th February 2024. This outstanding amount continues to grow each month due to a monthly surcharge of 1.25% as per the invoice provided by HPPTCL. And as per the information provided for this there is no balance in our books.
4. Non-disclosure of MSME vendors in the financial statement and relating notes in financial statement.
5. As per Ind As" ROU Asset should be shown on face of financial statement but it is not shown on face of financial statement. Hence it is non-compliance of Ind As.

Our opinion on the Standalone Financial Statement is not modified in respect of above matters.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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We have determined the matter described below to be the key audit matter to be communicated in our report in addition to the matter described in the Basis for Qualification Opinion section.

	Key Audit Matter	How our Audit Addressed the Key Audit Matter
1.	**Tendering:** Tendering is the key audit matter as company giving tenders for civil works which consist major values.	Some of the tenders are giving offline and not e - tendering. We found deficiencies in works orders/ contractor's bills compared to tenders and reported in our audit report at appropriate places. Some tenders are old and cost are increasing due to time with escalation clause.
2.	**Contingent Liabilities and Provisions:** There are a number of litigations pending before various forums against the company and the management's judgement is required for estimating the amount to be disclosed as contingent liability and for creating the adequate amount of provision, wherever required. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias. (Refer Note No. 2.41 to the standalone financial statements, read with the accounting policy no. 1.18).	We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures: *- understood and tested the design and operating effectiveness of controls as established by the management for obtaining all relevant information for pending litigation cases;* *- discussed with the management any material developments and latest status of legal matters;* *- examined management's judgements and assessments* *whether provisions are required;* *- considered the management assessments of those matters that are not disclosed as the probability of material outflow is* *considered to be remote;* *- reviewed the adequacy and completeness of disclosures;* *Based on the above procedures performed, the estimation and disclosures of contingent liabilities and creation of provisions are considered to be adequate and reasonable.*
3.	**Property, Plant & equipment:** There are areas where management judgement impacts the carrying value of property, plant and equipment and the irrespective depreciation rates. These include the decision to capitalise or expense costs; the annual asset life review; the timeliness of the capitalisation of the assets and the use of management assumptions and estimates for the determination or or the measurement and recognition criteria for assets retired from active use. Due to the materiality in the context of the balance sheet of the company and the level of judgement and estimates required, we consider this to be as area of significance. (Refer Note No. 2.1 to the Stand alone Financial Statements, read with the Significant Accounting Policy No. 1.5)	We assessed actual controls and found them to be effective during the year. However, we have reviewed the same through discussion with management.
4.	**Capital Work-In-Progress (CWIP):**	

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	The company is involved in various capital works like construction of new power projects, installation of new plant and machinery, civil works etc. These projects/works take a substantial period of time to get ready for intended use and due to their materiality in the context of the balance sheet of the Company, this is considered to be an area which had the significant effect on the overall audit strategy and allocation of resources in planning and completing our audit. (Refer Note No.2.2 to the standalone Financial Statements, read with the Significant Accounting Policy No. 1.6)	We performed an understanding and evaluation of the system of internal control over the capital work-in-progress, with reference to identification and testing of key controls. Deficiencies were found and same reported at appropriate place in our audit report. Actual controls will be assessed during next year audit.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, 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 the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. Such other information is pending as on the date of our audit report.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, and 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) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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

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the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of reasonably knowledgeable user of the Consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and evaluating results of that work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated financial statements.

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.

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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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit 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 except for the following:

(i) Balance confirmation letters were not received by us from the parties and banks.

Impact of our observations stated above on Standalone Financial Statements can't be quantified.

(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 including other Comprehensive income, 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 Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) In terms of Notification No. 463 (E) dated 5th June, 2015 issued by the Ministry of Corporate affairs, provisions of Section 164(2) of the Act regarding disqualifications of the Directors, are not applicable as it is a Government Company.

(f) With respect to the adequacy of internal financial controls over financial reporting with reference to the Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) As required by sub-section (5) of section 143 of the Act, we enclose herewith "Annexure 3", a Statement on the Directions issued by the Comptroller and Auditor General of India.

(h) As per notification No. GSR 463 (E) dated June 5, 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirements of provisions of section 197(16) of the Act is not applicable to the Company.

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(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 Financial Statements.

ii. The Company has not entered into any long-term contracts including derivative contracts.

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

iv. (a) The Company has represented that, to the best of its knowledge and belief, no funds 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 any persons or entities, including foreign entities ("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 or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Company has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("intermediaries"), 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;

(c) Based on such audit procedures that we have considered appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations made to us under paragraphs (iv)(a) and (b) contain any material mis-statement.

v. The company did not declared any dividend during the year.

vi. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account for the financial year ended 31 March 2024, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during course of our audit we did not come across any instance of the audit trail feature being tampered with

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per statutory requirement for record retention is not applicable for the financial year ended March 31, 2024.

For N. K. Bhargava & Co.
Chartered Accountants
(Firm's Registration No. 000429N)

Nikhil

(Nikhil Bhargava)
(Partner)
Membership No: 512853

Place: Shimla
Dated: 29-11-2025

UDIN: 25512853BMLIHA1362

"Annexure 1" referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the Standalone Financial Statements of Himachal Pradesh Power Corporation Limited for the year ended March 31, 2024

i. a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment except for number-wise identification of these assets.

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

b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification by which all Property, Plant and Equipment are verified at the year-end which, in our opinion, is a reasonable interval having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification;

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is a lessee and lease agreements are duly executed in favour of the lessee) are held in the name of the company.

d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, clause 3(i)(d) of the Order is not applicable to the Company;

e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made there under;

ii. a. The physical verification of inventory has been conducted at reasonable intervals by the management and the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed;

b. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned (renewed) working capital limits in excess of five crore rupees in the form of overdraft against fixed deposits receipts held with bank. Overdraft facility was not utilised during the year and we are informed that no returns or statements were required to be filed by the Company;

iii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investment, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies or firms, Limited Liability Partnerships or any other parties during the year.

(a) During the year the company has not provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity to whom the aggregate amount during the year balances outstanding at the balance sheet date parties other than subsidiaries, joint ventures and associates.

(b) According to the information and explanations given to us, the investment made, provided guarantee or security or granted any loans or advances in the nature of loans and guarantee provided are not prejudicial to the company's interest;

(c) Schedule of repayment of the principal amount and the payment of the interest have not been stipulated and hence we are unable to comment as to whether receipt of the principal amount and the interest is regular;

N.K. Bhargava & Co. FRN-0429N SHIMLA Chartered Accountants

(d) According to the information and explanation given to us, no amount is overdue in this respect;
(e) According to the information and explanation given to us, in respect of any loan or advances in the nature of loan granted which has fallen due during the year, none has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties;
(f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment; if so, specify the aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of The Companies Act, 2013. Accordingly, the provisions of clause 3(iii) of the order are not applicable.

iv. In view of our observations in paragraph (iii) above in respect of loans, investments, guarantees and security, the compliance with the provisions of section 185 and 186 of the Companies Act are not applicable;

v. The Company has not accepted any deposits or any amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable to the Company;

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the products manufactured by it and the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable to the Company;

vii. a. According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including, provident fund, income-tax, and other material statutory dues applicable to it to the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Income-tax, and other material statutory dues were in arrears as at March 31, 2024 for a period of more than six months from the date they became payable;

b. According to the information and explanations given to us, there is no any statutory dues which have not been deposited with the appropriate authorities on account of any dispute are as under.

viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 (43 of 1961) as income during the year;

ix.(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, it has not defaulted in repayment of loan or other borrowings from any other lender. The Company has not defaulted in repayment of loan or in payment of interest thereon;

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by the bank;

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has obtained term loans and applied for the same purpose.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that no funds were utilised for long term which has been raised for short-term basis by the Company.

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(e) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not taken any funds from any entity or person on account or to meet the obligations of its subsidiaries. Accordingly, clause 3(ix)(e) of the Order is not applicable;

(f) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Accordingly, clause 3(ix)(f) of the Order is not applicable;

x. The company has not raised any money by way of Initial Public Offer or further public offer (including debt instruments) during the year. Further, the Company has not made any preferential allotment or private placement of shares or convertible debentures during the year. Accordingly, clause 3(x)(a & b) of the Order is not applicable to the Company;

xi. a. According to the information and explanations given to us by the Company, no fraud by the Company or any fraud on the Company has been noticed or reported during the year;

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

c. As represented to us by the management, there are no whistle-blower complaints received by the Company during the year;

xii. The Company is not a Nidhi company. Accordingly, provisions of paragraph 3 (xii) of the Order is not applicable to the Company;

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable Standards on Auditing;

xiv. a. The Company has an internal audit system commensurate with the size and nature of its business and adequate internal control.

b. We have considered the reports of the Internal Auditor for the year ended march 31, 2024 furnished to us;

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered in to any non-cash transactions with directors or persons connected with them. Accordingly, provisions of paragraph3(xv) of the Order is not applicable to the Company;

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, provisions of paragraph 3 (xvi) of the Order is not applicable to the Company;

xvii. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year;

xviii. There was no resignation of statutory auditors during the year. Accordingly, provisions of paragraph 3 (xviii) of the Order is not applicable to the Company;

xix. According to the information and explanations given to us and on the basis of financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other

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information accompanying the financial statements, 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 date of audit report that the Company is not capable of meeting its liabilities existing at the balance sheet date as and when they fall within a period of one year from the balance sheet date. 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, will get discharged by the Company as and when they fall due;

xx. The provisions of section 135 towards corporate social responsibility are not applicable on the company. Accordingly, the provisions of clause 3 (xx) of the order is not applicable.

For N. K. Bhargava & Co.
Chartered Accountants
(Firm's Registration No. 000429N)

Nikhil

(Nikhil Bhargava)
(Partner)
Membership No: 512853

N. K. Bhargava & Co.
000429N
SHIMLA
Chartered Accountants

Place: Shimla
Dated: 29-11-2025

UDIN: 25512853BMLIHA1362

"Annexure 2" referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the Standalone Financial Statements of Himachal Pradesh Power Corporation Limited for the year ended March 31, 2024

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

We have audited the internal financial controls with reference to Standalone Financial Statements of Himachal Pradesh Power Corporation Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

1. Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

2. Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Standalone Financial Statements 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 Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Standalone Financial Statements were 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 control with reference to these Standalone Financial Statements and their operating effectiveness. Our audit of internal financial control over financial reporting with reference to the Standalone Financial Statements included obtaining an understanding of internal financial control with reference to these Standalone Financial Statements, 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 judgement, including the assessment of the risks of material misstatement of the Standalone 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 over financial reporting with reference to these Standalone Financial Statements.

3. Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A Company's internal financial controls with reference to the Standalone Financial Statements 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

N. K. Bhargava & Co. FRN-0429N SHIMLA Chartered Accountants

accounting principles. A Company's internal financial controls with reference to the Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone 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 Standalone Financial Statements.

4. Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

6. Opinion

In our opinion and to the best of our information and according to the explanations given to us,the company has, in all the material respects, adequate internal financial controls with reference to the Standalone Financial Statements in place and such internal financial controls with reference to the Standalone Financial Statements were operating effectively as of March 31, 2024, based on the internal controls over financial reporting criteria established by the Company considering the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial reporting issued by ICAI.

For N. K. Bhargava & Co.
Chartered Accountants
(Firm's Registration No. 000429N)

Nikhil

N. K. Bhargava & Co.
FRN-0429N
SHIMLA
Chartered Accountants

(Nikhil Bhargava)
(Partner)
Membership No: 512853

Place: Shimla
Dated: 29-11-2025

UDIN: 25512853BMLIHA1362

Annexure 3" referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the Standalone Financial Statements of Indian Railway Catering and Tourism Corporation Limited for the year ended March 31, 2024

Directions under section 143(5) of the Companies Act, 2013	Auditor's reply on action taken on Directions
1. Whether the Company has system in place to process all the accounting transactions through IT? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	As per the information and explanations given to us, the company is using SAP IT system, which has been implemented for processing transactions. There is no accounting transaction outside the said system.
2. Whether there is 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?	There were no cases of restructuring of an existing loan, however, the loans from HP Govt. are without any stipulation for repayment of loan. Company also utilizing loan from Banks & Corporation.
3. Whether funds (grants / subsidy etc.) received/receivable for specific schemes from central/state Governments or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	We are informed that funds have been received by the company under specific schemes from central/ state agencies and are being used for the same.

For N. K. Bhargava & Co.
Chartered Accountants
(Firm's Registration No. 000429N)

Nikhil

(Nikhil Bhargava)
(Partner)
Membership No: 512853

Place: Shimla
Dated: 29-11-2025

UDIN: 25512853BMLIHA1362