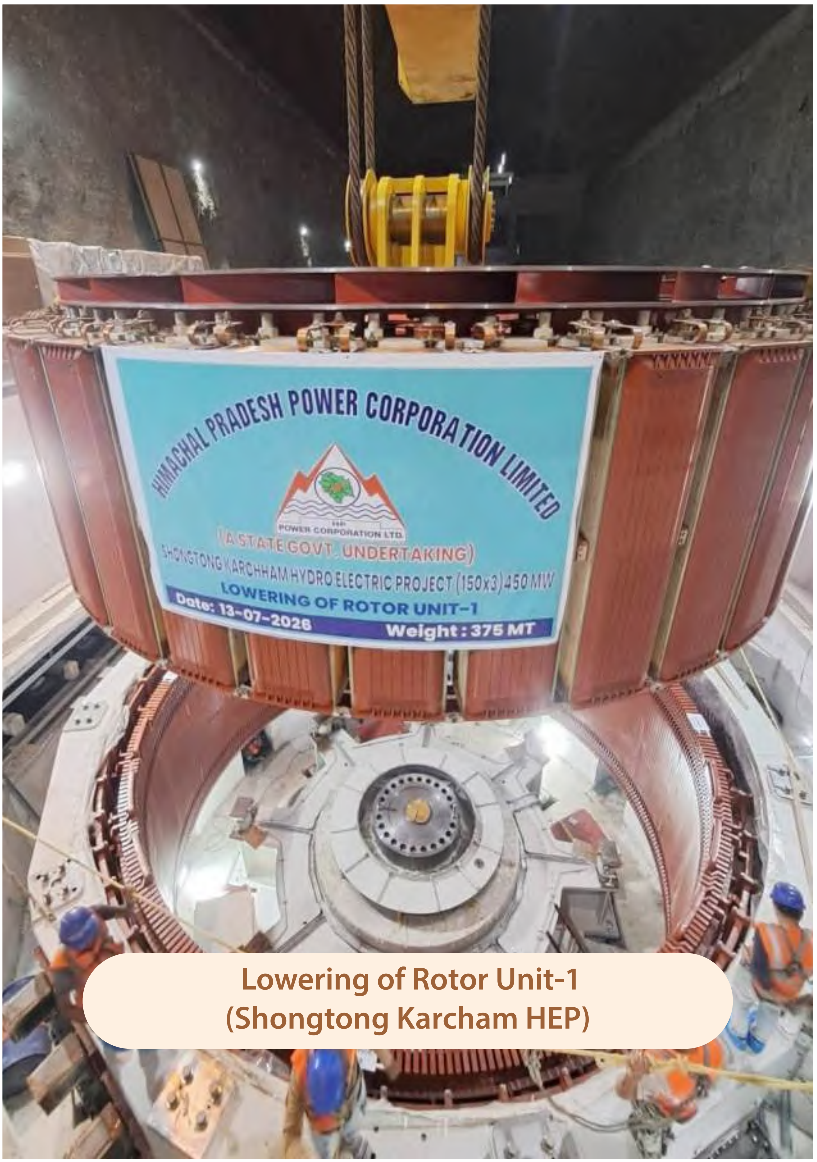
HIMACHAL PRADESH POWER CORPORATION LTD.

HP POWER CORPORATION LTD.

ANNUAL REPORT 2022-23

Hon'ble Chief Minister Reviewing the Works of Shongtong Karcham HEP



Lowering of Rotor Unit-1
(Shongtong Karcham HEP)

Unit-1 MIV Installation Work in Progress
(Shongtong Karcham HEP)

ANNUAL REPORT 2022-2023

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Auditors :
M/s Soni Gulati & Co.
Chartered Accountants,
“ROSHANLEELA”, 174/2,
Near Govt. School Mehli, PO Kasumpti,
Shimla - 171009 H.P.
Tel.: 0177-2626169, 2626793, Fax: 0177-2626169
Email: sonisuresh9@gmail.com

Bankers :
Bank of Baroda, New Shimla
H.P. State Co-operative Bank Ltd., The Mall, Shimla
Punjab National Bank, New Shimla
Union Bank of India, New Shimla
ICICI Bank, New Shimla

Regd. Office :
Himfed Building, BCS, New Shimla, Shimla-171009, H.P., India.
Tel : +91-177-2670716

HIMACHAL PRADESH POWER CORPORATION LIMITED

(A State Govt. Undertaking)
Registered Office : Himfed Building, BCS, New Shimla, Shimla, Himachal Pradesh - 171009
CIN : U40101HP2006SGC030591
Phone Number : 0177-2670716
Website : www.hppcl.in, Email : cs_hpjvvn@yahoo.com

Notice of 17th Adjourned Annual General Meeting of HPPCL.

"Notice is hereby given that the **17th Adjourned Annual General Meeting of the Shareholders of Himachal Pradesh Power Corporation Limited, Shimla will be held on 16th March, 2026 at 12:45 PM at CS Committee Room, H.P. Govt. Secretariat, Shimla-171002 (H.P.)** to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Financial Statements (Annual Accounts) Standalone & Consolidated of the Company for the year ended 31st March, 2023, consisting of Statement of Incidental Expenditure during construction, Statement of Profit & Loss Account and the Balance Sheet as on that date alongwith Board's Report, Auditors' Report and the Comments of the Comptroller & Auditor General of India and replies thereto.

Place: Shimla — By order of the Board of Directors

Dated: 16.03.2026

Sd/-
Sudershan K. Sharma
Company Secretary

Note:
1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member- **Proxy form attached**.
2. Memorandum for Shareholders is attached.

PROXY FORM

I/We member (s) of the Himachal Pradesh Power Corporation Limited (HPPCL), Shimla, 171009 do hereby appoint ____ of Himachal Pradesh Power Corporation Limited as **my proxy** to attend and vote for me at the 17th Adjourned Annual General Meeting of HPPCL on 16th March, 2026 at 12:45 PM and/or at any adjournment thereof.

Signed this on .... Signatures

Affix Rs.5/-
Revenue Stamp

Memorandum for Shareholders

The Shareholders are informed that pending finalization of Financial Statements (Annual Accounts) for the year ended 31.03.2023, the Annual General Meeting was held on 15th September, 2023 and Shareholders were informed the factual position of pendency of Annual Accounts.

The Financial Statements (Annual Accounts) Standalone & Consolidated duly approved by the Board in its 84th Meeting on 15.09.2023 were submitted to the Statutory Auditors for conducting audit. The report of the Statutory Auditors was received. Thereafter, these accounts were submitted to the Accountant General, Himachal Pradesh to have the comments of the Comptroller and Auditor General of India (CAG) under the provisions of the Act. The comments of CAG of India on these accounts have also now been received on 16.12.2025. Also, the Board's Report for the FY 2022-23 has been prepared and annexed to the Financial Statements (Annual Accounts).

The Shareholders are requested to kindly receive, consider and adopt the Financial Statements (Annual Accounts) Standalone & Consolidated of the Company for the year ended 31st March, 2023, consisting of Statement of Incidental Expenditure during construction, Statement of Profit & Loss Account and the Balance Sheet as on that date alongwith Board's Report, Auditors' Report and the Comments of the Comptroller & Auditor General of India and replies thereto.

Place: Shimla
Dated: 16.03.2026

Sd/-
Director (Finance)

BOARD OF DIRECTORS

(As on 08.07.2026)

Sh. Kamlesh Kumar Pant, IAS
Chairman
Chief Secretary
Govt. of Himachal Pradesh

Sh. Devesh Kumar, IAS
Nominee Director
Principal Secretary
(Finance)
Govt. of HP

Sh. Rakesh Kanwar, IAS
Nominee Director
Secretary
(MPP & Power)
Govt. of HP

Sh. Aditya Negi, IAS
Nominee Director
Managing Director
(HPSEBL)

BOARD OF DIRECTORS

(As on 08.07.2026)

Sh. Abid Hussain Sadiq Bhat, IAS
Managing Director

Sh. Naresh Thakur, HPAS
Director (Personnel & Finance)

Er. Surender Kumar
Director (Civil)

Er. Maneesh Mahajan
Director (Electrical)

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Phone Number : 0177-2670716
Website : www.hppcl.in, Email : cs_hpjvvn@yahoo.com

BOARD'S REPORT

Dear Members,

Your Directors take an opportunity to present the 17th Annual Report of the Company for the year ended 31st March, 2023 along with the Financial Statements (Annual Accounts), Report of Auditors and Comments of the Comptroller and Auditor General of India and replies thereto.

1. GENESIS

Himachal Pradesh Power Corporation Limited (HPPCL) was incorporated on 18th December, 2006 under the Companies Act, 1956 with the objective to plan, promote and organize the development of all aspects of hydroelectric power by the Government of Himachal Pradesh (GoHP) and erstwhile Himachal Pradesh State Electricity Board now Himachal Pradesh State Electricity Board Limited (HPSEBL). Later, the objects of the Corporation also included Thermal Power, Solar Power, Wind Power etc. within and outside the State of Himachal Pradesh and outside Country/Overseas.

Following the decision of the State Govt., the Equity Share Capital in the Company is presently being contributed by the Government of Himachal Pradesh, H.P. Infrastructure Development Board (HPIDB) and Himachal Pradesh State Electricity Board Limited (HPSEBL).

HPPCL is a fast upcoming power generating utility with the technical and organizational capabilities at par with other CPSU/PSUs like NTPC, SJVNL, NHPC etc. Efforts are afoot to further strengthen the respective wings with professionals of proven credentials and qualified technical manpower.

2. MISSION, AIM AND TARGETS

- **Mission:** To promote development and prosperity in Himachal Pradesh through power generation.
- **Aim:** To emerge as a major power generating company in India with strong managerial and technical capabilities.
- **Targets:** To achieve an overall hydro generation capacity of 904 MW by 2029–30 and a solar generation capacity of 205 MW by March 2027, with a further addition of 300 MW by March 2030.

3. IN-HAND PROJECTS AT A GLANCE

The Government of Himachal Pradesh has allotted sixteen (16) Hydro Electric Projects (HEPs) with a total installed capacity of 3,193 MW and two Pumped Storage Projects with a combined capacity of 1,900 MW to HPPCL. In addition, a 422 MW multipurpose project is being developed by the Government of Himachal Pradesh (GoHP) through a joint venture with the Government of Uttarakhand, for which HPPCL has been nominated as the Nodal Agency. These projects are at various stages of development, and HPPCL is actively pursuing their implementation with the objective of realizing the entire capacity by 2035. HPPCL has also been entrusted with the construction of the Adi Badri Dam on River Somb in District Sirmaur, Himachal Pradesh, for the rejuvenation of the heritage Saraswati River. A MoU to this effect was signed between the Government of Himachal Pradesh and the Government of Haryana on 21.01.2022.

HPPCL is the key player in realizing the GoHP's objective of becoming first green state of the Country by 2026. In furtherance of this objective the HPPCL been given a target of installing 500MW solar capacity. HPPCL is working hard to achieve this ambitious target and Solar Projects of around 434 MW capacities are in different stages of development and other sites are being investigated.

These projects have been agreed to be financed under the Himachal Pradesh Power Sector Development Program (HPPSDP), funded by the World Bank. Upon the progressive achievement of the stipulated targets, along with other Disbursement Linked Indicators (DLIs), funds amounting to USD 112.5 million will accrue to HPPCL out of the total USD 250 million under the HPPSDP. The Program Agreement among the World Bank, the State of Himachal Pradesh, and the

Implementing Agencies was signed on 04.11.2023, while the Loan Agreement between the Government of India and the World Bank was signed on 06.11.2023. The loan was declared effective on 29.11.2023.

Against the said targets, three solar power projects have already been synchronized with the grid and are operational, namely: Pekhubella Solar Power Project (32 MW) since 15.04.2024, Bhanjal Solar Power Project (5 MW) since 30.11.2024, and Aghlor Solar Power Project (10 MW), synchronized with the grid on 21.05.2025. In addition, the Berra Dol Solar Power Project (5 MW), commissioned on 04.01.2019 near Sri Naina Devi Ji in District Bilaspur, was already operational. With the commissioning of these projects, the total installed solar capacity of HPPCL has reached 52 MW.

Further, three solar power projects - namely Gondpur Bulla (12 MW), Lamlehri Uparli (11 MW), and Bada Basot (8 MW) - with a cumulative capacity of 31 MW are presently under execution. These projects are expected to be completed within the current year.

The first disbursement request of USD 19.156 million for all utilities, out of which USD 7.656 million was earmarked for HPPCL, was accepted and confirmed as achieved by the World Bank vide their letter dated 15.01.2024.

The second disbursement request of USD 7.26 million under the first year of the program has also been accepted by the World Bank and the funds have been received by GoHP. Further, GoHP has released a part of the second disbursement, i.e., USD 2 million, to HPPCL on 05.09.2025. Balanced disbursement regarding DLI 4 is expected soon.

In furtherance of the endeavor to add an additional 300 MW of solar capacity, land for the 200 MW Damtal Solar Power Project (SPP) has been identified, and efforts are underway to identify land for the remaining 100 MW of solar capacity. Site investigations and Pre-Feasibility Report (PFR) / Detailed Project Report (DPR) formulation activities are being carried out simultaneously.

The brief status of all these projects, including the progress of works and loan utilization, is as under:-

A) HYDRO ELECTRIC PROJECTS UNDER OPERATION:

- HPPCL has commissioned three Hydro Electric Projects of 276 MW: Integrated Kashang HEP Stage-I (65 MW), Sainj HEP (100 MW) and Sawra Kuddu HEP (111 MW).
- HPPCL has earned total revenue of ₹2345.73 Crore from its Hydro Electric Projects till 31.12.2025, including ₹233.26 Crore during the current financial year.

B) HYDRO PROJECTS UNDER EXECUTION (628 MW):

- **Kashang HEP Stage-II & III (130 MW):**
  - **Work of Stage-II:** Kashang Stage-II & III envisage the diversion of the Kerang stream into an underground water conductor system (K-K Link) leading to upstream end of Stage-I water conductor system, augmenting the generating capacity of Stage-I power house to generate 790.93 MU per annum. Project works got delayed due to litigation brought out by affected panchayat, but now issue is settled and construction work of Kashang Kerang Link Tunnel (Down Stream) work was re-allotted during March, 2021. Works in respect of project are in progress and about 40.36% completed till 31.12.2025. The project is scheduled for completion by December, 2030.
  - **KKLT (D/s) works:** Excavation up to 945.60m (out of 3523m) completed.
  - **Intake Area & KKLT (U/s) works:** Excavation of Combined adit, 127m (out of 883m) completed. Work of Diversion Tunnel (outlet), 82.5m out of 265m completed.
  - **Work of Stage-III:** Major modification works for Balancing Reservoir-III to work as sand trap basin have been completed. SFT outfall works are in progress and expected to be completed shortly. Till the time water of Kerang Nallah comes, it will act a balancing reservoir for Stage–I and enhance its power generation. Modification works in Trench weir has also been done to draw more discharge for enhanced generation which will be de-silted in these chambers.

- **Shongtong Karchham HEP (450 MW) (Under Execution stage):**

  Shongtong Karchham Hydroelectric Project is coming up as a run-of-river scheme on the river Sutlej in District Kinnaur of Himachal Pradesh with diversion barrage near village Powari and underground powerhouse located on the left bank of river Satluj near village Ralli. The Project will generate 1578.95 MU per annum with a gross head of 129m.

  Work of Project on all fronts is in progress. The project is slated for commissioning during December, 2026.

  Shongtong Karchham HEP and Kashang HEP Stage-II & III were financed by the Asian Development Bank (ADB) under different tranches (Tranche-I to Tranche-IV). However, the Electro-Mechanical (E&M) works of the Shongtong Karcham HEP were financed by the Power Finance Corporation (PFC), Government of Himachal Pradesh, and KfW respectively. After the closure of the ADB loan on 22.10.2018 and the KfW loan on 30.12.2019, the funding for the Shongtong Karcham HEP has been tied up with the Power Finance Corporation (PFC). The works of Kashang-II & III HEP and Shongtong Karcham HEP are presently in full swing.

- **Chanju-III HEP (48 MW)**

  Chanju-III HEP (48 MW) is a Run-of- River Scheme on Chanju nallah, a tributary of Baira river, which in turn is a tributary of Siul river in Ravi basin, in Chamba District of H.P. The annual power generation in a 90% dependable year shall be 176.19 Million Units.

  Both the Civil & HM Packages (Package-I & Package-II) of Chanju-III HEP, have been awarded on 07.10.2022 to M/s MFB-ACNC JV. The agreement was signed between HPPCL and M/s MFB-ACNC for Package-II on 09.12.2022 and for Package-I on 15.12.2022. The works are underway on both these packages.

  E&M Works: -E&M works have been awarded to M/s BHEL on 27.12.2025.

  The project is expected to be commissioned by August, 2028.

  Chanju HEP (48MW) is being financed by AFD with credit facility of EURO 40 million.

C) PROJECTS BEING TAKEN UP FOR CONSTRUCTION (231 MW)

- **Renukaji Dam HEP (40 MW):**

  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.

  The project envisages construction of a 148m high rock fill dam and a surface power house with installed capacity of 40 MW 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.

  The estimated cost of the project at Oct. 2018 level is Rs. 6946.99 Crore. Cost apportionment has been finalized with cost of water and power component as Rs. 6647.46 Crore and Rs. 299.53 Crore respectively. For Water component GoI will bear an expenditure of Rs. 5484.80 Crore and Rs. 1162.66 Crore shall be borne by the beneficiary states including Himachal Pradesh. Govt. of NCT of Delhi has also agreed to fund 90 % cost of the power component.

  Investment Clearance was accorded by MoJS in the meeting dated 07.08.2020. 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. The Hon'ble Prime Minister of India laid the Foundation Stone of the Project on 27.12.2021.

  The GoI has so far released Rs. 2614.30 Crore as central assistance with remaining balance of Rs. 2870.50 Crore. Beneficiary states have provided Rs. 669.25 Crore, out of which Rs. 263.60 Crore is enroute to SNA account. Till date a total amount of Rs. 3194.96 Crore has been utilized.

  M/s Tractebel Engineering Pvt. Ltd. has been selected as the PMC for the project on 07.08.2025. Tender of River Diversion Arrangement (Package-I) have been floated on 17.12.2025 and shall be awarded soon. CWC appointed as Design Consultant on 03.07.2022. Type of Dam has been finalized as earth cum Rock-fill dam after additional investigations. Finalization of schematic arrangement is going on.

  Drilling work is completed in diversion tunnel inlet & outlet portal, water conductor system, power house, spillway and upstream coffer dam area.

- **Thana Plaun HEP (191 MW):**

  The project is contemplated as Storage-cum-Run-of River Scheme envisaging Roller Compacted Concrete (RCC) gravity dam of 107m high on river Beas in Mandi District of Himachal Pradesh. The annual power generation in a 90% dependable year shall be 661 Million Units.

  The Ministry of Environment, Forest and Climate Change (MoEF&CC) has granted environmental clearance to the project on 01.08.2025.

  The Stage-I/In Principle Clearance under Van (Sanrakshan Evam Samvardhan) Adhiniyam, 1980 has been granted by the Ministry of Environment Forest and Climate Change, Government of India on 11.01.2024. Compliance to conditions imposed under Stage-I/In Principle Clearance is being made by HPPCL and the process is in advance stage of completion.

Techno Economic Clearance (TEC) was accorded by Central Electricity Authority (CEA) on 07.09.2021. Social Impact Assessment (SIA) study for acquisition of land has been approved by GoHP vide notification dated 16.12.2020. Notification under section 11 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act 2013 for TPHEP has been notified on 08.11.2023. Proceedings under Section-12 & 15 of RFCTLARR Act 2013 has been completed and process under Section 16 is underway. R&R scheme has been published in the vernacular newspapers on 08.01.2026.

Power Finance Corporation (PFC) and REC have separately agreed to fund the project. REC has sanctioned Rs.1231.75 Crore for the project. HPPCL is also pursuing the funding of the project with Asian Development Bank and in this regard Preliminary Project Report (PPR) has been uploaded on DEA portal on 12.01.2026. Meanwhile the Tender for Project Management Consultant of the project has been floated.

D) PROJECTS WITH APPROVED/READY DPR (48 MW) AND TO BE TAKEN UP IN NEAR FUTURE

- **Surgani Sundla HEP (48 MW):**

The scheme has been envisaged to use the tail water of Baira Suil HEP (Project of NHPC) for the Generation of 48 MW of Power. The Project has been planned to be operated in tandem with Baira Suil HEP (188 MW). The Project is expected to generate 209.60 MU of electricity in 90% dependable year.

Techno-Economical Clearance (TEC) was accorded by DoE, GoHP on 20.10.2012. Defense Clearance has been accorded by the Ministry of Defense, GoI on13.06.2018. The Environment Clearance (EC) accorded by State Level Environment Impact Assessment Authority (SLEIAA), HP on 28.09.2018.

In-principle approval for diversion of 32.91 hectares of forest land was accorded by MoEF&CC, GoI on 15.07.2013.

The cost of Rs. 2.81Crore on account of Compensatory afforestation NPV & Contingency etc. for diversion of 32.91 hectares of forest land to the forest department for Stage-II clearance of Surgani – Sundla HEP (48 MW) has been deposited on 12.07.2018.

Also cost of Rs. 24.82 Lakh on-account of cost of trees & departmental charges for diversion of 32.91 hectares of forestland has been deposited on 04.11.2019.

Also NHPC has issued NoC on 19.04.2024 for the development of Surgani Sundla HEP.

A fresh topographic survey of the project area has been conducted and investigations are underway to revise the Detailed Project Report. The Agreed changes with NHPC will be incorporated into the revised project design and the Detailed Project Report (DPR) will be updated accordingly.

The revised DPR, including the updated cost estimate, will be submitted to the Directorate of Energy for revalidation of the Techno-Economic Clearance (TEC).

E) PROJECTS UNDER INVESTIGATION (1136 MW)

DPRs in Advanced Stage (211 MW)

- **Kishau Multipurpose Project 422 MW (211 MW HP Govt. & 211 MW by Govt. of Uttarakhand):**

Kishau Dam Project is proposed across River Tons (a tributary of River Yamuna) along the border of Uttarakhand and Himachal Pradesh. A dam toe power house on left bank of River Tons is proposed with an installed capacity of 422 MW.

The project is to be implemented by a Special Purpose Vehicle (SPV) which is a company under the Companies Act 2013 with equal share and staff participation of Himachal and Uttarakhand. Accordingly, Kishau Corporation Ltd. (KCL) was incorporated on 16.01.2017.

Since the DPR of the project was formulated way back in 1998, the work of updation of Detailed Project Report (DPR) of Kishau Multipurpose Project (422 MW) has been carried out by KCL through a Consultant and has been submitted to CWC for approval.

The cost apportionment of the project has been done by CWC. The consensus for funding of power component of the project is yet to be reached hence, Interstate Agreement of the project is yet to be signed. The matter with respect to the concerns of Himachal Pradesh have been taken up with Govt. of India, which are under consideration.

DPRs in Intermediate/Initial Stages (925 MW)

- **Nakthan:**

  DPR of Nakthan HEP (460 MW) although in advance stage of appraisal in CEA/CWC, GoI but has been withheld due to ongoing dispute in water sharing with an Independent Power Producer (IPP). The ongoing Arbitration case No. 27/2016 has been transferred to the Commercial Division of the Hon'ble High Court. HPPCL had filed an intervening application for impleading HPPCL as a party to the case. Matter is also under consideration of GoHP for an amicable settlement between the parties.

- **Kashang Stage-IV (48 MW):**

  This stage is more or less independent scheme harnessing the power potential of Kerang stream upstream of the diversion site of Stage-II. In this scheme, a head of approximately 300m will be utilized to develop power in an underground powerhouse located on the right bank of Kerang stream. HPPCL is in a process to hire a Consultant for preparation of DPR of the project.

- **Gyspa Dam Project (300 MW) (Project of National Importance), District Lahaul & Spiti:**

  Project was declared as "National Project" by MoWR, GoI on 26.02.2009 MoU was signed between CWC & HPPCL on 23.03.2012 for funding cost of DPR preparation including survey, investigation works from Central Assistance Scheme. MoWR released Rs.5.00 Crore out of total agreed amount of Rs. 12.50 Crore Revised MoU was signed on 15.07.2014 for extending the validity of same.

  Contract for Investigation of project & DPR preparation was awarded to M/s Scot Wilson India Ltd. for total amount of Rs. 9.423 Crore on 09.09.2010. HPPCL had posted DGM level officer with adequate staff for carrying out investigation works. However, no activities were allowed by local people. Efforts were also made to carry out investigation under police protection; however, local people in huge numbers did not allow same. HPPCL has incurred an expenditure of Rs. 10.62 Crore on works, however, due to such impasse, office was closed on 30.09.2016.

  After dam construction, 74 families with total population of 365 are likely to get displaced. Local people are opposing project on the grounds of relocation & their fear that entire ecology of Chenab Valley will be harmed.

  Management of HPPCL visited project site on two occasions and held meetings with District Administration & local people including elected representatives. The last visit was made from 17.07.2017 to 19.07.2017; however, no headway could be made. In order to allay the fear/apprehensions of the local populace on the environmental concerns, the Addl. Chief Secretary (MPP & Power), GoHP, vide D.O Note dated 2nd August, 2017 took up the matter with Secretary, Ministry of Environment, Forest & Climate Change, GoI for carrying out a comprehensive Cumulative Environment Impact Assessment Study (CEIA) for the Chenab Basin. The study has been carried out by MoEF & CC. The consultancy agency i.e. Scott Wilson has been notified regarding termination of the contract.

  In a meeting chaired by worthy Chief Secretary on 17.10.2019, in which DC & SP, Lahaul & Spiti also participated through VC, it was decided that investigation work shall be started again with due help of administration. Accordingly, specifications have been framed for new work and tenders are being floated for drilling works. Fresh terms of reference (ToR) for obtaining permission for investigation works from MoEF&CC have been requested. The proposal was taken up before the Expert Appraisal Committee (EAC) River Valley Projects, MOEF&CC on 25.03.2021 wherein proposal was deferred on the ground that "the conceptual plan shall be submitted to CWC for prime-facie acceptance of the location of the dam and other components of the project. The consent of CWC to be submitted to the EAC for further consideration."

  Accordingly, HPPCL submitted Pre-Feasibility Report (PFR) of Gyspa Dam Project to CWC for prime-facia acceptance of the dam location wherein few observations have been raised which are being attended by HPPCL.

  Keeping in view the emphasis laid by GoI for this National Importance project, a drone survey of the dam area 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.

- **Bara Khamba HEP (45 MW):**

  Bara Khamba HEP (45MW) was taken up for preparation in house in tie up with HPSEBL, however major component of the scheme are falling inside the Eco Sensitive Zone (ESZ) of Rupi Bhaba Wild Life Sanctuary.

- **Triveni Mahadev HEP (72 MW):**

  The alternative proposal in respect of Triveni Mahadev HEP is being explored on up stream of confluence of River Beas with Binwa Khad, and in the Downstream of Power House of UHL HEP Project. The proposal has been found viable from techno commercial angle in preliminary studies hence HPPCL is in the process of appointing a Consultant for preparing the Detailed Project Report of the project. The schematic layout of the project has been prepared and fresh geological/geotechnical investigations on new Dam Axis will be get carried out from GSI shortly.

F) PROJECTS UNDER PRE-FEASIBILITY STAGE (2985 MW)

- **Renukaji Pumped Storage Project (1630 MW):**

  The project is envisaged as an off-stream open-loop scheme, which will utilize water from the reservoir of Renukaji Dam Project as a lower reservoir to pump water into an upper reservoir created by constructing a ±100m high Earth Cum Rock-fill dam on Jogar Ka Khalla, a left bank tributary of Giri River in District Sirmaur. The project includes a ±2530m water conductor system and an underground powerhouse with 10 units of 163 MW each.

  The project was allotted to HPPCL by GoHP on 08.10.2024. HPPCL is in the process of appointing two Consultants for Renukaji Pump Storage Project:

  - Consultant for preparation of Detailed Project Report (DPR), and
  - Consultant for obtaining ToR from MoEF&CC and for conducting EIA/EMP studies.

- **Thana Plaun Pumped 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 by GoHP on 08.10.2024. HPPCL is in the process of appointing two consultants for Thana Plaun Pump Storage Project:-

  - Consultant for preparation of Detailed Project Report (DPR), and
  - Consultant for obtaining ToR from MoEF&CC and for conducting EIA/EMP studies.

- **Jangi Thopan Powari HEP (780 MW):**

  Jangi Thopan Powari HEP (780 MW) is an upstream development of Shongtong Karchham HEP in Satluj river basin (in the domain elevation from El +2320 m to +1965 m). This project has been allotted to HPPCL on Build, Own, Operate and Transfer Basis (BOOT) for a period of 40 years by GoHP on 09.10.2024.

  HPPCL is in the process of acquiring the investigation data and DPR prepared by HPSEBL and SJVNL in order to take up the necessary investigations required to update and revise the DPR.

  Next project in upstream to Jangi Thopan Powari HEP is Khab HEP, which is already allotted to HPPCL. As both the projects are in cascade with domains in continuation, HPPCL shall take up both projects in near future.

G) THERMAL PROJECT (500 MW)

Himachal EMTA Power Limited (HEPL), 50:50 joint venture company of Himachal Pradesh Power Corporation Ltd. (HPPCL) and M/s EMTA Coal Limited, was incorporated on 9th January, 2007 to set up a coal based Pit head Thermal Power Plant (2X250MW) at Raniganj, West Bengal. Ministry of Coal vide letter dt. 10.07.2009 allocated Gourangdih ABC Coal Block for captive use, jointly to HEPL and JSW Steel Ltd. on equal sharing basis, resulting into the formation of another joint venture company, named Gourangdih Coal Limited (Joint Venture of HEPL and JSW Steel Ltd). However, in view of the recommendations of Inter Ministerial Group, Ministry of Coal de-allocated the Gourangdih ABC Coal Block and subsequently, Hon'ble Supreme Court on 24.09.2014 passed an order stating that the allotment of Coal blocks made by the Screening Committee of the Government of India through the Government dispensation route are arbitrary and illegal, resulting in de-allocation of Gourangdih ABC Coal Block, allotted jointly to M/s HEPL and M/s JSW Steel Ltd.

The pending matters of M/s HEPL and M/s GCL are summarized under:

a) **CBI Court Case related matter:** On reference of Central Vigilance Commission, CBI registered the case on 07.08.2014. M/s HEPL vide Board Resolution dt. 02.03.2016 authorized Sh. Bikash Mukherjee, Director, HEPL, to present the case before the Hon'ble Court. Further, GoHP's State Law Department vide letter dt. 07.01.2021 intimated that the Government has decided to defend the case before CBI Special Judge (PC Act), New Delhi, on behalf of HPPCL and accordingly, Ld. District Attorney, HP Legal Cell, New Delhi, vide letter dt. 29.01.2021 entrusted to defend the case to Sh. Aaditya Vijay Kumar, Panel Advocate.

Regarding issuance of Power of Attorney, Sh. Aaditya Vijay Kumar vide letter dt. 19.04.2021 clarified that *"...the Vakalatnama can only be provided by HPEMTA and not HPPCL or any other sister concern as the same is not a party to the above captioned matter. The Vakalatnama is essential for carrying out any representation. In the absence of a valid Vakalatnama, we would not be able to file an inspection, or retrieve any certified copies of the documents which are before court."* Thereafter, as per meeting dt. 27.05.2021 held with the ACS (Power), memorandum, for authorizing Sh. Aaditya Vijay Kumar to attend the hearings (as the NoC/ consent, sought by HPPCL, from Directors on the Board of M/s HEPL from M/s EMTA Coal Limited side was awaited), was placed before the Board of Directors (BoD) of HPPCL in meeting dt. 07.06.2021 wherein it was decided that *"…the matter be discussed by the Managing Director and Director (Electrical) with the ACS (Finance) to the GoHP so as to reach on any concrete decision".* Accordingly, discussions was held, who further sought views/ suggestions of the Ld. Adv. Aaditya Vijay Kumar, which was furnished by the Ld. Counsel vide e-mail dt. 09.07.2021. Thereafter, the ACS (Finance) suggested HPPCL to take Legal opinion on the said views of the Ld. Counsel from the State Law Department, for which HPPCL referred the matter to the Addl. Chief Secretary (Power), who vide letter dt. 11.08.2021 intimated the opinion of the Law Department stating *"…this department agrees with the observations of the Ld. Counsel and Ld. Joint Director, Legal Cell, HP at New Delhi and accordingly opines that since HPPCL and its officials have not been arrayed as necessary party in the instant criminal case as stated by the AD, moreover the official of EMTA are not ready to engage an advocate or sign Vakalatnama, therefore AD is advised to proceed further in the matter as per advice/direction of the Ld. Counsel who has been appointed to watchout/ defend the matter before the CBI Court who is also incharge of the case"*, which was further intimated to the Joint Director, HP Legal Cell, New Delhi, for taking necessary action.

CBI Court on 31.08.2022 passed its judgment and as per the findings of the judgment *"…it is held that the prosecution has proved the charges. All the accused i.e. the company 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) are hereby held guilty and convicted for the offence u/s 120-B IPC and 120-B r/w 420 IPC. All the accused are also held guilty and convicted for the substantive offence u/s 420 IPC"*. Thereafter, orders dated 07.09.2022 on sentence were passed by the Hon'ble court wherein out of total four (4) convicts, M/s HEPL has been fined with Rs.10,00,000/- under 120-B/420 IPC and 10,00,000/- under 420 IPC, which was to be deposited within two weeks (till 21.09.2022). Whereas, other three convicts from other side have been sentenced for three years imprisonment. In this regard, HPPCL vide letter dated 17.09.2022 and e-mail dated 28.09.2022 requested Advocate, Sh. Aaditya Vijay Kumar to tender his opinion/ comments 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 vide his e-mail dated 28.09.2022 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."*

Further, in view of above sentence dated 07.09.2022, HPPCL also sought advice/opinion from its Legal Cell, who opined that the Managing Director, M/s HEPL, may be requested to deposit the fine imposed on Accused No. 1 i.e. M/s Himachal EMTA Power Limited (HEPL) till 21.09.2022 as ordered by the Court vide its order dated 07.09.2022 and also, to assail the order of the CBI Court by way of filing appeal before the concerned High Court. Accordingly, letter dated 13.09.2022, and its subsequent reminder e-mail dated 17.09.2022, was sent to the Managing Director, M/s HEPL, for taking aforesaid necessary action. In response, 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 ration 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 has requested HPPCL to remit its share of Rs.16 Lakhs in favour of EMTA Coal Limited. Legal aspects in the matter are being looked into. Further, as per order dated 18.10.2022 of Hon'ble High Court of Delhi, the fine imposed on M/s HEPL has been deposited and the appeal filed by M/s HEPL was admitted for hearing. The hearing was held on 30.07.2025; application CRL.M. (BAIL) 1279/2022 is dismissed as withdrawn and appeal CRL.A.536/2022 has been listed in the category of regular matters.

b) **Income tax related matter:** Income Tax (IT) Department vide Assessment Order dt. 24.08.2017, determined a sum of Rs.2,52,780/- payable by HEPL for AY 2015-16. HEPL filed appeal against the said order in CIT on 12.10.2017 and submitted 20% of the demand amount i.e. Rs.50,556/- with the IT Department. However, Income Tax Commissioner vide order dt. 29.03.2019 dismissed the appeal of HEPL and upheld the assessment order dt. 24.08.2017. Thereafter, HEPL opined to deposit the demand amount with the Income Tax Department and sought 50% contribution (towards 50 % share) from HPPCL, for which HPPCL requested HEPL to deposit the same from its Bank accounts only. In response, HEPL intimated regarding attachment of its Fixed deposit and Current Accounts by the Enforcement Directorate (ED) vide order dt. 29.12.2017, which is pending before the Hon'ble Supreme Court. In this context, HPPCL's Finance wing opined that HEPL may write/apprise the IT Authorities regarding attachment of its accounts and as such, HEPL requested IT Authorities to not take any action to recover the demand till the decision of the court.

c) **Encashment of HEPL's BG by PGCIL:** HEPL vide application dt. 04.07.2011 requested PGCIL for Grant of Connectivity & Long Term Access for evacuation of power and submitted the Bank Guarantee (BG) of Rs.50 Lakhs. In view of de-allocation, HEPL vide letter dt.18.06.2015 informed PGCIL about its decision to abandon the project and requested to release the BG, however, PGCIL encashed the BG. In this regard, Ld. Adv. Lalit Kumar Sharma opined to file petition u/s 79(1)(c) of Electricity Act before Central Electricity Regulatory Commission (CERC), New Delhi, which was intimated to HEPL with the request to place the opinion before the BoD of HEPL for directions. However, HEPL vide letter dt. 06.03.2020 proposed to again request PGCIL and accordingly, requested PGCIL vide letter dt. 24.07.2020 to reconsider its decision. Thereafter, M/s HEPL vide letter dt. 10.03.2022 forwarded the response of PGCIL to HPPCL, wherein PGCIL stated that the contentions of HEPL are misplaced and without any merit. In this regard, HPPCL again requested M/s HEPL to place the legal opinion of Sh. Lalit Kumar Sharma before the BoD of M/s HEPL, for which M/s HEPL vide letter dt. 05.05.2022 intimated that they have prepared circular resolution proposing filing of petition against PGCIL before the CERC, New Delhi, and requested HPPCL to see the possibility of bearing the expenses for filing of petition including fees of Advocates from HPPCL's end initially, which would be shared jointly in due course. HPPCL vide letter dt. 13.05.2022 requested M/s HEPL to place the said matter of sharing of expenses before the BoD of M/s HEPL for taking decision. BoD of M/s HEPL passed circular resolution no. 2/2022-23 dated 05.05.2022 and no. 04/2022-23 dated 08.07.2022, respectively, vide which approval has been accorded to file petition u/s 79(1) (c) of the Electricity Act before CERC, New Delhi in respect of encashment of BG of Rs.50.00 Lakhs of M/s HEPL and it was resolved that *"…expenses be shared equally by the Joint Venture Partners of the Company in due course and that HPPCL be requested to make initial payment for the filing of the above petition from their end".*

As per the advice of the Legal cell, HPPCL vide letter dated 02.09.2022 requested M/s HEPL to initiate the process for appointment of Advocate, who has been regularly appearing before CERC in tariff and other related matters, for filing of petition in the above referred case, and share details regarding expenses to be incurred i.e. Advocate's fee structure, payment terms and resume etc., before finalization. Reminder letter dated 22.10.2022 has been sent to M/s HEPL seeking latest update on the aforesaid matter, however, response on the same is still awaited.

The Hon'ble High Court of Delhi in its order dated 18.01.2024 in W.P. (C) 8163/2015 *"directed that on the petitioner (JSW Steel Limited) depositing a fixed deposit receipt (FDR) to the tune of Rs. 2.41454 Crore with the registrar General of this court , and giving proof thereof to the respondent no. 1(Union of india & ors) shall release the Bank Guarantee of amount Rs. 6.67 Crore that was submitted to them by the petitioner pursuant to the letter of allocation dated 10.07.2009. The petitioner shall also file an affidavit in compliance".*

The Hon'ble High court of Delhi in its order dated 01.03.2024 in W.P. (C) 8163/2015 directed that *"Petitioner and Respondent no. 1 is directed to comply with order dated 18.01.2024 of the Hon'ble court.*

The Ministry of Coal, Government of India, P&S-1 Section has released the Bank Guarantee of Rs.6.67 Crore bearing no. 0393BG00185910 in compliance to Court Orders dated 18.01.2024 and 01.03.2024 to the Gourangdih Coal Limited on dated 20.03.2024.

d) **Compensation received from Ministry of Coal:** Ministry of Coal (MoC), Govt. of India, vide letter dated 28.03.2017 sanctioned the compensation, amounting to Rs.4,78,81,951/- (out of the total claimed amount of Rs.4,90,21,071/-), in favour of M/s Gourangdih Coal Limited (GCL), in the capacity of joint prior allottee, for the expenditure incurred towards cost of Geological Report. However, the expenditure incurred towards cost of consents, amounting to Rs.11,39,120/- was not considered by MOC, for which necessary clarification has been sought from MoC and reply on the same is still awaited. The above amount of Rs.4,78,81,951/- has been received by M/s GCL, out of which an amount of Rs.1,19,70,488/- (i.e. 25% of the total amount) is payable to HPPCL in proportion to its equity participation.

In this regard, BoD of M/s GCL in its meeting dt. 24.07.2017 observed that: *"... all the financial needs of the company had been met by the co-promoters i.e. HEPL and JSW in equal proportion, including the aforesaid expenses towards procurement of Geological Report of Gourangdih ABC Coal block and Cost of Consents for operationalisation of the said coal block. Barring a small amount, all such funding had been in the nature of 'Contribution towards Equity Shares', therefore, the compensation amount cannot be utilised by the Company for paying back the funding of co-promoters except in case of winding up of the Company, in accordance with the statute".*

H) SOLAR POWER DEVELOPMENT

- Pekhubela SPP 32MW in district Una, was declared commissioned with effect from 15-04-2024. The energy generated from the project is being sold to HPSEBL at Rs. 2.90 per unit. The Project has been inaugurated by the Hon'ble CM of HP on 20.06.2024. Since the commissioning of the project, total generation of 59.83 MU & 22.22 MU have been generated in the 2024-25 & 2025-26 (till 31.12.2025) respectively. Hence, accumulated generation as on 31.12.2025 is 82.05 MU with total revenue generation of Rs. 23.29 Crore.
- Bhanjal SPP 5MW in district Una, was declared commissioned with effect from 30-11-2024. The energy generated from the project is being sold to HPSEBL at Rs. 3.62 per unit. Since the commissioning of the project, total generation of 3.53 MU & 7.61 MU have been generated in the 2024-25 & 2025-26 (till 31.12.2025) respectively. Hence, accumulated generation as on 31.12.2025 is 11.14 MU with total revenue generation of Rs. 4.02 Crore.
- Aghlor SPP 10MW in district Una, was declared commissioned with effect from 21-05-2025. The energy generated from the project is being sold to HPSEBL at Rs. 3.10 per unit. Since the commissioning of the project, total generation of 10.90 MU has been achieved in the F.Y. 2025-26 (till 31.12.2025) with total revenue generation of Rs. 3.31 Crore.
- The EPC work of Gondpur Bulla Solar Power Project (12MW) was awarded on 20.12.2024 to M/s Saatvik Green Energy Ltd. and the project is under execution.
- The EPC work of Lamlehri Upparli Solar Power Project (11MW) was awarded on 01.01.2025 to M/s Saatvik Green Energy Ltd. and the project is under execution.
- The EPC work of Bada Basot Solar Power Project (8MW) was awarded on 03.10.2025 to JV of M/s Sugs Lloyd Ltd. (Lead Partner) & M/s Solar Pulse Energy Pvt. Limited and the project is under execution.
- Tenders for 6 no. of Solar Power Projects of cumulative capacity 49 MW shall be re-floated shortly while adding provision of Battery Energy Storage System (BESS). The tender for hiring of consultancy firm for preparation of DPR of proposed 200 MW Solar Power Project at Damtal, Distt. Kangra shall be floated soon.
- HPPCL is in process of identifying new sites throughout the state which would be suitable for establishment of a grid connected Solar Power Project.

Status of Solar Power Projects at various stages:

A) UNDER OPERATION:		
1.	Bera Dol SPP	5 MW
2.	Pekhubela SPP	32 MW
3.	Bhanjal SPP	5 MW
4.	Aghlor SPP	10 MW

B) PROJECTS UNDER CONSTRUCTION:		
1.	Gondpur Bula SPP	12 MW
2.	Lamlehdi Uparli SPP	11 MW
3.	Bada Basot SPP	8 MW

C) PROJECTS TO BE TENDERED:		
1.	Saned SPP with BESS	11 MW
2.	Tihra Khas SPP with BESS	6 MW
3.	Dabhota SPP with BESS	9 MW
4.	Mazra SPP with BESS	8 MW
5.	Ghandran SPP with BESS	10 MW
6.	Sukohan SPP	5 MW

D) PROJECT UNDER DPR PREPARATION STAGE:		
1.	Damtal SPP	200 MW
2.	Bhanjal-II	6 MW

E) PROJECT UNDER INVESTIGATION STAGE (UNDER FCA):		
1.	Kopda-I & Hadal SPP	22 MW
2.	Kopda-II SPP	5 MW
3.	Bera Dol-II SPP	9 MW
4.	Ghangar SPP	35 MW
5.	Tanda Uperla SPP	25 MW

4. HUMAN RESOURCES MANAGEMENT:

A) HUMAN RESOURCES:

HPPCL has adopted CPSU based organizational structure with three broad categories of staff, like Executives, Supervisors and Workmen in different levels and clusters.

The total manpower existing in HPPCL as on 31/03/2025 is 522, out of which 125 employees are on deputation/ secondment from HPSEBL/HP Govt./Other State PSU's.

i) Representation of Women Employees is as under:-

Date & Year	Number of Employees	Number of Women Employees	Percentage of over-all staff strength
31.03.2023	407	51	12.53%
31.03.2024	401	56	13.96%
31.03.2025	397	54	13.60%

Welfare Measures for Female Employees:-

Steps taken for the welfare of Female employees:-

a) Maternity leaves are provided to female employees as per the provisions of Maternity Benefit Act, 1961.

b) Internal Complaints Committee has been constituted to handle the grievances /complaints related to sexual harassment reported by female employees.

c) Women employees have the option to declare their Parents /Parents in law as their dependents for availing the benefit of Company Medical Benefit rules.

d) As an initiative under the Himachal Pradesh Power Sector Development Program aided by the World Bank, HPPCL has invited applications from Eligible Female Candidates for undergoing one year apprenticeship training in the trades of Civil & Electrical Engineering, Human Resource, Law & Finance.

ii) Representation of Persons with Disability (PWD) is as under:-

Date & Year	Number of Employees	Number of employees as PWD	Percentage of Employees as PWD
31.03.2023	407	10	2.45%
31.03.2024	401	09	2.24%
31.03.2025	397	09	2.27%

Welfare Measures for persons with disabilities:-

Steps taken for the welfare of persons with disabilities:-

a) Grievance Redressal Officers has been nominated to handle the grievances of PWD's.

b) HPPCL is providing reservation to these categories as per the Policy prevailing in the State of H.P.

iii) Representation of SC/ST/OBC Employees is as under:-

Date & Year	Number of Employees	Representation					
		Total SC	SC%	Total ST	ST%	Total OBC	OBC%
31.03.2021	333	58	17%	18	5%	38	11%
31.03.2022	353	64	18%	18	5%	45	12.75%
31.03.2023	407	75	18.43%	22	5.41%	56	13.76%
31.03.2024	401	73	18.20%	23	5.74%	55	13.72%
31.03.2025	397	73	18.39%	23	5.79%	54	13.60%

HPPCL is taking care of socio economic development of weaker section of the society, which includes SC, ST and OBC's. HPPCL is providing reservation to these categories as per Policy prevailing in the State of HP. This policy is also applicable for SC/ST/OBC candidates while considering their candidature for promotion. There is representation of SC/ST/OBC members in the Committee.

iv) Recruitment

With reference to achieve the tasks and targets as laid down by the Corporation for each division, the manpower requirement for the financial year both in qualitative and quantitative terms was met by initiating the process to fill up the various posts of different categories through secondment from HPSEBL/other HP PSUs and through direct recruitment from HP Public Service Commission, Shimla & erstwhile HP Staff Selection Commission, Hamirpur along with other agencies viz. HP Ex-servicemen Cell/Department of Social Justice and Department of Youth & Sports. Accordingly, out of the requisitioned vacancies, the following categories of posts stand filled up:

S.No.	Post	Filled in 2022-23	Filled in 2023-24	Filled in 2023-24
1	Assistant Engineer (Electrical)	2	0	0
2	Assistant Engineer (Civil/Mech.)	30	0	0
3	Assistant Officer (Finance)	2	0	0
4	Assistant Officer (Law)	1	0	0
5	Assistant Officer (Personnel)	1	0	0
6	JE (Electrical)	3	0	0

7	JO (P&A)	5	0	0
8	JE (Civil/Mech.)	17	3	0
9	Electrician	0	0	0
10	JO (F&A)	0	0	0
11	JO (IT)	1	2	0
12	JO (Env.)	0	0	0
13	JOA	5	1	0
	TOTAL	**67**	**6**	**0**

B) TRAINING:

HPPCL is a technical and professional organization, undergoing a rapid transformation due to technological and managerial advancements/practices. To be abreast with the pace, HPPCL has formulated its own 'Training Policy' for its employees. The training provided to employees keeps them motivated and upgrades their skills. HPPCL training program includes in-house trainings, seminars, conventions, workshops, symposiums, presentations, exposure visits, training/certificate courses or any other structured learning or developmental programs, based on organizational needs. As per this policy, all categories of employees are being trained in one or the other way every year, irrespective of their level.

During the year(s), the figures tabulated below show at a glance the number of personnel sponsored/are to be sponsored by the HPPCL to undergo trainings and participate in various conferences/workshops and seminars:-

Capacity Building					
Objective	**Action**	**Unit**	**2022-23**	**2023-24**	**2024-25**
Capacity Building	External Trainings	Nos of empl-oyees	53	117	142
	In-House Trainings		336	92	235
	Number of Seminars		0	0	0
	Exposure Visit (Abroad)		0	0	0
	Exposure Visit (India)		0	0	14
	TOTAL		**389**	**209**	**391**

Apart from this, HPPCL also understands its social role in the society. Keeping this in view, a specific number of technical/management students from different universities/colleges/institutes are allowed to undergo Industrial Training in the organization for 2-6 months free of cost. The detail of total students allowed to take vocational training during 2022-23 to 2024-25 at various offices and Projects sites of HPPCL is as under:

Offices/ Projects	Fields					Total
	HR	Finance	Electrical Engineer	Information Technology	Civil Engineer & others	
Corporate Office	26	38	2	2	5	73
SKHEP, Hatkoti	-	-	4	-	2	6
STKHEP, Kinnaur	-	-	1	-	14	15
Design Office, Sundernagar	-	-	1	-	10	11
Sainj HEP, Kullu	-	-	2	-	3	5

IKHEP, Kinnaur	-	-	9	-	6	15
RDP, Sirmour	-	-	-	-	6	6
Solar Power Project	-	-	5	-	1	6
RCP, Dadahu, Chamba	-	-	-	-	1	1
TOTAL	**26**	**38**	**24**	**2**	**48**	**138**

C) INDUSTRIAL RELATIONS

HPPCL's Management strives hard to address the industrial relation issues, well in time. In order to accomplish goals and objectives of organization and to maintain healthy Industrial relations, HPPCL is adhering to all relevant Central, State Acts and Rules framed there-under, particularly, relating to industrial & labour legislations applicable to all its HEPs. HPPCL also issues general instructions, time to time, to all its privately engaged Company Contractors and Outsourced Manpower's Contractors to abide by these laws and to keep the labour unrest at bay. HPPCL strives hard to ensure that, out of its total manpower whether on rolls of its own or on the rolls of its Contractors, must comprise at least 80% of Himachali people in it as per Prevalent Policy in State of Himachal Pradesh.

Status of Himachalis/ Non- Himachalis employed in various HEPs of HPPCL					
S.No.	**Name of Project**	**Himachali**	**Non-Himachali**	**Total**	**% of HImachali**
1	Corporate Office	101	4	105	96%
2	Sawra Kuddu, Hatkoti, Shimla	42	1	43	98%
3	Integrated Kashang HEP,Kinnaur	68	2	70	97%
4	Shongtong Karcham HEP, Kinnaur	67	1	68	99%
5	Sainj HEP, Kullu	47	2	49	96%
6	Renuka Ji Dam Project, Sirmour	28	0	28	100%
7	Design Office, Sundernagar	59	1	60	98%
8	RCP Chamba	34	0	34	100%
9	TM & TP HEPs, Kotli, Mandi	17	0	17	100%
10	Berra Dol, Bilaspur	2	0	2	100%
11	Solar Power Projects, Annu, Hamirpur	20	1	21	95%
	Total Employees	**485**	**12**	**497**	**96%**

D) LABOUR/EMPLOYEE WELFARE

The Management of HPPCL is always concerned with the welfare of Employees and provide friendly, congenial and healthy environment.

In addition to above Group Personal Accident Insurance Scheme and **HPPCL's SCHEME FOR REHABILITATION OF FAMILY OF DECEASED EMPLOYEE; IN LIEU OF EMPLOYMENT ON COMPASSIONATE GROUNDS" has been implemented successfully.**

The Recreational, Cultural and Sports functions on different occasions were also organized to have better cordial relations between management and employees. Medical camps are organized on various occasions in different project sites to check the employee's health. Further Raising Day is organized on 18th December every year with great fervor & joy and Employees and their family members are felicitated during the event.

E) INFORMATION ON POSH ACT, 2013

In compliance with the instructions of National Commission for women and guidelines issued in implementation of the directives of the Hon'ble Supreme Court Judgment dated 13th August, 1997 in the case of Visakha and others vs. State of Rajasthan and Others on the subject of sexual harassment of women in the workplace, HPPCL had duly constituted a Complaint Committee(s) at every Project for considering complaints of sexual harassment of women working in HPPCL. The composition of the Complaints Committee was revised subsequent to transfer etc. of the existing Chairperson/Member(s). The Internal Complaints Committee's major functions entail:

- forceful implementation of the policies relating to the prevention of sexual harassment,
- strive to resolve complaints by the aggrieved complainant, and
- henceforth, recommend actions to be taken by the employer.

The meetings of the ICC held as and when required. The details of complaints received during the year2024-25 are as mentioned below:

S.No.	Description	Remarks
1	No. of Compliant Received during the year 2024-25	Nil
2	No. of complaints disposed off	Nil
3	No. of cases pending for more than 90 days	Nil
4	No. of workshops or awareness programme on POSH Act, 2013	Nil
5	Nature of action taken by the employer	Nil

F) WOMEN EMPOWERMENT

As an initiative under the Himachal Pradesh Power Sector Development Program aided by the World Bank, HPPCL has provided one year apprenticeship training to 28 Nos. women apprentices during year 2024-25 in the trades of Civil & Electrical Engineering, Human Resource, Law, IT & Finance.

G) RIGHT TO INFORMATION ACT, 2005

To ensure transparency and accountability, an appropriate mechanism has been put in place across all the offices of the Corporation in line with the Right to Information Act, 2005. The Public Information Officers (PIOs) and Appellate Authorities have been designated at its Corporate and Project Offices to supply the necessary information to applicants and citizens as stipulated by the Act. The detail of application received & dealt are as mentioned below:

S.No.	Description	2024-25
1	RTI Application received	187
2	RTI applications dealt	183
3	Appeals filed before the Appellate Authorities	4
4	Appeals filed before the State Information Commission	Nil

5. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES TAKEN DURING THE YEAR

In conformity to the provisions stipulated under Companies Act, 2013, HPPCL framed its Corporate Social Responsibility (CSR) Policy. In accordance to ibid Act, CSR Committee was also constituted during the year 2014. For Financial Year (FY) 2022-23, a meeting of CSR Committee was convened on 13th February, 2024. During the meeting, after detailed discussion, it was decided and recommended that the Company is not required to spend any fund towards CSR as the earnings of the Company (HPPCL) are not to the extent of falling within the ambit of CSR obligations. Since, there are no profits during preceding three years, so the provisions of the said Act are not applicable.

The above recommendations of the CSR Committee were approved by the Board of Directors in its 86th meeting held on 20th August 2024 along with the directions to incorporate these recommendations in the Board Report for the financial year 2022-23.

As on date, the CSR committee meetings for the FY 2023-24 and 2024-25 have also been held on 21.02.2025 and 06.12.2025 respectively and thereafter, the recommendations of the Committee have also been approved by the Board of Directors.

6. ENVIRONMENT

Prior to commence any construction activities, obtaining of statutory clearances i.e Environment Clearance (EC) and Forest Clearance (FC) from the Ministry of Environment Forest & Climate Change (MoEF & CC) are prerequisite for the execution of project. The Environment Clearance (EC) are obtaind as per the provisions envisaged under Environment Protection Act, 1986 and Forest Clearance (FC) as per Van (Sanrakshan Evam Samvardhan) Adhiniyam, 1980. The Forest Clearance is accorded in two stages (i) In-principle/Stage-I approval (ii) Final Approval

To obtain Environment Clearance (EC) under Environment Protection Act 1986, the preparation of Environment Impact Assessment (EIA) Report and Environment Management Plan (EMP) are mandatory. The approval on the EIA and EMP Reports are essential from MoEF & CC. These EIA and EMP Reports are prepared by HPPCL from the third party i.e. consultancy firm (accredited by MoEF & CC). The objective of EIA Report is to assess the impact of the project on Environment. Under the Environment Management Plan (EMP), all the mitigating measures to protect environment are provisioned.

Environment Management Plans as approved from MoEF & CC are executed diligently & rigorously in each Hydro Electric Project of HPPCL. Precautionary principles are applied right in the planning and inception stages of various projects. The areas with high biodiversity or forming parts of protected areas (national park, wild life sanctuary and biosphere reserve) are avoided.

HPPCL is also committed to maintain 15% of the lean season discharge as downstream discharge from all diversion structures of the commissioned hydropower projects. This helps maintain stream's longitudinal aquatic connectivity besides fulfilling environmental functions of river/stream.

Environmental Safeguards for protecting Environment are always given a top priority by HPPCL in its working. HPPCL always ensure proper/adequate compliance towards the stipulations provisioned under Environment Clearance (EC) and Forest Clearance (FC) accorded by Ministry of Environment and Forest & Climate Change (MoEF & CC). Simultaneously, HPPCL also take care of Environment, Health & Safety issues in consonance to the parameters of International Funding Agency. Adherence to various regulations/stipulations and orders on environmental safeguarding is the norm in the organizational culture of HPPCL.

HPPCL also complies with the safeguarding guidelines of International Funding Agency. HPPCL Projects are designed to align with Environmental Safety, Resource Efficiency, Pollution Prevention & Management, Biodiversity Conservation and Sustainable Management of Living Natural Resources & Community Health & Safety etc. By incorporating binding conditions, HPPCL makes its Contractors also compliant with environmental safeguards and environment management actions. HPPCL has recruited, trained and placed well qualified dedicated staff for environment management. The responsibility has been entrusted to the environment staff to take care all the environment protection norms and ensure the proper monitoring of various environmental parameters like Water sample analysis, Air sample analysis, Progress on Catchment Area Treatment (CAT Plan) and Compensatory Afforestation etc. on a regular basis by other Stakeholder deptts. and Govt. agencies like HP Forest Department and HP State Pollution Control Board.

7. REHABILITATION AND RESETTLEMENT

HPPCL is committed to improve the quality of lives of affected people compared to pre-project scenario. To fulfill this commitment, HPPCL framed its standard Rehabilitation and Resettlement (R&R) Plan during 2009 and it was considered one of the most generous and progressive R&R Plan. HPPCL also conducted Socio Economic Baseline Survey and Social Impact Assessment of the affected area. HPPCL R&R Plan incorporate entitlements of Project Affected Families and RR Packages (different grants and welfare schemes etc.) with the aim to upgrade social and economic living standards of the affected families. HPPCL has recruited, trained and placed well qualified dedicated R&R staff for implementation of R&R Plan and welfare schemes.

In consonance with R&R Plan, HPPCL has formulated and is implementing number of R&R Schemes in consultation with affected communities in Project Affected Areas/Project Affected Zone. These schemes involve community based organization & local youth to promote sports and encourage entrepreneurship. To create awareness on best practices related to agriculture, horticulture etc. awareness camps along with free medical camps are being organized in Project affected area(s). HPPCL is also enhancing the technical skill of local youth by providing vocational training in various Industrial Training Institutes. In addition to this, scholarships are also being provided to the meritorious wards of the affected families/area to enhance educational standards and employability.

As per HP Government policy and guidelines, contribution towards Pre-commissioning Local Area Development Fund (1.5% of the project cost) is being deposited regularly by HPPCL for the infra-structural development in the Project Affected Areas/Project Affected Zone. HPPCL is also contributing Post-commissioning 1% free power contribution towards LADF for its commissioned projects through Directorate of Energy (DoE) as regular stream of revenue to the Project Affected families in the form of annuity over the entire life of the project. Besides this, HPPCL has also carried out a number of developmental works in the Project Affected Areas on the demand of affected families. Further, in the commissioned projects, HPPCL is also providing 100 units of free electricity per month to the Project Affected Families.

HPPCL is not only implementing measures under its R&R Plan, but also compiling with the social standards of international funding agencies.

8. ACCOUNTS

The Power projects of the Corporation are in generation, construction, survey & investigation and pre-feasibility stages. The Projects as depicted in the table below have been commissioned as per details given against therein:

S.No.	Name of the Project	Date of Commissioning	Address
1	Integrated Kashang Hydro Electric Project, Stage-I (65 MW)	01st September 2016	Recongpeo, Distt. Kinnaur, H.P.
2	Sainj Hydro Electric Project (100MW)	04th September 2017	Sarabai, Bhuntar, Distt. Kullu, H.P.
3	Berradol Solar Power Plant (5MW)	04th January 2019	Near Naina Mata Ji Mandir, Distt. Bilaspur, H.P.
4	Sawra Kuddu Hydro Electric Project (111MW)	21st January 2021	Hatkoti, Jubbal, Distt. Shimla, H.P.
5	Pekhubella Solar Power Plant (32 MW)	15th April 2024	Distt. Una. H.P.

Sale of power generated from these projects is being sold in the Indian Energy Exchange, through Power Traders i.e. M/s PTC India Limited and M/s Tata Power Trading Corporation Limited. However, the power being generated by Berradol Solar Power Plant (5MW), is being sold to H.P. State Electricity Board Limited, as per the PPA signed between both the parties.

Expenditure of projects, which are under construction/investigation stages or incidental thereto, incurred during the period prior to the commencement of commercial operations are classified as "Expenditure during construction" and taken to the Statement of "Capital Work in Progress".

Administrative and other general overhead expenses of Corporate Office and Design Wing are apportioned to all the Projects under construction/survey investigation stages in the ratio of expenditure incurred by these projects and to the commissioned at the ratio of Sales to Capital outlay. Further all such expenses of Projects, under construction/survey investigation stages, attributable to construction of fixed assets are identified and allocated on systematic basis on main (Civil & Electro-mechanical assets), on commissioning of projects.

9. INTERNAL CONTROL SYSTEMS

The Company has adequate internal control systems and the transactions/processes are guided by delegation of powers, documented policies, guidelines and manuals. The Organizational Structure is well defined in terms of the structured authority/responsibility involved at a particular hierarchy level.

In order to ensure that all checks and balances are in place and internal control systems are in order, regular internal audit is conducted by firms of Chartered Accountants in close coordination with Company's own staff.

10.DIVIDEND

Since the Company has not earned any profit(s) during the Financial Year 2022-23, therefore, the information is nil.

11. CAPITAL GRANT RECEIVED FROM GOVT. OF INDIA

Renukaji Dam Hydro Electric project and Gyspa Dam project are being implemented by HPPCL as National Projects and are fully funded by the Government of India and Governments of beneficiary States. The contributions of Rs.3187.99 Crore, have been received as on date in case of Renukaji Dam project from GoI, Delhi Jal Board and other Governments of Beneficiary States. In case of Gyspa Dam project, Rs.500.00 Lacs were received from CWC, New Delhi. The additional funds spent by HPPCL from its own sources, net of depreciation along with contributions received from CWC, New Delhi have been considered as Capital Grant.

12. CHANGE IN THE NATURE OF BUSINESS, IF ANY.

The information is Nil please.

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

Power of HPPCL Projects was being sold through online platform of IEX (Indian Energy Exchange). Thereafter, HPPCL had signed short term PPA with HPSEBL for its power from Kashang HEP Stage-I(65 MW) and Sawra Kuddu HEP (111 MW). Now long term PPA has been signed between HPPCL and HPSEBL for Kashang HEP Stage-I (65 MW) and Sawra Kuddu HEP (111 MW) and 50% HPPCL share of power of Sainj HEP on HPERC determined tariff rates.

The Hon'ble HPERC order for approval of Capital Cost along with Additional Capitalization and Determination of Tariff for Kashang HEP, Sainj HEP, and Sawra Kuiddu HEP from date of Commercial Operation (COD) to Financial Year (FY) 2023-24 has been issued on 05.06.2024. Further HPPCL is in process of filing a Tariff Petitions for True-up of tariff granted and approval of Multi Year Tariff for the control petition from 2024-25 to 2028-29.

Accordingly, the Capital cost and tariff - Claimed v/s Approved is as under:-

Project Name	Claimed Capital Cost (Crs.)	Approved Capital Cost (Crs.)	Tariff Granted for FY 23-24 (Rs./Unit)
Kashang HEP (1X65 MW)	1003.23	822.51	3.44
Sainj HEP (2X50 MW)	1288.04	1096.84	3.32
Sawra Kuddu HEP (3X37 MW)	2203.86	1530.42	5.24
Note:- Hon'ble HPERC has considered ADB Funding as 90% Grant and 10% Loan which is being considered as 100% loan by HPPCL.			

Further, there is an "In Principle" agreement that power from future projects will be purchased as and when the projects are commissioned by HPPCL. With the declaration of the intent to become the first green state of the Country by 2026 demand for hydro and solar will increase in the State and above decision of tie up with HPSEBL is aligned with the decision of the Govt.

14. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS

Shongtong Karchham HEP

Durga Chand and others Vs. Union of India and others (CWP No. 3915 of 2023).

The writ petition was filed challenging construction and dumping activities on forest land at Kalpa Tangling and Kalpa (Powari), District Kinnaur, on the ground that such activities were being undertaken without mandatory clearances and in violation of the Forest (Conservation) Act, 1980 and the Forest Rights Act, 2006. By interim order dated 19.06.2023, the Hon'ble High Court restrained the project proponent (Respondent No. 6) from carrying out any construction or dumping on the disputed land and directed the State authorities to ensure compliance. Subsequently, Respondent No. 6 sought modification of the said order by filing CMP No. 15004/2024, citing final approval granted by the Government of India on 29.07.2024 under Section 2 of the Forest (Conservation) Act, 1980, which was opposed by the petitioners on the ground that the approval was conditional and that compliance under the Forest Rights Act, 2006 was still pending. Vide order dated 25.11.2024, the Hon'ble High Court modified the interim directions and permitted commencement of construction activities only after certification by the Deputy Commissioner that all conditions stipulated in the MoEF &CC approval had been complied with, while expressly safeguarding the forest rights of Scheduled Tribes and Other Traditional Forest Dwellers under the Forest Rights Act, 2006. Contempt Proceedings (COPC No. 39 of 2025) Petitioners filed contempt alleging violation of court orders. 17.06. 2025. The learned Senior Counsel for the petitioners, upon instructions, sought permission to withdraw the present writ petition. The Court permitted the withdrawal with liberty to file a fresh petition on the same and/or subsequent causes that may have arisen during the pendency of this writ petition, subject to all just exceptions. All pending miscellaneous applications, if any, were disposed of accordingly.

CBI investigation in the matter of late Sh. Vimal Negi, General Manager (Electrical & RE).

Late Sh. Vimal Negi, then General Manager (Electrical & RE) went missing w.e.f. 10.03.2025. His body was later found in the reservoir of Bhakhra Dam on 18.03.2025 near Jhandutta. FIR was filed with HP State Police, New Shimla Police Station. Later family of deceased approached the High Court of HP demanding CBI investigation and the court ruled in favor of the same. The case was then handed over to CBI following orders of Hon'ble High Court of HP. HPPCL has provided full co-operation & support to HP Police & CBI. All the records requisitioned by Police & CBI were handed over to them as and when requested. Necessary investigations and interrogations as asked by Police/CBI were attended. All the accused are currently on bail and none of them are working in HPPCL at present. No officer of HPPCL has been charge sheeted in this case. The matter is still under investigation. The work of the Corporation is going on as usual without any adverse impact.

15. SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company has a Joint Venture Company named Himachal EMTA Power Limited with 50:50 partnership with EMTA Coal Limited (HEPL) and has made an investment of Rs.398.00 Lacs in its equity, for setting up (2x250 MW) Thermal power plant at Raniganj, West Bengal. Further, Himachal EMTA Power Limited has also incorporated a Company named Gourandgih Coal Limited with 50:50 partnership with JSW Limited.

16. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES & JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT.

The Corporation has made an investment in Himachal EMTA Power Limited of Rs.3.98 Crore (Rs.3.38 Crore Equity Shares & 0.60 Crore Share application money pending allotment). Further, the annual accounts of Himachal EMTA Power Limited have been consolidated with the annual accounts of HPPCL and the Auditors' Report with respect to the consolidation is also annexed for the financial year 2022-23.

17. DEPOSITS

The Company has not accepted deposits. Hence the information is nil.

18. AUDITORS' REPORT AND COMMENTS OF CAG OF INDIA

M/s Soni Gulati & Company, Chartered Accountants were appointed as the Statutory Auditors of the Company for the financial year ended on 31st March, 2023, by the Comptroller & Auditor General of India. The Auditors have audited the accounts and submitted their report on 12th January, 2025, which is annexed in agenda to the Annual Accounts alongwith this report.

Also, the A.G., H.P. has conducted audit of the Annual Accounts for the FY 2022-23 and the comments of the CAG of India have been received on 16th December, 2025 and are annexed in the agenda of the annual accounts, wherein this report shall also be a part of the same agenda.

19. SHARE CAPITAL

The Authorized Share Capital (ASC) of the Company as on 31.03.2023 was Rs. 2500.00 Crore (Two thousand five hundred crore only). The issued, subscribed & paid up capital of the Company as on 31.03.2023 was Rs.2302.48 Crore and Share Application money pending allocation was Rs.18.65 Crore.

As on date, the issued, subscribed & paid up capital of the Company is Rs. 2421.73 Crore only.

20. EXTRACT OF THE ANNUAL RETURN

The information pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014 is appended as FORM NO. MGT-7 for the FY 2022-23 which is available at HPPCL website www.hppcl.in. The Form MGT-9 is not being attached with this Report as the requisite information is available in the Annual Return of this Financial Year.

21. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

a) Conservation of Energy

The Company does not consume renewable energy in its projects or offices except for energy generated from small Hydro Electric Projects having capacity upto 5MW.

b) Foreign Exchange Earning and Out-Go

Payments in foreign currency are made to the Contractors against their bills. These are recorded on rates prevailing on date of payment. This information may be treated as Nil.

c) Technology Absorption

This information can be treated as Nil

22. DISCLOSURE:

a. Show Cause-Notice for Non-Compliance of provisions of Section 148 of the Companies Act, 2013:

1. For the FY 2022-23

Notice(s) regarding non-compliance of provisions of Section 148 of the Companies Act, 2013, for the FY 2022-23, were received on 14.06.2024, 03.02.2025 & 03.03.2025 from the Cost Audit Branch, Ministry of Corporate Affairs, Govt. of India. The replies for the same were drafted and sent on 08.07.2024, 13.02.2025 & 06.03.2025.

The Cost Audit Report for the FY 2022-23 was approved by the Whole Time Directors/Competent Authority in the meeting held on 03.03.2025. Accordingly, the Cost Audit Report in Form CRA-4, pursuant to Section 148(6) of Companies Act, 2013 and Rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014 was filed on 05.03.2025 with the Ministry of Corporate Affairs, Govt. of India.

2. For the FY 2023-24

Notice regarding non-compliance of provisions of Section 148 of the Companies Act, 2013, for the FY 2023-24, was also received on 27.03.2025 from the Cost Audit Branch, Ministry of Corporate Affairs, Govt. of India. The reply for the same was prepared and stands submitted on 23.04.2025. the Cost Audit Report in Form CRA-4, pursuant to Section 148(6) of Companies Act, 2013 and Rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014 was filed on 10.12.2025 with the Ministry of Corporate Affairs, Govt. of India.

b. Suspension of Director (Electrical), HPPCL:

The services of Sh. Desh Raj Director (Electrical) were placed under suspension from 19.03.2025 under Rule 20 of HPPCL Conduct, Discipline and Appeal Rules and relevant provisions of CCS (CCA) Rules, 1965. The suspension orders were revoked by the State Govt. & Er. Desh Raj, Director (Electrical), HPPCL was repatriated to H.P. State Electricity Board Limited (HPSEBL) and has now been ceased as a Director from the Board of Directors of the Corporation. w.e.f. 23.07.2025.

c. Green Hydrogen Project:

Apart from Hydroelectric and Solar Power Projects, the Corporation has undertaken the execution of Green Hydrogen Project also at Nalagarh, in association with Oil India Limited (OIL), Company of Govt. of India.

d. Borrowings Details:

Amount in Crore

DETAILS OF BORROWINGS BY HPPCL (AS ON 31.12.2025)						
Funding Agency	**ADB**	**KfW**	**AFD**	**PFC**	**World Bank Program**	**Total (Project Wise)**
Commissioned Projects						
Name of Project						
Sawra Kuddu HEP	651.83					651.83
IKHEP-I HEP	546.54					546.54
Sainj HEP	752.09					752.09
Pekhubella SPP					8.06	8.06
Bhanjal SPP						0
Sub Total	**1950.46**	**0**	**0**	**0**	**8.06**	**1958.52**
Under Construction Projects						
Name of Project						
Shongtong Karcham HEP	13.53	145.94		1960.92		2120.39
IKHEP -II & III	124.99					124.99
Deothal Chanju HEP			0.22			0.22
Chanju-III HEP			80.66			80.66
Aghlor SPP						0
Gondpur Bulla SPP						0
Lemlehri SPP						0
Total Loan Long Term (A)	**138.52**	**145.94**	**80.88**	**1960.92**	**0**	**2326.26**
Total Loan (Exc. CC:)	**2088.98**	**145.94**	**80.88**	**1960.92**	**8.06**	**4284.78**
Cash Credit Limits						381.35
Short Term Loan				100		100
Total Short Term Loans (B)	**0**	**0**	**0**	**100**	**0**	**481.35**
Total Loan Availed (A+B)						**4766.13**

Total Interest Due on GoHP Loan (31.12.2025)	2965.36
Interest Repaid to GoHP	964.72
Interest pending for payment	**2000.64**

Total ADB Loan was Rs. 2388.98 Crore of which Rs. 300.00 Cr have been repaid to GoHP on 01.12.2025.

23. DIRECTORS:

(A) The Board of Directors

1.1 Size of the Board

HPPCL is a Government Company within the meaning of the Companies Act. The present Share-holding is being contributed by the Government of Himachal Pradesh, H.P. Infrastructure Development Board (HPIDB) and Himachal Pradesh State Electricity Board Limited (HPSEBL). The power to appoint the Directors vests with the Government of H.P. The approved strength of the Board of Directors is minimum 3 and maximum 9. These numbers include Whole-Time (Functional), Part-Time (Nominee) Chairman/Directors and Managing Director.

1.2 Composition & Tenure of the Board

As on 31.03.2023, the Board was comprised of Six (6) Members, consisting of three (3) Whole-Time (Functional) Directors including Managing Director and three (3) Part-Time (Nominee) Directors including Chairman representing the Govt. of Himachal Pradesh.

1.3 Board Meetings

The Board Meetings are held at Shimla to facilitate full participation of Directors. During the FY 2022-23, four (4) Board Meetings have been held and most of the Directors have attended these meetings. These meetings have been held on 19.04.2022, 03.06.2022, 28.09.2022 and 23.01.2023.

1.4 Corporate Governance

HPPCL continuously strive to bring the best practices expected from us by all the stakeholders in the conduct of our business. The Company is a Private Limited and unlisted Company and strictly adheres to the Govt. policies and also the latest applicable provisions of the Companies Act, 2013.

PARTICULARS OF THE PERSONS WHO ARE/WERE DIRECTORS/SECRETARY OF THE COMPANY AS ON THE CLOSURE OF FINANCIAL YEAR (2022-23).

S. No.	Name	Usual Address	Date of Birth	Date of Appointment	Date of Cessation (during/after closure of FY : If any)
1.	Sh. Prabodh Saxena, IAS	Nivedita Kunj, Sector 10, R K Puram, Sector-5, South West Delhi, Delhi, India -110022	07.03.1965	31.12.2019	Change in Designation as Chairman-cum-Director on 01.01.2023 being Chief Secretary.
2.	Sh. Maneesh Garg, IAS	House No. A 119, Shivalik Malviya Nagar, South Delhi, Delhi-110017	10.06.1972	02.03.2023	Ceased as on 20.10.2023
3.	Sh. Rajeev Sharma, IAS	House No.24, Type-V, Kasumpti Officers' Colony, Shimla-171009	15.10.1963	28.01.2023	Ceased as on 31.10.2023
4.	Sh. Harikesh Meena, IAS	Village Hanutya, P.O. Datuli, Tehsil Bonli, Hanootya, Sawai Madhopur, Rajasthan-322030	14.08.1981	04.02.2023	Ceased as on 19.03.2025
5.	Dr. Amit Kumar Sharma, IAS	VPO Sudehd Khas (344), Tehsil Dharamshala, District Kangra-176215, H.P.	12.02.1987	19.01.2023	Ceased as on 04.07.2023

6.	Sh. Surender Kumar	Flat 4054, 5th Floor Tower 04, Golf Meadows ATS Life Style Dera Bassi SAS Nagar, Mohali, Punjab-140507	31.07.1969	22.07.2021	Continued till date
7.	Sh. Sudershan Kumar Sharma	A-495, Sector-IV, Phase-II, New Shimla, Shimla, HP -171009	01.05.1964	07.08.2008	In position as Company Secretary (Superannuated on 30.04.2022 and re-engaged as Consultant (Company Secretary) w.e.f 21.05.2022

PARTICULARS OF CHANGE IN THE PERSONS WHO ARE/WERE DIRECTORS/SECRETARY OF THE COMPANY DURING THE FINANCIAL YEAR (2022-23)

S. No.	Name	Usual Address	Date of Birth	Date of Appointment	Date of Cessation (during the financial year : If any)
1.	Sh. Devesh Kumar	Set No.-18, Type-6, Kasumpti, Shimla Urban(T), Shimla-171009	01.07.1974	25.06.2021	13.04.2022
2.	Sh. Harikesh Meena, IAS	Village Hanutya, P.O. Datuli, Tehsil Bonli, Hanootya, Sawai Madhopur, Rajasthan-322030	14.08.1981	16.04.2022	25.05.2022
3.	Dr. Ajay Sharma, IAS	Village Kufridhar, P.O. Ghanhatti, Totu, Shimla-171011	21.01.1963	25.05.2022	31.01.2023
4.	Sh. Ram Subhag Singh, IAS	House No.110, Mansa Devi Complex, Sector-4, Panchkula- 134114, Haryana	31.07.1963	05.08.2021	15.07.2022
5.	Sh. Ram Dass Dhiman, IAS	House No. 3, Type-VI, Officers Colony, Kasumpti, Shimla- 171009	05.12.1962	03.06.2021 Change in Designation on 15.07.2022	31.12.2022
6.	Smt. Priyanka Verma, IAS	Set no. 14, Type-IV, Mehli, Shimla-171013	20.12.1985	28.06.2021	05.08.2022
7.	Sh. Mukesh Repaswal, IAS	Tehsil Udaipurwati, Raghunathpura, Jhunjhunun, Rajasthan-333022	28.12.1991	06.08.2022	19.01.2023
8.	Sh. Shashikant Joshi	A-1, Block No. 2, Straw Berry Hills, Shimla-171002	31.12.1963	20.05.2020	13.10.2022

9.	Sh. Prabodh Saxena, IAS	Nivedita Kunj, Sector 10, R K Puram, Sector-5, South West Delhi, Delhi-110022	07.03.1965	31.12.2019 Change in Designation on 01.01.2023	Change in Designation as Chairman-cum-Director on 01.01.2023 being Chief Secretary
10.	Dr. Amit Kumar Sharma, IAS	VPO Sudehd Khas (344), Tehsil Dharamshala, District Kangra-176215, H.P.	12.02.1987	19.01.2023	
11.	Sh. Harikesh Meena, IAS	Village Hanutya, P.O. Datuli, Tehsil Bonli, Hanootya, Sawai Madhopur, Rajasthan-322030	14.08.1981	04.02.2023	
12.	Sh. Rajeev Sharma, IAS	House No.24, Type-V, Kasumpti Officers' Colony, Shimla-171009	15.10.1963	28.01.2023	
13.	Sh. Maneesh Garg, IAS	House No. A 119, Shivalik Malviya Nagar, South Delhi, Delhi-110017	10.06.1972	02.03.2023	

The Board noted the contributions made by the Directors during their tenure and placed on record its appreciation for their services.

PARTICULARS OF DIRECTORS/SECRETARY AS ON DATE

Sh. Sanjay Gupta, IAS, Chief Secretary, GoHP	- **Chairperson**
Sh. Devesh Kumar, IAS, Principal Secretary (Finance), GoHP	- **Director**
Sh. Rakesh Kanwar, IAS, Secretary (MPP & Power)	- **Director**
Sh. Aditya Negi, IAS, Managing Director, HPSEBL	- **Director**
Sh. Abid Hussain Sadiq Bhat, IAS	- **Managing Director**
Sh. Naresh Thakur, HAS, Director (Personnel & Finance)	- **Director**
Er. Surender Kumar, Director (Civil)	- **Director**
Er. Maneesh Mahajan, Director (Electrical)	- **Director**
Sh. Sudershan Kumar Sharma	- **Company Secretary**

(B) Declaration by Independent Director(s) and re-appointment, if any

Since the Company does not have Independent Directors, therefore, the information is nil.

(C) Formal annual evaluation of the Board & its performance

No such formal evaluation has been done. However, all intricate issues are discussed and settled after consultation among the Whole Time Directors and sometimes in Board meetings.

24. AUDIT COMMITTEE

Although, the provisions of the Companies Act, 2013 are not applicable, yet in order to have good corporate practices, an Audit Committee was constituted on 30.04.2008 and the last meetings of the Audit Committee was held on 12.06.2018.

25. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES.

The Vigil Mechanism Committee has been established with the approval of the Board in its 55th meeting. However, no complaint or any issue has been raised by any one to the Committee.

26. NOMINATION AND REMUNERATION COMMITTEE

Not Applicable.

27. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION- 186

The information is Nil, except an investment of Rs.398.00 Lakh in Himachal EMTA Power Limited for setting up (2x250 MW) Thermal Power Plant at Raniganj, West Bengal as per details given above in Para-15 read with Para 2(H).

28. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The power generated from HPPCL commissioned Hydro Electric Projects was being sold in the Energy Exchange/Bilateral mode through Power Traders and to HPSEBL. Subsequently, a Short Term PPA was signed on 28.04.2022 b/w HPPCL & HPSEBL for sale of power from Kashang HEP & Sawra Kuddu HEP @ Rs. 3.40/unit valid from 01.05.2022 to 31.03.2023 while the power generated from Sainj HEP continued to be traded at energy exchange through Power Trader. Long Term Power Purchase Agreement (PPA) between HPPCL and HPSEBL has been signed on 29.03.2023 for Kashang HEP Stage-I, Sawra Kuddu HEP & 50% HPPCL share of power from Sainj HEP at HPERC determined tariff w.e.f 01.04.2023 for the useful life of project. The remaining 50% of the power from Sainj HEP continues to be traded at power exchange/bilateral mode through Trader. As for, the power being generated by Solar Power Projects Berradol Solar Power Plant (5MW), Pekhubella Solar Power Project (32 MW) , Bhanjal Solar Power Project (5MW), AGHLOR Solar Power project 10 MW is being sold to H.P. State Electricity Board Limited, as per the PPA signed between HPPCL and HPSEBL on 31.03.2017,26.12.2024, 29.10.2024,11.04.2025 respectively.

29. SECRETARIAL AUDIT REPORT

For the financial year 2022-23, pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014], the Secretarial Audit was conducted for the compliance of applicable statutory provisions and the adherence to good corporate practices by the Secretarial Auditors.

On the observations of the Secretarial Auditors, the Corporation had submitted its clarifications and thereafter the final report was received for the FY 2022-23. The relevant contents of the report are as under:

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

1. As on 31st March 2023, the Company has Authorised Capital of Rs.2500 crore divided in to 2,50,00,000 equity shares of Rs.1,000 each and Paid-up Capital of Rs.2302.4779 crore. The Government of Himachal Pradesh holds 98,45,491 equity shares to the extent of 42.76%; Himachal Pradesh Infrastructure Development Board holds 1,18,71,507 equity shares to the extent of 51.56% and Himachal Pradesh State Electricity Board Limited holds 13,07,731 equity shares to the extent of 5.68%. As a result, the Company is not a Government Company as per the definition of Section 2(45) of the Companies Act 2013.
2. As per provisions of Section 134 and 137 of the Companies Act 2013, the Financial Statements for FY 2022-23 should have been adopted by the embers of the Company on or before 30th September 2023. Against this, the current status, as on the date of the Report, the Financial Statements were approved on 15th September 2023. Since then, the audit by Statutory Auditors is pending. The Annual General Meeting for the FY 2022-23 was held on 15th September 2023 and adjourned sine die.
3. On perusal of filing of Returns PAS-6 and DPT-3, the Company maintains that these are not applicable being a Government Company.
4. The Financial Statements 2022-23 was signed by the Company Secretary as Consultant (Company Secretary) following re-designation of the post. The Company submitted through Management Representation that change in the designation shall be re-looked in to as per Section 203 of the Companies Act 2013 read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules 2014.

The Secretarial Auditors further reported that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive

Directors. The changes in the composition of the Board of Directors that took place during the period under review were generally carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes were however, sent less than 07 days as prescribed. As explained, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As explained, majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. During the year, all decisions taken in the meeting of Board of Directors were unanimous.

I further report that monitoring the compliance with applicable laws, rules, regulations and guidelines commensurate with the size and operations of the company is not evidenced from the Board records. However, the Company reported through Management Representation that during the financial year 2022-23, the company has complied with all Rules or Regulations as applicable and that there was no penalty or show-cause notices received from any Statutory or Regulatory Authorities.

I further report that during the audit period the company has no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above excepting to the extent stated below:

The Company availed unsecured loans from ADB, KFW routed through the Government of Himachal Pradesh and secured loans through Indian Banks and Indian Financial Institutions. The Company explained that due to inadequate financial resources to meet the repayment of interest and principal of unsecured loan amounting to Rs.2536.38 Crore as on 31st March 2023, the Company submitted proposals for restructuring the loan and interest to the Government of Himachal Pradesh and the proposal is under consideration.

30. EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE -

By the Statutory Auditor in his report:

The Statutory Auditors have given their qualified opinion stating that the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Principles Generally Accepted in India, of the State of Affairs of the Company as at 31st March, 2023, its Profit (including other comprehensive income), its Cash Flows and Changes in Equity for the year ended on that date. Further, in case of Consolidated Financial Statements, the Statutory Auditors have also given their qualified opinion stating that the Consolidated 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, 2023, its Profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Replies to the Statutory Auditors' Report have been given in the Annexures to the Financial Statements (Annual Accounts) for the FY 2022-23.

31. RISK MANAGEMENT POLICY

The information is nil please.

32. DIRECTORS' RESPONSIBILITIES STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, the Board hereby submit its Responsibility Statement:-

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis; and

(e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

33. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION (3) OF SECTION 178.

Since being Company, HPPCL entirely owned by the State Govt./Entities of the State Govt., the subject matter is regulated as per Govt. notifications issued from time to time.

34. PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND NOW AS PER THE COMPANIES ACT, 2013.

The remuneration paid to the Whole-Time Directors and Company Secretary paid during the FY 2022-23 is given in the Form MGT-7 posted in website of the Company.

35. OTHER INFORMATION- INDUSTRY OVERVIEW

Electricity is one of the key enablers for achieving socio-economic development of the country. Amongst various modes adopted for meeting the ever increasing demand of power to achieve the targeted growth rate, Generation capacity augmentation is the most vital component. The economic growth leads to growth in demand of power. To meet this demand, in view of the limited available fuel resources for generation, capacity addition has to be planned very optimally.

During the 12th Plan (2012-17), a capacity addition of 99,209 MW was commissioned against target of 88,537 MW from conventional sources. It is for the first time in the history of the Indian Power Sector that such a large capacity addition during a single plan period was achieved which was 112 % of the target. During 11th plan the achievement in capacity addition was 69.84% of the target.

As per the Paris Agreement commitments, India has further set an ambitious target of 500 GW of renewable by 2030 and as on August 2025, total installed renewable energy capacity (excluding nuclear) stands at **237.5 GW**, with 119.02 GW from solar, 52.14 GW wind, 11.6 GW bioenergy, 5.11 GW small-hydro and 49.628 large Hydro power. Including nuclear (8.8 GW), the total non-fossil fuel capacity reaches **246.3 GW**, constituting just over **50.26%** of India's total installed capacity of ≈ **490.06 GW**.

As regards to hydro potential, total Hydro Electric Power potential in the country has been assessed by CEA as 84,044 MW (at 60% load factor) from a total of 845 number of identified Hydro Electric Schemes, which when fully developed would result in an installed capacity of about 1,48,701 MW on the basis of probable average load factor. The total energy potential is assessed as 600 billion units per year. Hydropower is used to its maximum potential for meeting peak loads and all new projects must be designed with this objective in mind.

However, the full development of India's hydro-electric potential, while technically feasible, faces various issues including issues of water rights, resettlement of project affected people and environmental concerns etc. and all these issues need to be resolved to exploit full potential. As of July 2025, the installed capacity of hydroelectric power plants in the country is about 54737 MW which is 11.17% of the total installed capacity of the country from all the sources.

Govt. of India, to promote development of hydro, vide notification dated 08 march 2019 has declared Large Hydro Projects (LHPs)(>25MW) as Renewable Energy Source and Hydropower Purchase obligation (HPO) has been notified as a separate entity within the existing Non-solar Renewable Purchase Obligation (RPO). It had been said that a trajectory of annual HPO targets shall be notified by the Ministry of Power and the HPO shall cover all the LHPs commissioned after 08.03.2019 as well as the untied capacity of commissioned projects. In compliance of the same and with the objective to add 13GW of hydropower capacity by the year 2030, Ministry of Power (MoP) vide notification order dated 29 January 2021 has revised the RPO trajectory to include the long term trajectory for HPO wherein a percentage of hydro energy has been fixed to be bought by all DISCOMs. The HPO Trajectory for the period till 2029-30 has been notified and for the period between 2030-31 and 2039-40 shall be notified subsequently. RPO shall be calculated in energy terms as a percentage of total consumption of electricity. The said trajectory till 2024-25 is as following:

Year	Solar RPO	Non-Solar RPO			Total RPO
		HPO	Other Non-Solar RPO	Total Non-Solar RPO	
2019-20	7.25%	-	10.25%	10.25%	17.50%
2020-21	8.75%	-	10.25%	10.25%	19%
2021-22	10.50%	0.18%	10.50%	10.68%	21.18%
2022-23	To be specified later	0.35%	To be specified later	To be specified later	To be specified later
2023-24		0.66%			
2024-25		1.08%			

In compliance of the above order dated 29.01.2021, CERC is in process of developing the Hydro Energy Certificate (HEC) mechanism similar to Renewable Energy Certificate (REC) mechanism to facilitate fulfillment of HPO from the projects commissioned after 08.03.2019 having untied capacity. The HEC mechanism would have a capping price of Rs.5.50/unit of electrical energy w.e.f 08 March, 2019 with 5% of annual escalation after 31 March, 2021.

Budgetary Support: The Government has approved budgetary support for funding the cost of enabling infrastructure like roads and bridges for the development of hydropower projects. HPPCL has posed two of its projects, Chanju-III and Thana Plaun HEP for seeking funds under this scheme.

ISTS Waiver: The Government has also waived the Inter-State Transmission System (ISTS) charges on the transmission of electricity from new hydropower projects, a benefit previously available to only solar and wind projects.

HPPCL has signed PPA with HPSEBL for sale of power from its existing projects excluding 50% power from Sainj HEP which is proposed for bundling with other RE sources being undertaken with the support from the World Bank. It is a pilot project to utilize surplus of hydropower in HP and further support integration of renewable energy sources through creation of a bundled product with 50% power from Sainj HEP (100 MW) of HPPCL and solar and wind plants located elsewhere in the country. Such a bundling model would create multiple benefits including increased grid stability, higher competitiveness in the Indian power market, provision of round-the-clock power supply to electricity consumers preferring to buy green power as part of their environmental responsibility and those selling their products in European markets and facing taxes on account of use of fossil fuel power. The tax benefits and profits on such products would get passed on to the hydro generators supporting hydropower generation assets. The said bundling arrangement is being taken up for execution under the Himachal Pradesh Power Sector Development Program being funded by the World Bank.

Hydropower brings a strong contribution to flexibility in the power system today filling the gap between supply and demand that is induced by the variability of Renewable Energy Sources (to counter variability of RES, as sun does not always shine and wind does not blow constantly). Hydropower plants with reservoirs reduce the dependency on the variability of the natural inflow and enable adjustments of power generation to the variability in demand. Such Power is the need of the increasingly dynamic Indian power grid, requiring a substantial amount of power from generation sources that have quick start and stop capability and can offer grid balancing services. Such resources come online within a short span of time to bridge the gap on supply side arising due to variable renewable energy generation. Highly flexible hydropower, with an ability to effectively store energy in its reservoirs and respond quickly to system requirements but which to date has only been valued for energy served is believed to have even greater value within the future Indian power system.

The above Industry scenario with option of sale of power in PPA as well as open market mode signifies that there is an ample opportunity for consistent growth in the business of power sector in the times to come. All efforts are being made and we hope that HPPCL will certainly be one of the major producers of RE power in Himachal Pradesh.

ACKNOWLEDGMENTS:

Your Directors gratefully acknowledge the continuous support and assistance provided by the various Departments of the State Govt., such as Department of MPP & Power, Directorate of Energy, Department of Finance, Department of Forests, Department of Revenue, HPSEBL, HPIDB, Pollution Control Board etc. The Board of Directors also acknowledge

with thanks the guidance and help extended by various Ministries/Departments of the Government of India, particularly, Ministry of Power, Ministry of Finance, MOEF, Central Electricity Authority, Central Water Commission, Geological Survey of India and Financial Institutions, such as World Bank, ADB, KfW, AFD, PFC, REC and Banks etc.

The Board conveys its gratitude to the outgoing Directors for their dedicated services rendered during their tenure. The Directors further place on record, its gratitude to the officers/officials of HPSEBL, HPIDB and other agencies for their institutional support. The Directors would also like to thank the Internal Auditors, Statutory Auditors, Office of A.G. H.P. and C.A.G. of India, who have made efforts in conducting and finalizing the audit of the Company.

Last but not the least, the Board commends the hard work and dedicated efforts put in by the employees of the Corporation at all levels.

Thanking you

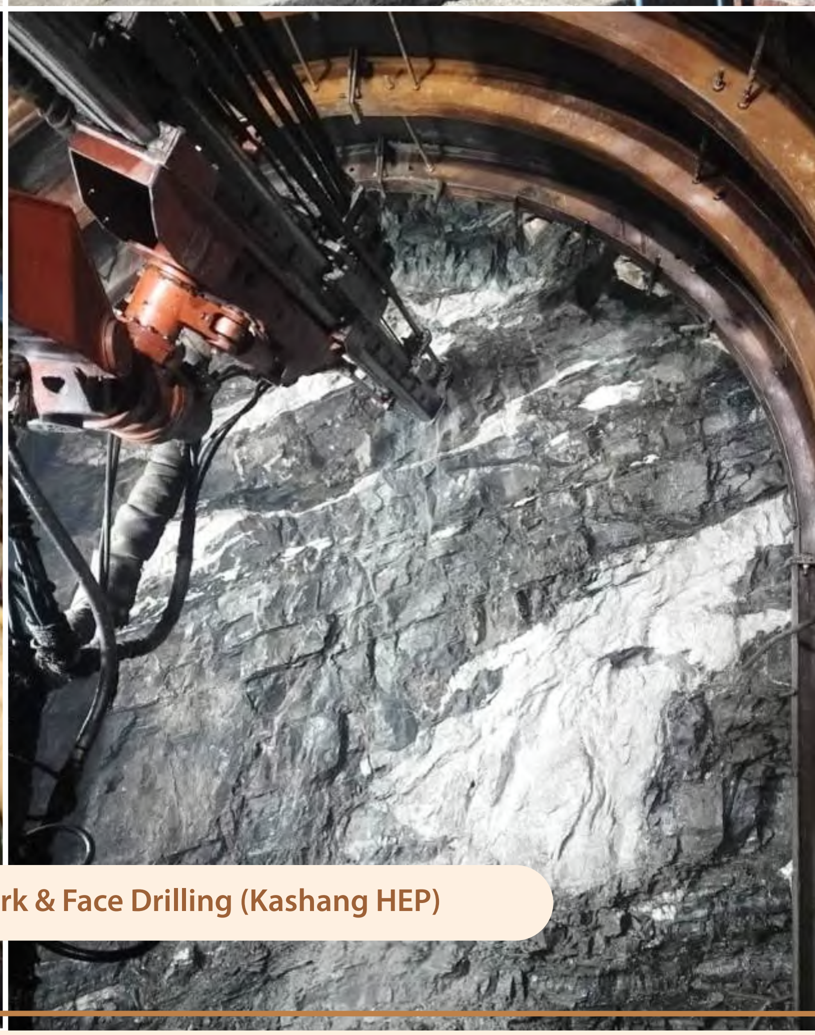
For and on behalf of the Board of Directors

---Sd---	**---Sd---**
Naresh Thakur, HAS	**Abid Hussain Sadiq Bhat, IAS**
Director (Finance & Personnel)	**Managing Director**

Place: Shimla

Date: 20-02-2026


Labour Camp & HPPCL Site Office at Lippa (Kashang HEP)



KKLT D/s Crown Rib Erection Work & Face Drilling (Kashang HEP)

STANDALONE BALANCE SHEET AS AT MARCH 31,2023

(Rs. in Lacs)

Particulars	Note No.	As at Mar 31,2023	As at Mar 31,2022	As at Apr 01,2021
ASSETS				
(1) Non-Current Assets:				
(a) Property, Plant and Equipment	2.1	5,31,704.79	5,56,612.44	5,30,884.96
(b) Capital Work-in-Progress	2.2	3,24,137.53	2,20,900.74	1,93,275.61
(c) Investment Property	2.3	25.65	27.06	28.47
(d) Goodwill		-	-	-
(e) Other Intangible Assets	2.4	42.59	16.16	20.65
(f) Financial Assets:				
(i) Investments	2.5	-	-	-
(ii) Trade receivables				
(iii) Loans	2.6	150.81	88.97	147.50
(g) Deferred Tax Assets (Net)				
(h) Other Non-Current Assets	2.7	74,375.18	1,12,582.48	55,463.80
(2) Current Assets				
(a) Inventories	2.8	951.29	874.37	842.66
(b) Financial Assets				
(i) Investments				
(ii) Trade Receivables	2.9	1,061.13	508.57	486.12
(iii) Cash and Cash Equivalents	2.10	13,210.37	1,608.53	1,156.63
(iv) Bank Balance other than above	2.11	3,116.68	3,320.18	2,283.85
(v) Loans	2.12	1.19	62.65	7.26
(vi) Others	2.13	6,525.23	6,542.48	19,113.26
(c) Other Current Assets	2.14	45,231.96	26,605.94	16,207.07
Total Assets		**10,00,534.39**	**9,29,750.58**	**8,19,917.85**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.15	2,30,247.79	2,25,102.79	2,18,771.33
(b) Other Equity	2.16	(75,704.85)	(68,171.12)	(57,333.57)
LIABILITIES				
(1) Non-Current Liabilities:				
(a) Financial Liabilities				
(i) Borrowings	2.17	63,190.13	64,379.46	1,17,109.25
(ia) Lease Liabilities	2.18	65.46	682.92	49.09
(ii) Other Financial Liabilities	2.19	4,145.63	4,383.51	12,587.68
(b) Provisions	2.20	7,316.99	6,695.12	5,600.11
(c) Deferred Tax Liabilities (Net)	2.21	-	-	-
(d) Other Non-Current Liabilities	2.22	2,48,547.73	1,71,781.10	1,24,151.80
(2) Current Liabilities:				
(a) Financial Liabilities				
(i) Borrowings	2.23	2,10,044.48	2,08,076.89	1,52,272.84
(ia) Lease Liabilities	2.24	678.69	167.16	110.60
(ii) Trade Payables	2.25	-	-	-
(iii) Other Financial Liabilities	2.26	3,12,002.04	3,16,652.76	2,46,503.74
(b) Other Current Liabilities				
(c) Provisions	2.27	0.30	-	94.96
(d) Current Tax Liabilities (Net)				
Inter Unit Transfer		(0.00)	-	-
Zero Balance Clr		-	-	-
Total Equity and Liabilities		**10,00,534.39**	**9,29,750.58**	**8,19,917.85**

See accompanying notes to the financial statements.
Note : The figures for the year ended 31st March 2022 and 1st April 2021 as given above are restated

For and on behalf of the Board of Directors

Sd/- (B.L. Verma) A.G.M. (Finance)	Sd/- (Sudershan K. Sharma) Consultant Company Secretary	Sd/- (Shivam Pratap Singh) Director (Finance) DIN No. 10243812	Sd/- (Harikesh Meena) Managing Director DIN No. 09333558

For Soni Gulati & Co., Chartered Accountants,
Firm Regn No. 008770N

Sd/-
(CA Suresh Chand Soni), Partner,
Membership No. 083106

Place: Shimla
Date: 12/01/2025

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDING MARCH 31, 2023

(Rs. in Lacs)

	Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I	Revenue from Operations	2.28	38,488.59	40,055.85
II	Other Income	2.29	206.43	114.34
III	**Total Income (I+II)**		**38,695.02**	**40,170.19**
IV	**Expenses**			
	Cost of Materials Consumed			
	Purchases of Stock-in-Trade			
	Changes in inventories of finished goods, Stock-in -Trade and work in progress			
	Employee Benefits Expense	2.30	2,704.19	2,997.90
	Finance Costs	2.31	20,313.27	20,277.51
	Depreciation and Amortization Expense	2.32	20,722.13	20,588.86
	Other Expenses	2.33	4,285.70	7,268.66
	Total Expenses (IV)		**48,025.30**	**51,132.92**
V	**Profit/(Loss) before exceptional items and tax (I-IV)**		**(9,330.28)**	**(10,962.73)**
VI	Exceptional Items			
VII	**Profit/ (Loss) before exceptions items and tax (V-VI)**		**(9,330.28)**	**(10,962.73)**
VIII	Tax Expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
IX	**Profit/(Loss) for the period from continuing operations (VII-VIII)**		**(9,330.28)**	**(10,962.73)**
X	Profit/(Loss) from Discontinued operations		-	-
XI	Tax expenses of discontinued operations		-	-
XII	**Profit/(Loss) from Discontinued operations (after tax) (X-XI)**		**-**	**-**
XIII	**Profit/(Loss) for the period (IX+XII)**		**(9,330.28)**	**(10,962.73)**
XIV	Other comprehensive income			
	A. (i) Items that will not be reclassified to profit or loss	2.34	206.55	(171.32)
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	B. (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
XV	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other comprehensive Income for the period)**		**(9,124)**	**(11,134)**
XVI	**Earnings per equity share (for continuing operation):**			
	(1) Basic	2.35	(40.07)	(49.46)
	(2) Diluted			
XVII	**Earnings per equity share (for discontinued operation):**			
	(1) Basic			
	(2) Diluted			
XVIII	**Earnings per equity share (for discontinued & continuing operation):**			
	(1) Basic	2.35	(40.07)	(49.46)
	(2) Diluted			

Significant Accounting Policies 1

The accompanying notes form an integral part of these financial statements

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(B.L. Verma)	(Sudershan K. Sharma)	(Shivam Pratap Singh)	(Harikesh Meena)
A.G.M. (Finance)	Consultant	Director (Finance)	Managing Director
	Company Secretary	DIN No. 10243812	DIN No. 09333558

For Soni Gulati & Co., Chartered Accountants,
Firm Regn No. 008770N
Sd/-
(CA Suresh Chand Soni), Partner,
Membership No. 083106

Place: Shimla
Date: 12/01/2025

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Lacs)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES			
Profit Before Tax (A)		**-9,124**	**-11,134**
Change in Other Equity as per Restated Balance Sheet (B)			(2,491)
Adjustment for:			
Depreciation and Amortization	20,722		20,589
Finance Cost			-
Loss on Disposal/Write Off of Fixed Assets	0		60
Profit on Sale of Fixed Assets	-		-
Total Adjustment (C)		**20,722**	**20,648**
Adjustment for Assets and Liabilities			
Inventories	-77		-32
Trade Receivable and Unbilled Revenue	-553		-22
Loans, Other Financial Assets and Other Assets	-18,344		-11,954
Other Financial Liabilities and Other Liabilities	-2,471		70,683
Other Current Liabilities	-		-
Provisions	622		1,000
Total Adjustment (D)		**-20,822**	**59,675**
Cash used in Operating Activities (E)=(A+B+C+D)		-9,223	69,189
Less: Income Tax Paid		-	-
Net Cash used in Operating Activities (F)		**-9,223**	**69,189**
CASH FLOW FROM INVESTING ACTIVITIES			
Net Expenditure on Property, Plant & Equipment and CWIP	-99,077		-73,963
Term Deposits with Banks (having maturity more than 3 months)			-
Interest on Term Deposits/ Sweep Deposits	-62		59
Investment in Subsidiary/Associate/Joint Venture			-
Other Non Current Asset	38,207		-44,085
Loss of Fixed/ CWIP Assets from Torrential Rain & Flood			
Net Cash used in Investing Activities (G)		**-60,931**	**-1,17,989**
CASH FLOW FROM FINANCING ACTIVITIES			
Share Capital	5,145		825
Share Money Pending Allotment	1,590		275
Proceeds from Borrowings	-		
Repayment of Borrowings	-1,639		-168
Other Non Current Liabilites	76,767		47,629
Payment of Lease Liabilities	-106		690
Interest and Finance Charges			
Net Cash generated from Financing Activities (H)		**81,756**	**49,252**
Net increase in cash and cash equivalents (I)=(F+G+H)		**11,602**	**452**
Cash & Cash Equivalents at the beginning of the year		**1,609**	**1,157**
Cash & Cash Equivalents at the end of the year		**13,210**	**1,609**
Restricted Cash Balance			
Earmarked Balance (Unpaid Dividend)		-	-
Margin Money for BG/ Letter of Credit and Pledged Deposits		3,117	3,320
Total		**3,117**	**3,320**

This is the Statement of Cash Flows referred to in our report of even date

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(B.L. Verma)	(Sudershan K. Sharma)	(Shivam Pratap Singh)	(Harikesh Meena)
A.G.M. (Finance)	Consultant	Director (Finance)	Managing Director
	Company Secretary	DIN No. 10243812	DIN No. 09333558

For Soni Gulati & Co., Chartered Accountants, Firm Regn. No. 008770N

Sd/-

(CA Suresh Chand Soni), Partner, Membership No. 083106

Place: Shimla

Date: 12/01/2025

HIMACHAL PRADESH POWER CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

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 Sundarnagar 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 assets is 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 capitalisation under 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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 impact recognised 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 remeasurement 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, construct or 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.

b) 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.

c) 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, keeping10% 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) 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.

ix) 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.

x) 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.

xi) 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.

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

xiii) 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.

xiv) 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.

xv) 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.

2 NOTES TO ACCOUNTS

The amounts in financial statements are presented in Indian Rupees in nearest lacs . The previous year figures have also been reclassified /regrouped/ rearranged whenever necessary to confirm to this year's classification.

(Rs. in Lacs)

Particulars	Sub Note	Amount as at March 31, 2023	Amount as at March 31, 2022
2.1 Property Plant and Equipment	2.1.1	5,31,704.79	5,56,612.44
2.2 Capital Work In progress	2.2.1	3.24	2.21
2.3 Investment Property	2.3.1	25.65	27.06
2.4 Right-of-use Assets	2.4.1	42.59	16.16
TOTAL		**5,31,776.27**	**5,56,657.87**

2.5 INVESTMENTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Investment in Equity Instruments		
Non Trade - Unquoted (at Cost)		
(a) Subsidiary Companies		
(b) Joint Venture Companies	337.50	337.50
3375000 (P.Y. 3375000) Equity Shares of Rs. 10/- in Himachal EMTA Power Ltd	-	-
Less: Provision for Doubtful Investments	(337.50)	(337.50)
Total Investment in Equity Instruments	**-**	**-**
Other Investment	-	-
Total Other Investment	**-**	**-**
Total Investments	**-**	**-**

2.6 LOANS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Security Deposits		
- Secured Considered Good	-	-
- Unsecured Considered Good	150.81	88.97
- Doubtful	-	-
Total (A)	**150.81**	**88.97**
Loans to other employess		
- Secured Considered Good	-	-
- Unsecured Considered Good	-	-
- Doubtful	-	-
Total (B)	**-**	**-**
Total (C) =(A+B)	**150.81**	**88.97**

Sub Note No 2.1.1

SCHEDULE OF PROPERTY PLANT AND EQUIPMENT

A) Own Assets:

(Rs. in Lacs)

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
Land - Lease Hold	7.93	46.48	5.15	49.26	(2.64)	-	-	-2.64	51.90	10.57
Land - Free Hold	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	3,00,216.74	106.50	-	3,00,323.24	44,997.88	14,272.59	0.71	59,269.75	2,41,053.49	2,55,218.86
Roads, Bridges & Traffic Tunnels	-	-	-	-	0.00	-	-	0.00	-0.00	-0.00
Project Electro Mechanical Works	1,08,422.99	35.60	-	1,08,458.60	17,505.77	5,171.19	-	22,676.96	85,781.64	90,917.22
Plant (currently for Water Treatment)	66.68	0.96	-	67.63	6.07	3.22	-	9.28	58.35	60.61
Office Machinery (like lab, fire, safety)	145.92	48.34	0.88	193.38	61.89	8.93	0.42	70.40	122.98	84.02
Electronics & Electrical Items	462.11	20.62	2.77	479.95	184.24	26.05	1.18	209.11	270.84	277.86
Furnitures & Fixtures	416.58	39.29	11.42	444.45	192.53	32.00	6.00	218.53	225.93	224.06
Computers & 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 Fight Equipment	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 & Culverts	579.85	-	-	579.85	162.49	18.54	-	181.03	398.82	417.36
Server 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 Company (Roads)	-	-	-	-	-	-	-	-	-	-
Assets not owned by Company (Others)	-	312.15	-	312.15	-	0.86	-	0.86	311.30	-
Infrastructure Dev. Construction Power	2,619.52	-	-	2,619.52	812.61	124.43	-	937.05	1,682.47	1,806.90
Total (A)	**6,23,099.65**	**1,13,560.75**	**1,18,348.88**	**6,18,311.51**	**67,338.93**	**20,027.14**	**43.15**	**87,322.93**	**5,30,988.59**	**5,55,760.71**

B) Right of Use:

Particulars	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
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)	**6,24,157.43**	**1,13,652.08**	**1,18,348.88**	**6,19,460.63**	**67,544.99**	**20,253.99**	**43.15**	**87,755.84**	**5,31,704.79**	**5,56,612.44**

Note No. 2.2.1
CAPITAL WORK-IN-PROGRESS

(Rs. in Lacs)

Particulars	Note No.	Amount As at 31.03.2022	Addition during FY 2022-23	Deletion during FY 2022-23	Net Adj. during FY 2022-23	Amount As at 31.03.2023
Residential Buildings	2.2.1.1	-	-	-	-	-
Non Residential Buildings	2.2.1.1	184.35	-	-	-	184.35
Roads, Bridges & Culverts	2.2.1.1	674.75	259.35	78.03	181.31	856.06
Civil Works	2.2.1.1	75,260.78	24,320.52	106.92	24,213.60	99,474.37
Electro-Mechanical Works	2.2.1.1	33,948.22	2,212.08	-	2,212.08	36,160.30
Construction Power	2.2.1.1	1.53	72.44	-	72.44	73.97
Plant & Machinery	2.2.1.1	-	10.49	-	10.49	10.49
Land Submerged Area	2.2.1.1	7.54	-	-	-	7.54
Investigation & Survey	2.2.1.1	-	2.19	2.19	-	-
Environment and R&R Expenses	2.2.1.1	-	-	-	-	-
AUC Office Item	2.2.1.1	0.84	-	-	-	0.84
G.Total		**1,10,078.00**	**26,877.07**	**187.14**	**26,689.93**	**1,36,767.93**
Expenditure During Construction	2.2.2	1,10,416.52	80,822.38	3,872.13	76,950.25	1,87,366.77
IND AS adjustment		406.21	-	-	-	2.82
Total Carried forward to Balance Sheet		**2,20,900.74**	**1,07,699.45**	**4,059.27**	**1,03,640.18**	**3,24,137.53**

Note No. 2.2.1.1
CAPITAL WORK IN PROGRESS (PROJECT WISE)

(Rs. in Lacs)

Particulars	Residential Buildings as at 31.03.2023	Non Residential Buildings as at 31.03.2023	Roads, Bridges & Culverts as at 31.03.2023	Civil Works as at 31.03.2023	Electro-Mechanical Works as at 31.03.2023	Construction Power as at 31.03.2023	Plant & Machinery as at 31.03.2023	Land Submerged Area as at 31.03.2023	Investigation & Survey as at 31.03.2023	Environment Expenses as at 31.03.2023	Office Item as at 31.03. 2023	G.Total
Sundernagar	-	-	-	-	-	-	-	-	-	-	-	-
Sawra Kuddu HEP	-	-	-	158.51	-	-	-	-	-	-	-	158.51
Kashang HEP Stage-I	-	-	-	-	-	-	-	-	-	-	-	-
Sainj HEP	-	184.35	307.62	100.82	-	-	-	-	-	-	-	592.79
Renuka Dam Project	-	-	-	-	-	-	7.54	-	-	10.49	-	18.04
Shongtong HEP	-	-	-	80,976.61	36,160.30	48.78	-	-	-	-	-	1,17,185.69
Triveni HEP	-	-	-	-	-	-	-	-	-	-	-	-
Thana Plaun HEP	-	-	-	-	-	-	-	-	-	-	0.16	0.16
Nakthan HEP	-	-	-	-	-	-	-	-	-	-	0.68	0.68
Gyspa HEP	-	-	-	-	-	-	-	-	-	-	-	-
Surgani Sundla HEP	-	-	-	-	-	-	-	-	-	-	-	-
Deothal Chanju	-	-	51.12	-	-	-	-	-	-	-	-	51.12
Chanju-III	-	-	121.21	-	-	-	-	-	-	-	-	121.21
Berra-Dol Solar Power Project	-	-	-	-	-	-	-	-	-	-	-	-
Kashang HEP Stage-II	-	-	376.11	18,238.44	-	25.19	-	-	-	-	-	18,639.74
G.Total	**-**	**184.35**	**856.06**	**99,474.37**	**36,160.30**	**73.97**	**7.54**	**-**	**-**	**10.49**	**0.84**	**1,36,767.93**

Note No 2.2.2 EXPENDITURE DURING CONSTRUCTION

(Rs. in Lacs)

Particulars	Note No.	As at 31.03.2022	Addition during 22-23	Deletion during 22-23	Net Adj. during 22-23	As at 31.03.2023
EXPENSES (A):						
Employees' Benefits Expenses	2.2.2.1	61,703.73	6,301.36	(0.10)	6,301.27	68,005.00
Finance/Interest Cost	2.2.2.2	33,579.83	6,456.00	-	6,456.00	40,035.83
Depreciation Expenses	2.2.2.3	1,729.67	340.73	-	341.00	2,070.67
Office and Administrative Expenses	2.2.2.4	25,942.14	68,987.04	(3,872.13)	65,114.91	91,057.05
TOTAL (A)		**1,22,955.37**	**82,085.12**	**(3,872.23)**	**78,213.17**	**2,01,168.54**
Less: Miscellaneous Income	2.2.2.5	(12,538.85)	(1,262.65)	-	(1,262.65)	(13,801.50)
Less: Renukaji & Gyspa Project Depreciation adj. against Capital Reserve		-	-	-	-	-
NET EXPENDITURE (B) (Carried forward to CWIP)		**1,10,416.52**	**80,822.47**	**(3,872.23)**	**76,950.52**	**1,87,367.05**

Note No 2.2.2.1 EMPLOYEE BENEFITS EXPENSES (Expenditure During Construction):

(Rs. in Lacs)

Particulars	As at 31.03.2022	Addition during 22-23	Deletion during 22-23	Net Adj. during 22-23	As at 31.03.2023
Salaries, Wages, Allowances and Benefits	61,737.96	6,015.15	-	6,015.15	55,722.80
Contribution to Provident and Other Funds	1,036.09	35.12	-	35.12	1,000.98
Leave Salary and Pension Contribution	3,752.01	175.79	-	175.79	3,576.22
Travelling Exp.	425.67	15.20	-	15.20	410.48
Medical Exp.	587.43	35.26	(0.10)	35.16	552.27
Welfare Expenses	465.83	24.85	-	24.85	440.98
TOTAL	**68,005**	**6,301.36**	**-**	**6,301.27**	**61,703.73**

Note No 2.2.2.2 FINANCE/INTEREST COST (Expenditure During Construction):

(Rs. in Lacs)

Particulars	As at 31.03.2022	Addition during 22-23	Deletion during 22-23	Net Adj. during 22-23	As at 31.03.2023
Interest on Term Loans	39,976.26	6,454.99	-	6,454.99	33,521.26
Bank Charges/LC Charges	40.53	1.00	-	1.00	39.53
Others-FBT/Service Tax Interest	19.04	-	-	-	19.04
TOTAL	**40,036**	**6,456.00**	-	**6,456.00**	**33,579.83**

Note No 2.2.2.3: DEPRECIATION EXPENSES:

(Rs. in Lacs)

Particulars	As at 31.03.2022	Addition during 22-23	Deletion during 22-23	Net Adj. during 22-23	As at 31.03.2023
Depreciation for the year (Transferred to Profit & Loss Account)	-	-	-	-	-
Depreciation for the year (Transferred to Expenditure During Construction)	2,070.67	340.73	-	341.00	1,729.67
TOTAL	**2,071**	**340.73**	**-**	**341.00**	**1,729.67**
Depreciation written off from Capital Reserve	-	-	-	-	-

Note No 2.2.2.4:

OFFICE AND ADMINISTRATIVE EXPENDITURE (Projects Incidental Expenditure):

(Rs. in Lacs)

Particulars	Amount As at 31.03.2023	Addition during FY 2022-23	Deletion during FY 2022-23	Net Adj. during FY 2022-23	Amount As at 31.03.2022
Repairs & Maintenance Vehicle	130.50	10.14	-	10.14	120.36
Repairs & Maintenance Office Furniture & Equipments	90.45	5.04	-	5.04	85.41
Repairs & Maintenance Plant and Machinery	122.58	4.67	-	4.67	117.91
Repairs & Maintenance Buildings	629.98	28.74	-	28.74	601.24
Repairs & Maintenance Others	49.49	0.96	-	0.96	48.53
Office & Administration Expenses	41.21	0.09	-	0.09	41.12
Hospitality and Entertainment Expenses	175.59	11.56	-	11.56	164.03
Meeting Expenses	76.04	5.85	-	5.85	70.19
Misc. Expenses	140.39	0.86	-	0.86	139.52
Communication Expenses	758.91	35.90	-	35.90	723.01
Rent, Rates and Taxes	2,169.03	69.23	-	69.23	2,099.81
Consultancy Fees	809.71	72.60	-	72.60	737.11
Annual Technical Support-SAP/ AMC	3,355.05	458.06	-	458.06	2,897.00
Vehicle Running Charges & Insurance Charges	343.05	23.43	-	23.43	319.62
Hired Vehicle Expenses	2,352.26	236.67	-	236.67	2,115.59
Training & Seminar	289.52	2.06	-	2.06	287.46
Fees & Subscription	42.60	0.21	-	0.21	42.40
Electricity & Water Expenses	488.26	31.66	-	31.66	456.60
Printing & Stationary	309.96	20.22	-	20.22	289.73
Books, Periodicals & Newspapers	80.35	4.99	-	4.99	75.36
Freight & Labour Charges	49.18	1.27	-	1.27	47.91
Insurance	48.95	3.39	-	3.39	45.56
Raising Day Expense	33.36	0.05	-	0.05	33.31
Legal & Professional Charges	456.43	19.58	-	19.58	436.85
Postage & Telegram Expenses	31.30	1.57	-	1.57	29.72
Publicity & Advertisement Expenditure	319.71	16.24	-	16.24	303.47
Expenditure on Transit Camps/Guest House	46.35	1.27	-	1.27	45.08
Business Promotion Expenses	263.41	70.68	-	70.68	192.73
Power/ Water Park	42.79	-	-	-	42.79
Foreign Exchange Variation Cost	55.36	-	-	-	55.36
Land Acquisition Expenses	10.81	0.17	-	0.17	10.63
LADA	4,905.06	985.00	-	985.00	3,920.06
Relief and Rehabilitation Costs	7,397.67	995.27	-	995.27	6,402.40
Environmental and Ecology exp.	67,278.04	62,297.82	-	62,297.82	4,980.23
Expenditure on Enabling Assets	51.24	-	-	-	51.24
CAT Plan	6,884.04	-	-	-	6,884.04
Study and Research	43.68	5.31	-	5.31	38.37
Survey & Investigation	9,702.72	414.68	-	414.68	9,288.04
Construction Power HPSEBL 1-8-1	239.56	-	-	-	239.56

Environment Management Plan	1,099.06	45.56	-	45.56	1,053.51
Fuel Expenses Data Centre	9.11	-	-	-	9.11
Gift & Presentation A/c (Pending Allocation)	3.39	-	-	-	3.39
Honorarium & Stipend	225.68	0.19	-	0.19	225.49
Incidental Expenses-Power Water & Parks	(42.53)	-	-	-	(42.53)
Outsourced Manpower Expenses (Pending Allocation)	4,945.58	708.00	-	708.00	4,237.58
Reatain 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)	86.46	6.17	-	6.17	80.29
Wages (Daily Paid Staff) (Project)	4.57	-	-	-	4.57
Remuneration to Auditors	31.42	4.54	-	4.54	26.88
Consumables Stores	103.83	5.07	-	5.07	98.76
Transmission Lines	12.00	-	-	-	12.00
Common Cost (HO & SNR)	(14,199.76)	2,381.42	(3,872.13)	(1,490.71)	(12,709.05)
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(proportio) 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 Settelment	(252.96)	-	-	-	(252.96)
AUC Incidental Investment Clearing Account	(6,041.42)	-	-	-	(6,041.42)
Financial Charges on Lease	8.81	0.85	-	0.85	7.96
Interest/Penalty	0.31	0.31	-	-	-
TOTAL	**91,057.05**	**68,987.04**	**(3,872.13)**	**65,114.91**	**25,942.14**

Note No 2.2.2.5

MISCELLANEOUS INCOME TRANSFERRED TO EXPENDITURE DURING CONSTRUCTION:

(Rs. in Lacs)

Particulars	Amount As at 31.03.2023	Addition during FY 2022-23	Deletion during FY 2022-23	Net Adj. during FY 2022-23	Amount As at 31.03.2022
Interest from Banks Deposits/FDR's	(2,123.59)	(1.58)	-	(1.58)	(2,122.00)
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	(0.72)	-	-	-	(0.72)
Income from Contractors	-	-	-	-	-
Income from Transit Camp/Guest House	-	-	-	-	-
Gain on sale of Assets	(1.16)	-	-	-	(1.16)
Miscellaneous Receipts	(11,659.20)	(1,261.06)	-	(1,261.06)	(10,398.14)
TOTAL	**(13,801)**	**(1,262.65)**	**-**	**(1,262.65)**	**(12,538.85)**

Note 2.3.1 INVESTMENT PROPERTY

As at 31-3-23

(Rs. in Lacs)

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
Building-Investment	46.91	-	-	46.91	19.85	0.00	-	21.26	25.65	27.06
Total	**47**	-	-	**47**	**20**	**0**	-	**21**	**26**	**27**

As at 31-3-22

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2021	Addition during the year	Deductions/ Adjustments	As at 31.03.2022	As at 01.04.2021	Addition during the year	Deductions/ Adjustments	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Building-Investment	46.91	-	-	46.91	18.44	1.41	-	19.85	27.06	28.47
Total	**47**	-	-	**47**	**18**	**1**	-	**20**	**27**	**28**

Sub Note 2.4.1 OTHER INTANGIBLE ASSETS

(Rs. in Lacs)

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	69.14	32.30	-	101.44	52.98	5.87	-	58.85	42.59	16.16
Total	**69.14**	**32.30**	-	**101.44**	**52.98**	**5.87**	-	**58.85**	**42.59**	**16.16**

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2021	Addition during the year	Deductions/ Adjustments	As at 31.03.2022	As at 01.04.2021	Addition during the year	Deductions/ Adjustments	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Software	69.14	-	-	69.14	48.49	4.49	-	52.98	16.16	20.65
Total	**69.14**	-	-	**69.14**	**48.49**	**4.49**	-	**52.98**	**16.16**	**20.65**

NON CURRENT ASSETS

2.7 OTHER NON CURRENT ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Capital Advances:		
Advances to Suppliers and Contractors		
Covered by Bank Guarantee		
Unsecured Considered Good		
Others	-	-
Loans and Advances to Related Parties	4,163.50	5,781.31
Unsecured Considered Good	-	-
Less: Provision for Doubtful Advances	60.50	60.50
Advances to Govt Departments	(60.50)	(60.50)
Advances to Others		
Others- Secured Considered Good	54.99	46.26
Others- Unsecured Considered Good	191.44	383.34
Total Advances (A)	**4,409.93**	**6,210.91**

Others		
Recoverable from Contractors		
Others- Secured Considered Good	-	-
Others- Unsecured Considered Good	1,560.19	1,560.19
Recoverable from staff	-	-
Deposits with Income Tax Authorities	7,655.07	7,599.29
Deposits with Courts	-	-
Other Recoverable	20.44	19.21
Capital Stores at Cost		
Other Items		
Grant Receivables- Non Current	60,729.56	97,189.90
Prepaid Expenses	-	2.99
Deferred Empoyee Benefits Expense	-	-
Total - Others (B)	**69,965.25**	**1,06,371.57**
Total Other Non- Current Assets (C)=(A+B)	**74,375.18**	**1,12,582.48**

CURRENT ASSETS

2.8 INVENTORIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Inventories	72.43	40.36
Loose Tools	86.41	89.69
Stores and Spares	792.44	744.33
Less: Provision for Shortage of store and Obsolescence		
TOTAL	**951.29**	**874.37**

2.9 TRADE RECEIVABLES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Secured considered good		
Unsecured considered good		
Sale of Power	1,037.36	484.80
Others(HPTCL)	23.77	23.77
TOTAL	**1,061.13**	**508.57**

2.10 CASH AND CASH EQUIVALENTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Term Deposits (having original maturity of upto 3 months)		
Cash and Bank Balances		
Cash in Hand	0.27	0.18
Stamps in Hand	0.16	0.15

Balances with Banks	-	-
Current Deposits	13,209.94	1,608.20
Term Deposits with maturity period up o 3 months	-	-
TOTAL	**13,210.37**	**1,608.53**

2.11 BANK BALANCE - OTHER THAN ABOVE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Earmarked Balance (Unpaid Dividend)		
Margin Money for Pledged Deposits	-	-
Other Term Deposits having maturity period for more than 3 months	-	-
Margin Money for BG/ Letter of Credit	3,116.68	3,320.18
TOTAL	**3,116.68**	**3,320.18**

2.12 LOANS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Security Deposit		
Secured Considered Good	-	-
Unsecured Considered Good	0.62	60.65
Doubtful		
Recoverable from Staff	0.24	1.98
Advances to Employees		
Secured considered good	-	-
Unsecured Considered Good	0.33	0.03
Doubtful	-	-
TOTAL	**1.19**	**62.65**

2.13 OTHER ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Interest Accrued but not due on Deposits with Banks	59.82	35.54
Interest Recoverable	17.56	18.71
Amount Receivable from Others	358.90	228.58
Amount Recoverable from Contractor & Suppliers	19,123.37	19,294.07
Less: Provision for Doubtful Recoverable from contractor & suppliers	(13,034.42)	(13,034.42)
TOTAL	**6,525.23**	**6,542.48**

2.14 OTHER CURRENT ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Advances Others		
Secured Considered Good	-	-
Unsecured Considered Good	21.89	21.89
Advances to Suppliers & Contractors		
Secured Considered Good	-	-
Unsecured Considered Good	4,834.15	4,416.62
Advances to Govt Department		
Secured Considered Good	-	-
Unsecured Considered Good	750.80	634.92
Others		
Prepaid Expenses	804.46	312.85
Amount Recoverable from tax authorities	-	10.18
Deposit with Courts	38,775.33	21,179.57
Other Recoverable	15.41	0.00
Recv from Rent	29.92	29.92
TOTAL	**45,231.96**	**26,605.94**

2.15 EQUITY SHARE CAPITAL

Particulars	as at March 31, 2023		as at March 31, 2022	
	No. of Shares	Share Capital	No. of Shares	Share Capital
AUTHORISED Equity Shares of par Value of Rs 1,000/- each	2,50,00,000	2,50,000	2,50,00,000	2,50,000
ISSUED, SUBSCRIBED AND FULLY PAID UP Equity Shares of par Value of Rs 1,000/- each fully paid up	2,30,24,779	2,30,247.79	2,25,10,279	2,25,102.79
TOTAL		**2,30,247.79**		**2,25,102.79**

2.15.1 DETAIL OF SHAREHOLDING HOLDING MORE THAN 5% SHARES IN THE COMPANY

Particulars	as at March 31, 2023		as at March 31, 2022	
	No. of Shares	%	No. of Shares	%
Government of Himachal Pradesh (GoHP)	98,45,491	42.76	93,30,991	41.45
Himachal Pradesh Infrastructure Development Board	1,18,71,507	551.56	1,18,71,507	52.74
Himachal Pradesh Electricity Board Limited	13,07,751	5.68	13,07,751	5.81
TOTAL	**2,30,24,729**	**100.00**	**2,25,10,229**	**100.00**

2.15.2 THE RECONCILIATION OF SHARES OUTSTANDING IS SET OUT BELOW:

(Rs. in Lacs)

Particulars	as at March 31, 2023		as at March 31, 2022	
	No. of Shares	Share Capital	No. of Shares	Share Capital
No. of shares at the beginning	2,25,10,279	2,25,102.79	2,18,77,133	2,18,771.33
No. of shares issued during the year	5,14,500	5,145.00	6,33,146	6,331.46
No. of shares bought Back during the year	-	-	-	-
No. of shares at the end	**2,30,24,779**	**2,30,247.79**	**2,25,10,279**	**2,25,102.79**

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital : **1) For FY 2022-23** (Rs. in Lacs)

Balance as at 1st April, 2022	Changes in equity shares capital due to prior period errors	Restated balance as at 1st April, 2022	Changes in equity shares capital during the year	Balance as at 31st March, 2023
2,25,102.79	-	2,25,102.79	5,145.00	2,30,247.79

2) For FY 2021-22

Balance as at 1st April, 2021	Changes in equity shares capital due to prior period errors	Restated balance as at 1st April, 2021	Changes in equity shares capital during the year	Balance as at 31st March, 2022
2,18,771.33	-	2,18,771.33	6,331.46	2,25,102.79

B. Other Equity **1) For FY 2022-23**

	Share application on money pending allotment	Equity component of compound financial instrument	Reserve & Surplus				Total
			Capital Reserve	Securities Premium	Other Reserve (Specify nature)	Retained Earning	
Balance as on 1st, April, 2022	275.00	-	-	-	-	-68,467.62	(68192.62)
Changes in accounting policy or prior period errors	-	-	-	-	-	21.50	21.50
Restated balance at the beginning of the current reporting period	275.00	-	-	-	-	-68,446.12	(68171.12)
Total comprehensive Income for the current year	-	-	-	-	-	206.55	206.55
Dividends	-	-	-	-	-	0.00	0.00
Transfer to retained earnings	-	-	-	-	-	-9,330.28	(9330.28)
Any other change	1,590.00	-	-	-	-	0.00	1590.00
Balance as on 31st March, 2023	1,590.00	-	-	-	-	-77,569.85	(75704.85)

2) For FY 2021-22

	Share application on money pending allotment	Equity component of compound financial instrument	Reserve & Surplus				Total
			Capital Reserve	Securities Premium	Other Reserve (Specify nature)	Retained Earning	
Balance as on 1st, April, 2021	-	-	-	-	-	-57,697.84	(57697.84)
Changes in accounting policy or prior period errors	-	-	-	-	-	364.27	364.27
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-57,333.57	(57333.57)
Total comprehensive Income for the current year	-	-	-	-	-	-171.32	(171.32)
Dividends	-	-	-	-	-	0.00	0.00
Transfer to retained earnings	-	-	-	-	-	-10,962.73	(10962.73)
Any other change	275.00	-	-	-	-	0.00	275.00
Balance as on 31st March, 2022	275.00	-	-	-	-	-68,467.62	(68192.62)

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(B.L. Verma)	(Sudershan K. Sharma)	(Shivam Pratap Singh)	(Harikesh Meena)
A.G.M. (Finance)	Consultant	Director (Finance)	Managing Director
	Company Secretary	DIN No. 10243812	DIN No. 09333558

This is the Statement of Changes in Equity referred to our reort of even date

For Soni Gulati & Co., Chartered Accountants, FRN No. 008770N
Sd/-
(CA Suresh Chand Soni), Partner, Membership No. 083106

Place: Shimla
Date: 12/01/2025

NON CURRENT LIABILITIES

2.17 BORROWINGS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Term Loans		
From Banks:	-	-
A. Secured		
From UCO Bank	-	-
From PFC Loan Shongtong	18,147.95	-
Total (A)	**18,147.95**	**-**
B. Unsecured:		
Government of Himachal Pradesh Loan for Shongtong HEP *(Rate of Interest 3.83% p.a. payable in half yearly instalments from July 2018 to January 2028)*	4,129.46	5,162.46
Government of Himachal Pradesh Loan for Shongtong HEP *(Rate of Interest 0.75% p.a. payable in half yearly instalments from July 2023 to January 2053)*	4,793.96	4,959.26
Government of Himachal Pradesh Loan		
Government of Himachal Pradesh Loan (Trench 1) *(Rate of Interest 10% pa payable in yearly instalments of principal & interest from April 18 to January 2023)*	-	-
Government of Himachal Pradesh Loan (Trench 2) *(Rate of Interest 10% pa payable in yearly instalments of principal & interest from April 18 to January 2025)*	2,771.88	5,543.77
Government of Himachal Pradesh Loan (Trench 3) *(Rate of Interest 10% pa payable in yearly instalments of principal & interest from April 18 to Jauaryn 2026)*	21,062.43	31,579.78
Government of Himachal Pradesh Loan (Trench 4) *(Rate of Interest 10% pa payable in yearly instalments of principal & interest from April 18 to January 2027)*	12,226.69	17,134.19
Government of Himachal Pradesh Loan (SEC.TRM.LOAN HP Govt)	-	-
Unsecured Term Loan Chanju-III - AFD *(Rate of Interest 2.39 % pa payable in semi annual instalments for each calender half year on or before 15th January/ 15th July succeeding half year to which the interest relates)*	35.55	-
Unsecured Term Loan Deothal Chanju - AFD *(Rate of Interest 2.39 % pa payable in semi annual instalments for each calender half year on or before 15th January/ 15th July succeeding half year to which the interest relates)*	22.21	-
Total (B)	**45,042.18**	**64,379.46**
Total Term Loans from Banks (A+B)	**63,190.13**	**64,379.46**

2.18 LEASE LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Lease Liabilites -Non Current	65.46	682.92
Total	**65.46**	**682.92**

2.19 OTHER FINANCIAL LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Deposits, Retention Money from Contractors and Others	2,108.99	1,278.71
Liabiities For Contractors & Suppliers	0.21	0.14
Provision for Expenses	2,036.42	3,104.66
Deferred Repayment of Interest of GoHP Loan	-	-
Total	**4,145.63**	**4,383.51**

NON CURRENT LIABILITIES

2.20 PROVISIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Unfunded Employee benefit		
Pension Contribution	1,472.64	1,241.44
Gratuity	1,736.63	1,620.79
Leave Encashment	4,107.72	3,832.89
TOTAL	**7,316.99**	**6,695.12**

2.21 DEFERRED TAX LIABILITIES (NET)

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Deferred Tax Liabilities	-	-
TOTAL	**-**	**-**

2.22 OTHER NON-CURRENT LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Capital Grant government of India		
(A) Utilised Grant		
Renuka		
Opening Balance	1,70,788.37	1,23,156.97
Addition during the year	76,783.35	47,631.40
Less: Accumulated Depreciation on Fixed Assets	263.47	240.31
Less: Accumulated Depreciation on Fixed Assets write-off during the year	0.03	0.03
Closing Balance	2,47,308.22	1,70,548.02
Gyspa		
Opening Balance	1,272.92	1,250.93
Addition during the year	9.84	21.99
Less: Accumulated Depreciation on Fixed Assets	43.24	39.84
Closing Balance	1,239.51	1,233.08
Total Utilised Grants	**2,48,547.73**	**1,71,781.10**

CURRENT LIABILITIES

2.23 BORROWINGS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Secured		
From Banks		
From UCO Bank	-	1,639.46
From PFC Loan Shongtong		
From Others		
From KCCBL	0.10	13,966.58
HPSCBL CCL	1,537.65	3,359.15
Unsecured		
Government of Himachal Pradesh Loan	2,08,506.73	1,89,111.69
TOTAL	**2,10,044.48**	**2,08,076.89**

2.24 LEASE LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Lease Liabilities	678.69	167.16
TOTAL	**678.69**	**167.16**

2.25 TRADE PAYABLES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Trade Payables	-	-
TOTAL	**-**	**-**

2.26 OTHER FINANCIAL LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Liabilities for employees Remuneration and Benefit	167.13	128.33
Interest Accrued and due on Loan	2,20,326.37	1,96,030.03
Salary & Other Exps. Payable to Employees	0.10	-
Advance for Deposit Work	100.10	0.10
Deposits, Retention Money from Contractors and Others	1,418.60	8,814.23
Liabilities for Government Departments	64,956.89	98,629.35
Liabilities for Contractors & Suppliers	2,317.57	2,580.16
Provision for Expenses	22,437.51	10,334.29
Taxes and Duties Payable	206.84	136.28
Other Liabilities	-	-
Interest Accrued but not due on Loan (PFC)	70.94	-
TOTAL	**3,12,002.04**	**3,16,652.76**

2.27 PROVISIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Unfunded Employee benefit		
Gratuity	-	-
Leave Encashment	-	-
Provision for Income Tax	0.30	-
TOTAL	**0.30**	**-**

2.28 REVENUE FROM OPERATIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Sales		
Energy Sales	38,461.72	40,033.91
Less: Purchase of Power (RTM)	(11.07)	(17.82)
Total Energy Sale(A)	**38,450.66**	**40,016.09**
Sale of Services		
Rent from Property	37.94	39.76
Total Sale of Services (B)	**37.94**	**39.76**
Total Revenue from Operations(C)=(A+B)	**38,488.59**	**40,055.85**

2.29 OTHER INCOME

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Miscellaneous Income	206.43	114.34
TOTAL	**206.43**	**114.34**
#Miscellaneous Income		
Income for providing Design works/Lab Receipt	1.01	0.09
Interest from Banks	5.49	7.82
Late Payment Surcharge	32.85	5.45
Rebate NRLDC Fee Chg	6.19	1.81
Interest on Bank Deposit - FDR's	73.30	25.24
Others	87.59	73.94
TOTAL	**206.43**	**114.34**

2.30 EMPLOYEE BENEFITS EXPENSES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Salaries, Wages, Allowances and Benefits	2,215.87	2,290.67
Contribution to Provident and Other Funds	146.11	95.61
Leave Salary and Pension Contribution	174.92	335.04
Welfare Expenses	167.28	276.58
TOTAL	**2,704.19**	**2,997.90**

2.31 FINANCE COSTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Bank Charges	0.06	0.14
Interest on Term Loans	19,603.57	19,653.32
Interest on Other Loan (KCCB, HPSCBL)	709.64	624.04
TOTAL	**20,313.27**	**20,277.51**

2.32 DEPRECIATION AND AMORTIZATION EXPENSE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Depreciation for the Year	20,722.13	20,588.86
Depreciation charged to Statement of Profit & Loss	**20,722.13**	**20,588.86**

2.33 OTHER EXPENSES
OFFICE AND ADMINISTRATIVE EXPENDITURE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Repair and Maintenance		
Buildings	90.25	75.14
Roads	97.29	119.54
Plant & Machinery	1,396.84	854.18
Office Equipments & Furnitures	0.90	0.87
Civil Works	313.77	339.62
Vehicles	0.10	0.42
TOTAL (A)	**1,899.15**	**1,389.76**
Expenses related to sales of power		
Expenses in relation to sale of power	1,177.82	4,388.99
Free Power	67.66	62.09
Rebate to Customers	56.87	37.12
TOTAL (B)	**1,302.36**	**4,488.21**
Expenses related to sales of power		
Rent, rates and Taxes	3.86	3.25
Insurance - Other Assets	558.08	330.90
Electricity & Water Charges	38.48	35.66
Travelling & Conveyance	2.30	1.17
Training Expenses	0.60	0.41
Legal and Professional Charges	118.82	74.44
Communication Expenses	11.69	11.06
Printing & Stationery	4.53	5.12
Statutory Audit Fees	8.29	7.85
Consultancy fees	5.48	3.03

Publicity and Advertisement Expenses	1.79	16.32
Hiring of Vehicles	150.78	137.54
Vehicle Running Charges and Insurance Charges	1.30	4.15
Annual Technical Support- SAP	2.14	1.48
Fees and subscription	17.85	5.00
Expenses on Transit Camps	0.38	0.34
Books & Periodicals	1.47	1.07
Hospitality and Entertainment Expense	1.96	2.43
Freight and Labour Charges	0.06	0.03
Postage and Telegram Expenses	0.31	0.37
Raising Day Expense	0.64	10.95
Meeting Expenses	0.38	0.44
Environment & Ecology Expenses	39.28	(24.95)
Office Expenses	31.03	23.31
Interest & penalties under I.Tax	0.09	0.38
Loss on Sale of Fixed Assets	0.23	59.54
Miscellaneous Expenses	6.50	199.34
CAT Plan Expenses	75.77	(0.00)
Training Expense O&M	-	-
Contribution to IIIT	-	480.00
Intt../Penalty- Entry	-	0.06
Prior Period Expense	0.12	-
TOTAL (C)	**1,084.19**	**1,390.69**
GRAND TOTAL (A) + (B) + (C)	**4,285.70**	**7,268.66**

2.34 OTHER COMPREHENSIVE INCOME

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
A. Items that will not be reclassified to profit & loss		
(ii) Remeasurement of the defined benefit plans	(206.55)	171.32
TOTAL	**(206.55)**	**171.32**

2.35 EARNING PER SHARE BASIC AND DILUTED

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Net Profit after Tax	(9,123.73)	(11,134.05)
Weighted Average Number of Shares	227.68	225.10
Face Value of Share	1,000	1,000
EPS	-40.07	-49.46

2.38 DISCLOSURE ON FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

i) Fair Value Measurement

a) Financial Instruments by Category

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
		Amortised Cost	Amortised Cost
Financial Assets			
Non Current Financial Assets			
(i) Investments	2.5		
(ii) Loans	2.6	151	89
(iii) Others	2.7		
Bank Deposits with more than 12 Months Maturity			
Current Financial Assets			
(i) Trade Receivables	2.9	1,061	509
(ii) Cash and Cash Equivalents	2.10	13,210	1,608
(iii) Bank Balance other than above	2.11	3,117	3,320
(iv) Loans	2.12	1	63
(v) Other Assets			
Interest Accrued	2.13	60	36
Other Recoverable	2.13	19,500	19,542
Total Financial Assets		**37,100**	**25,166**
Financial Liabilities			
(i) Long Term Borrowings			
a) Term Loans Financial Institutions	2.17		
b) Term Loans from Others	2.17 & 2.19		-
(ii) Deposits / retention non current	2.19	63,190	64,379
Current Financial Liabilities		4,146	4,384
(iii) Other Financial Liabilities			
a) Current Maturity of Term Loans Financial Institutions	2.26		
b) Current Maturity of Term Loans other	2.26		-
c) Deposit/Retention Money	2.26		-
d) Liability against Capital Works	2.26	1,419	8,814
e) Other Payables	2.23 & 2.26	2,318	2,580
		3,09,703	3,24,205
Total Financial Liabilities		**3,80,775**	**4,04,363**

Note :- The Company does not classify any financial Assets/ Financial Liabilities at fair value through profit and Loss and other comprehensive Income

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

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2023			As at March 31, 2022		
		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

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2023			As at March 31, 2022		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets							
(I) Loans to employees & Others	2.6 & 2.12		152			152	
(ii) Other		-	-	-	-	-	-
Bank deposits with more than 12 months maturity		-	-	-	-	-	-
Total Assets		**-**	**152**	**-**	**-**	**152**	**-**
Financial Liabilities							
(I) Long term Borrowings (incl. current Maturity & Interest)	2.17 & 2.26		2,83,587			2,60,409	
(ii) Deposit / Retention Money (Including Current)	2.17 & 2.26	-	5,945.47	-	-	13,162	-
Total Liabilities		**-**	**2,89,533**	**-**	**-**	**2,73,571**	**-**
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.

The company has a team that performs the valuation of financial assets and liabilities required for financial reporting purpose

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

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2023		As at March 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
(I) Loans to employees & Others	2.6 & 2.12	152	152	152	152
(ii) Other		-	-	-	-
Bank deposits with more than 12 months maturity		-	-	-	-
Total Assets		**152**	**152**	**152**	**152**
Financial Liabilities					
(I) Long term Borrowings (incl. current Maturity & Interest)	2.17 & 2.26	2,83,587	2,83,587	2,60,409	2,60,409
(ii) Deposit / Retention Money (Including Current)	2.17 & 2.26	5,945	5,945	13,162	13,162
Total Liabilities		**2,89,533**	**2,89,533**	**2,73,571**	**2,73,571**

Significant Estimates:
The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Deposits/ Retention money are fair valued using the domestic borrowing rate applicable to the company at the year end .

2.37 DISCLOSURE AS PER IND AS 8 - 'ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS'

(A) Restatement for the year ended 31st March 2022 and as at 1st April 2021

In accordance 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 2022 and 1st April 2021 (beginning of the preceding period) and Statement of Profit and Loss and Statement of Cash Flows for the year ended 31st March 2022 for the reasons as stated in the notes below.

Reconciliation of Restated items of Balance Sheet as at 31st March 2022 & 1st April 2021 :

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2022			As at April 1, 2021		
		As Previously Reported	IND AS 8 Adjustment	As Restated	As Previously Reported	IND AS 8 Adjustment	As Restated
Capital Work-in-Progress	(i)	2,20,497.35	31.40	2,20,528.75	1,92,903.62	371.98	1,93,275.61
Extract Total			**31.40**			**371.98**	
Other Equity	(i)	(68,556.89)	21.50	(68,535.40)	(57,697.84)	364.27	(57,333.57)
Provision for expenses	(i)	10,316.67	9.91	10,326.58	6,014.11	7.71	6,021.82
Extract Total			**31.40**			**371.98**	

Reconciliation of Restated items of Statement of Profit and Loss for the year ended 31st March 2022

(Rs. in Lacs)

Finance Costs		20,277.51	(31.40)	20,246.10
Other Expenses	(i)	7,268.66	4.61	7,273.26
Employee Benefit Expenses	(i)	2,997.90	5.30	3,003.20
Profit after Tax				

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, 2023 and 31st March, 2022. 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. The Company invests surplus cash in short term deposits with scheduled Banks.

(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 note 2.19, 2.21, 2.25 & 2.28)

(Rs. in Lacs)

As at 31st March, 2023						
Contractual maturities of financial liabilities	Note No.	Outstanding Debt on 31.03.2023	Within one Year	More than 1 year & less than 3 Years	More than 3 year & less than 5 Years	More than 5 Years
1. Borrowings (including interest accrued but not due)	2.19, 2.28	4,92,094	4,27,433	37,698	4,789	22,175
2. Other current & financial liabilities	2.21,2.25& 2.28	32,164	28,018	4,146	-	-

(Rs. in Lacs)

As at 31st March, 2022						
Contractual maturities of financial liabilities	Note No.	Outstanding Debt on 31.03.2022	Within one Year	More than 1 year & less than 3 Years	More than 3 year & less than 5 Years	More than 5 Years
1. Borrowings (including interest accrued but not due)	2.18, 2.20, 2.24 & 2.27	2,55,130	1,90,751	50,502	8,918	4,959
2. Other current & financial liabilities	2.20 & 2.27	5,29,096	5,24,712	4,384	-	-

(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 2023	As At 31st March 2022
Fixed Rate Borrowings	45,042	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 (in lacs) are as follows :

Particulars	As At 31st March 2023			As At 31st March 2022		
Foreign Currency	USD	Euro	CHF	USD	Euro	CHF
Financial Assets						
Net Exposure to foreign currency risk (asset)	7.92	0.84	0	7.92	0	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**	**7.92**	**0**	**0**
Net Exposure to foreign currency risk (A-B)	**7.92**	**0.84**	**0**	**7.92**	**0**	**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, 2023.

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 2023	As At 31st March 2022
a) Loans and Borrowings	2,55,086.79	2,72,456.00
b) Trade and Other Payables	5,72,012.68	4,99,495.00
b) Less: Cash and Cash Equivalents	13,210.00	1,609.00
c) Net Debt	8,13,889.47	7,70,342.00
d) Total Capital	1,54,543.00	1,56,546.00
e) Capital and Net Debt	9,68,432.47	9,26,888.00
f) Gearing Ratio (%age)	**84.04**	**83.11**

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, which is funding agency to the State Government.

(c) Dividends:

The Company started commercial operation during the year 2016-17and total cumulative loss as on 31.03.2023 is Rs. 75704.84 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 31.3.2023, aggregating to approx. Rs. 91440.77 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. As the amounts recommended by the Dispute Boards (DBs) are much less than the amounts claimed by the contractors, the claims on account of further interest and escalation, if any, have not been considered.

(Rs. in Lacs)

Particulars	As At 31st March 2023	As At 31st March 2022
Capital Works	91,440.77	77,378.51
Land Compensation	76,100.36	79,245.46
Others	4,875.96	457.52
TOTAL	**1,72,417.09**	**1,57,081.49**

(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.76100.36 Lacs as on 31.03.2023, before various authorities/courts. Company has shown the same as contingent liability as the matter is subjudice. Further, so far as the liabilities of enhanced compensation in 504 number cases in respect of Renukaji Dam Project is concerned; the same cannot be ascertained till the decision of the Ld. Court. However, efforts are being made to calculate the tentative amount in due course of time.

(iii) Others:

a) Claims on account of other matters as on 31.03.2023, amounting to Rs. 4875.96 Lacs, mainly on account of claims for EPF, Data Centre & building etc.

The above is summarized below as at 31.03.2022:

(Rs. in Lacs)

Particulars	Claims as on 31.03.2023	Provision Against the Claims	Contingent Liability as on 31.03.2023	Contingent Liability as on 31.03.2022	Addition 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

The above is summarized as at 31.03.2022 below

(Rs. in Lacs)

Particulars	Claims as on 31.03.2022	Provision Against the Claims	Contingent Liability as on 31.03.2022	Contingent Liability as on 31.03.2021	Addition of Contigent Liability for the period
Capital Works	77,378.51	0	77,378.51	80,166.75	-2,788.24
Land Compensation	79,245.46	0	79,245.46	1,68,618.40	-89,372.94
Others	457.52	0	457.52	5,489.65	-5,032.13

(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 2023	As At 31st March 2022
Civil Work	40,930.73	60,816.73

2.43 ESTIMATED AMOUNT OF COMMITMENTS NOT PROVIDED FOR IS AS UNDER:

(In Lacs)

Particulars	Currency	As At 31st March 2023	As At 31st March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	INR	1,13,318.13	82,322.38
	Euro	54.15	702.58
	US$	6.33	41,32.78

2.44 THE EFFECT OF FOREIGN EXCHANGE FLUCTUATION DURING THE YEAR IS AS UNDER:

(Rs. in Lacs)

S.No.	Particulars	Year ended 31.03.2023	Year ended 31.03.2022
(i)	Amount Charged to Statement of Profit and Loss Account excluding depreciation	54.94	21.91 (Net)
(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:

a) 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 as per the formula devised by them.

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 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 gratuity plan and the amounts recognized inthe Company's financial statements as at balance sheet date:

(Amount in Rs.)

Assets / Liability	31.03.2022	31.03.2023
a. Present value of obligation	162,078,774	173,663,047
b. Fair value of plan assets	-	-
c. Net assets / (liability) recognized in balance sheet as provision	(162,078,774)	(173,663,047)

Plan Liability:-

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

(Amount in Rs.)

Date Ending	31.03.2022	31.03.2023
Present value of obligation as at the end of the period	162,078,774	173,663,047

(Amount in Rs.)

Service Cost	31.03.2022	31.03.2023
a. Current Service Cost	14,994,017	15,822,300
b. Past Service Cost including curtailment Gains/Losses	-	-
c. Gains or Losses on Non routine settlements	-	-
d. Total Service Cost	14,994,017	15,822,300

(Amount in Rs.)

Net Interest Cost	31.03.2022	31.03.2023
a. Interest Cost on Defined Benefit Obligation	9,383,069	11,702,087
b. Interest Income on Plan Assets	-	-
c. Net Interest Cost (Income)	9,383,069	11,702,087

(Amount in Rs.)

Change in Benefit Obligation	31.03.2022	31.03.2023
a. Present value of obligation as at the beginning of the period	137,986,302	162,078,774
b. Acquisition adjustment	-	-
c. Interest Cost	9,383,069	11,702,087
d. Service Cost	14,994,017	15,822,300
e. Past Service Cost including curtailment Gains/Losses	-	-
f. Benefits Paid	(1,364,670)	(8,149,807)
g. Total Actuarial (Gain)/Loss on Obligation	1,080,056	(7,790,307)
h. Present value of obligation as at the End of the period	162,078,774	173,663,047

(Amount in Rs.)

Bifurcation of Actuarial Gain/Loss on Obligation	31.03.2022	31.03.2022
a. Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-	-
b. Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(8,058,500)	(3,131,494)
c. Actuarial (Gain)/Loss on arising from Experience Adjustment	9,138,556	(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.

(Amount in Rs.)

Balance Sheet and related analysis	31.03.2022	31.03.2023
a. Present Value of the obligation at end	162,078,774	173,663,047
b. Fair value of plan assets	-	-
c. Unfunded Liability/provision in Balance Sheet	(162,078,774)	(173,663,047)

(Amount in Rs.)

The amounts recognized in the income statement	31.03.2022	31.03.2023
a. Total Service Cost	14,994,017	15,822,300
b. Net Interest Cost	9,383,069	11,702,087
c. Expense recognized in the Income Statement	24,377,086	27,524,387

(Amount in Rs.)

Other Comprehensive Income (OCI)	31.03.2022	31.03.2023
a. Net cumulative unrecognized actuarial gain/(loss) opening	-	-
b. Actuarial gain / (loss) for the year on PBO	(1,080,056)	7,790,307
c. Actuarial gain /(loss) for the year on Asset	-	-
d. Unrecognized actuarial gain/(loss) at the end of the year	(1,080,056)	7,790,307

(Amount in Rs.)

Change in Net Defined Benefit Obligation	31.03.2022	31.03.2023
a. Net defined benefit liability at the start of the period	137,986,302	162,078,774
b. Acquisition adjustment	-	-
c. Total Service Cost	14,994,017	15,822,300
d. Net Interest cost (Income)	9,383,069	11,702,087
e. Re-measurements	1,080,056	(7,790,307)
f. Contribution paid to the Fund	-	-
g. Benefit paid directly by the enterprise	(1,364,670)	(8,149,807)
h. Net defined benefit liability at the end of the period	162,078,774	173,663,047

(Amount in Rs.)

Bifurcation of PBO at the end of year in current and non current	31.03.2022	31.03.2023
a. Current liability (Amount due within one year)	10,008,744	11,996,351
b. Non-Current liability (Amount due over one year)	152,070,030	161,666,696
Total PBO at the end of year	**162,078,774**	**173,663,047**

(Amount in Rs.)

Expected contribution for the next Annual reporting period	31.03.2022	31.03.2023
a. Service Cost	15,848,713	16,959,501
b. Net Interest Cost	11,702,087	12,816,333
c. Expected Expense for the next annual reporting period	27,550,800	29,775,834

(Amount in Rs.)

Sensitivity Analysis of the defined benefit obligation	31.03.2023
a. Impact of the change in discount rate	
Present Value of Obligation at the end of the period	173,663,047
a. Impact due to increase of 0.50%	(9,297,778)
b. Impact due to decrease of 0.50%	10,091,313
b. Impact of the change in salary increase	
Present Value of Obligation at the end of the period	173,663,047
a. Impact due to increase of 0.50%	3,840,093
b. Impact due to decrease of 0.50%	(3,938,245)

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.

(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 inthe Company's financial statements as at balance sheet date:

(Amount in Rs.)

Assets / Liability	31.03.2022	31.03.2023
a. Present value of obligation	206,910,761	224,110,793
b. Fair value of plan assets	-	-
c. Net assets / (liability) recognized in balance sheet as provision	(206,910,761)	(224,110,793)

Plan Liability

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

(Amount in Rs.)

Date Ending	31.03.2022	31.03.2022
Present value of obligation as at the end of the period	206,910,761	224,110,793

(Amount in Rs.)

Service Cost	31.03.2022	31.03.2022
a. Current Service Cost	18,755,314	20,133,280
b. Past Service Cost including curtailment Gains/Losses	-	-
c. Gains or Losses on Non routine settlements	-	-
d. Total Service Cost	18,755,314	20,133,280

(Amount in Rs.)

Net Interest Cost	31.03.2022	31.03.2023
a. Interest Cost on Defined Benefit Obligation	10,799,615	14,938,957
b. Interest Income on Plan Assets	-	-
c. Net Interest Cost (Income)	10,799,615	14,938,957

(Amount in Rs.)

Change in Benefit Obligation	31.03.2022	31.03.2023
a. Present value of obligation as at thebeginning of the period	158,817,866	206,910,761
b. Acquisition adjustment	-	-
c. Interest Cost	10,799,615	14,938,957
d. Service Cost	18,755,314	20,133,280
e. Past Service Cost including curtailment Gains/Losses	-	-
f. Benefits Paid	(925,922)	(6,303,941)
g. Total Actuarial (Gain)/Loss on Obligation	19,463,888	(11,568,264)
h. Present value of obligation as at the End of the period	206,910,761	224,110,793

(Amount in Rs.)

Actuarial Gain/Loss on Obligation	31.03.2022	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	(11,614,198)	(4,553,735)
c. Actuarial (Gain)/Loss on arising from Experience Adjustment	31,078,086	(7,014,529)

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.

(Amount in Rs.)

Balance Sheet and related analysis	31.03.2022	31.03.2023
a. Present Value of the obligation at end	206,910,761	224,110,793
b. Fair value of plan assets	-	-
c. Unfunded Liability/provision in Balance Sheet	(206,910,761)	(224,110,793)

(Amount in Rs.)

The amounts recognized in the income statement	31.03.2022	31.03.2023
a. Total Service Cost	18,755,314	20,133,280
b. Net Interest Cost	10,799,615	14,938,957
c. Net actuarial (gain) / loss recognized in the period	19,463,888	(11,568,264)
d. Expense recognized in the Income Statement	49,018,817	23,503,973

(Amount in Rs.)

Change in Net Defined Benefit Obligation	31.03.2022	31.03.2023
a. Net defined benefit liability at the start of the period	158,817,866	206,910,761
b. Acquisition adjustment	-	-
c. Total Service Cost	18,755,314	20,133,280
d. Net Interest cost (Income)	10,799,615	14,938,957
e. Re-measurements	19,463,888	(11,568,264)
f. Contribution paid to the Fund	-	-
g. Benefit paid directly by the enterprise	(925,922)	(6,303,941)
h. Net defined benefit liability at the end of the period	206,910,761	224,110,793

(Amount in Rs.)

Bifurcation of PBO at the end of year in current and non current	31.03.2022	31.03.2023
a. Current liability (Amount due within one year)	10,341,464	9,583,161
b. Non-Current liability (Amount due over one year)	196,569,297	214,527,632
Total PBO at the end of year	**206,910,761**	**224,110,793**

(Amount in Rs.)

Expected contribution for the next Annual reporting period	31.03.2022	31.03.2023
a. Service Cost	19,772,704	21,516,485
b. Net Interest Cost	14,938,957	16,539,377
c. Expected Expense for the next annual reporting period	34,711,661	38,055,862

(Amount in Rs.)

Sensitivity Analysis of the defined benefit obligation	31.03.2023
a. Impact of the change in discount rate	
Present Value of Obligation at the end of the period	224,110,793
a. Impact due to increase of 0.50%	(13,471,284)
b. Impact due to decrease of 0.50%	14,647,573
b. Impact of the change in salary increase	
Present Value of Obligation at the end of the period	224,110,793
a. Impact due to increase of 0.50%	14,489,923
b. Impact due to decrease of 0.50%	(13,456,794)

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.

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 do 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)

S.No.	Name of Customer	Revenue from Customers		Revenue from Customers as percentage of revenue	
		2022-23	2021-22	2022-23	2021-22
1.	HPSEB Limited	13,394.01	349.18	34.82%	0.87%
2.	M/s TPTCL	25,067.70	35,204.63	65.18%	87.94%
3.	M/s PTC	-	4,480.10	-	11.19%
	TOTAL REVENUE	**38,461.71**	**40,033.91**	**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. Devesh Kumar, IAS	Managing Director	25.06.2021 to 13.04.2022
Sh. Harikesh Meena, IAS		16.04.2022 to 25.05.2022
Dr. Ajay Kumar Sharma, IAS		25.05.2022 to 31.01.2023
Sh. Harikesh Meena, IAS		04.02.2023 to till date
Sh. Harikesh Meena, IAS		

Ms. Priyanka Verma, IAS	Director (Personnel & Finance)	28.06.2021 to 05.08.2022
Sh. Mukesh Repaswal, IAS		06.08.2022 to 19.01.2023
Dr. Amit Kumar Sharma, IAS		19.01.2023 to 03.07.2023
Sh. Shivam Pratap Singh, IAS		04.07.2023 to till date
Sh. Shashi Kant Joshi	Director (Electrical)	20.05.2020 to 13.10.2022
Sh. Mukesh Repaswal, IAS		20.10.2022 to 19.01.2023
Dr. Amit Kumar Sharma, IAS		19.01.2023 to 03.07.2023
Sh. Shivam Pratap Singh, IAS		04.07.2023 to till date
Sh. Surender Kumar	Director (Civil)	22.07.2021 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 2023	As At 31st March 2022
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	2022-23	2021-22
Transactions During the Year	-	-
Investment in Share Capital	-	-
Share Application Money	-	-
Amount Recoverable	-	-

2.48 REMUNERATION TO DIRECTORS & KEY MANAGERIAL PERSONNEL

(Rs. in Lacs)

Particulars	Year ended on 2022-23	Year ended on 2021-22
i) Short Term Employee Benefits	59.78	91.32
ii) Post Employment Benefits	Nil	6.17
iii) Other Long Term Benefits	Nil	Nil
iv) Termination Benefits	Nil	Nil
TOTAL	**59.78**	**97.49**

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, 2023 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 in 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 & place of Business	% of ownership Interest	Relation ship	Accounting Method	Quoted Fair value		Carrying Amount	
				31st March 2023	31st March 2022	31st March 2023	31st March 2022
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 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 2023 using the Equity Method:
Himachal EMTA Power Limited

(Rs. in Lacs)

Particulars	As At 31st March 2023	As At 31st March 2022
Current Assets		
Cash and Cash Equivalents	17.06	16.33
Other Assets	0.55	0.73
Total Current Assets	**17.61**	**17.06**
Total Non Current Assets	**3.44**	**339.06**
Current Liabilities		
Financial Liabilities	0.71	0.71
Current Liabilities	1.60	1.66
Total Current Liabilities	**2.31**	**2.37**
Non Current Liabilities		
Financial Liabilities	121.00	121.00
Other Liabilities	83.66	45.83
Total Non Current Liabilities	204.66	**166.83**
Net Assets	**-185.92**	**-148.75**

Summarised statement of Profit and Loss using Equity Method:

(Rs. in Lacs)

Particulars	As At 31st March 2023	As At 31st March 2022
Revenue	0.00	0.00
Interest Income	0.63	1.23
Other Expenses	32.56	1.01
Depreciation and Amortisation	0.00	0.00
Profit Before Tax	(31.93)	0.24
Tax Expense	0.00	0.04
Total Comprehensive Income for the Year	**(31.93)**	**0.21**

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 2022-23	Year ended on 2021-22
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 :

S.No.	Particulars	Year ended on 2022-23	Year ended on 2021-22
1)	Licensed Capacity	281MW	281MW
2)	Installed Capacity	281MW	281MW
3)	Actual Generation (million Units)	912.18 MUs	959.90MUs

2.54 PAYMENT TO AUDITORS INCLUDES:

(Rs. in Lacs)

Particulars	Year ended on 2022-23	Year ended on 2021-22
As Auditors		
Statutory Auditors	5.62	5.62
Tax Audit	1.00	1.00
Cost Audit	2.03	1.00
Other services	0.00	0.00
Reimbursement of Expenses (TA/DA)	0.27	0.00
Reimbursement of Service Tax/GST	1.56	1.05
TOTAL	**10.48**	**7.87**

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 during the year hence CSR rules are not applicable.

2.56 INFORMATION IN RESPECT OF MICRO AND SMALL ENTERPRISES AS AT 31ST MARCH 2023 AS REQUIRED BY MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

(Rs. in Lacs)

Particulars	Year ended on 2022-23	Year ended on 2021-22
a) Amount remaining unpaid to any supplier:	Nil	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 23 of MSMED Act.	Nil	Nil

2.57 Opening balances/corresponding figures for previous year/period have been re-grouped/re-arranged, wherever necessary.

2.58 STATUS OF PENDING INCOME TAX CASES AS ON DATE

I. 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.

II. 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).

III. 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.

IV. 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).

V. 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 Refunds of Rs. 1,79,47,641/- along with interest of Rs. 7,72,862/- is been 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.

VI. 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 Rs. 28,971) along with interest has been issued in favor of HPPCL and No Liability/Demand has been raised yet.

VII. For the FY 2020-21 (AY 2021-22) and FY 2021-22 (AY 2022-23), the Assessment proceedings are completed by the Assessing Officer and partial Refund has also issued after adjustment/Recovery against Demand of AY 2018-19 (i.e. Rs. 22,88,000 plus Interest)

2.59 The Company has in possession 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 Sunder Nagar:

Pre COD

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

- 15% of the total expenditure to Renuka ji 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 Sundarnagar (Design Wing) from 01st September 2016 to 31st March 2023 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 Sales-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 Sundarnagar from 01 September 2016 to 31st March 2023 in the following proportions:-

- 15% of the total income to Renuka ji 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.57.76 Lakhs only.

.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. 181.48 crores from the said loan.

2.63 DEMAND BY THE PF AUTHORITIES:

The Regional Provident Commissioner, Shimla has raised demand for the period August 2008 to June 2011 amounting to Rs 1.89 Crore on the payment made to the contractors at various projects/units of the company. The Company has filed an appeal against the order with Central Government Industrial Tribunal Chandigarh. The Ld. Tribunal had passed the stay order in favour of HPPCL subject to the deposition of 50% of the amount assessed by the Asstt. Provident Fund Commissioner, Shimla and Rs. 94,63,268/- was deposited with The Registrar, CGIT-1 Chandigarh on dated 02.11.2018.The company has shown Rs. 94,63,268/- as contingent liability. The hearing of this case is going on and next date of the hearing has been scheduled on 22.09.2023.

2.64 COMMISSIONING OF A NEW PROJECT:

No new project is commissioned in the F.Y. 2022-23.

2.65 A sum of Rs. 103.24 lacs (excluding Interest) has been shown as recoverable from Directorate of Energy, Govt. of

H.P in respect of Tidong- II HEP. This amount is still recoverable. In 70th meeting of BoD held on dated 03.12.2019, BoD did not agree to the proposal to consider the investment of Rs. 103.24/- lakhs in Tidong-II Hydro Power Project as doubtful debt and advised to again take up the matter with the DoE, GoHP. Being a larger issues concerning HPSEB & HPPCL (huge amount of HPSEB is stuck up with different developers), a meeting was held on 25.08.2021under the chairmanship of worthy ACS(MPP& Power) along with DOE, HPPCL,HPSEBL and HIMURJA to discuss the issue with regard to reimbursement of Survey and Investigation expenditure incurred on various projects. Now, DoE, GoHP vide letter dated 18.10.2023 has been again requested to recover the total expenditure i/c 10% interest liability till September, 2023 amounting to Rs. 3,60,62,126/- (Three crore, Sixty Lakhs, Sixty Two Thousand & One Hundred Twenty Six Only) incurred by HPPCL on Survey & Investigation works of Tidong-II Hydro Electric Project (60 MW) from developer. Keeping in view that Directorate of Energy has not yet denied to refund/re-imburse the same; hence provision for doubtful debt has not been made in 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. 2480.38 Crore has been utilized till 31.07.2023. The amount of Rs 1876.25 Cr contributed by GoI, Govt. of NCT Delhi, Govt. of Haryana, GoHP. The fund flow for the Project from Govt. of India has started. GoI has released Rs 1037.92 Crore as Central Assistance for the project for financial year 2021-22 on dated 03.03.2022 which is further received from GoHP through DoE on dated 21.04.2022 amounting to Rs. 451.54 cr and on dated 10.05.2022 amounting to Rs. 586.38 cr., 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 respectively. An amount of Rs 1037.77 Cr out of Rs 1037.9246 Cr has been utilized up to 05.09.2023. CA proposed for FY 2022-23 has not been released by GoI due to pending compliances related to SNA & PFMS system. The Proposal for Central Assistance for FY 2023-24 for Rs 828.9 Cr as Central grant has been submitted to CWC on 29-08-2023.

In case of Gyspa HEP, Company has shown Rs 7.65 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.

Now the tender for carrying out the topographical survey at project site has been floated. The detailed layout of the project including various components, position of spillway, intake & other concerned structures will be marked on the survey and a conceptual layout plan of the project will be submitted to CWC for approval. The technical and financial bids have been opened on dated 17.08.2022 and 28.09.2022 respectively. The work has been awarded to L1 bidder on dated 18.04.2023.

2.68 The Company is in possession of Land and Buildings at Sarabai, Thalot and Largi 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 Appellate Tribunal) at Delhi on 30.05.2023 with the filing No. 9910133/04372/2023.The case was listed on dated 01.08.2023 and Hon'ble Chairman NCLAT Bench has issued notice to the respondents with the directions to file reply within 4 weeks and rejoinder thereafter in two weeks. The matter is further listed on 21.09.2023.

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. Defense 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.

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.

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. Position regarding possibility of development of the project with due permission of Wild life Board is being clarified from Forest Deptt./ Wild life Board. If such development is not admissible at all and wild life Board cannot give such permission , then project domain will be required to be revised.

2.73 POWER SALE ARRANGEMENTS

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. Now, 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.

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. Now, 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.

In Sainj HEP, PPA has been executed from COD to date 31.08.2023 with TPTCL and in case of Berradol SPP, PPA from COD till 25 years with HPSEBL.

Sainj HEP:

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

On the basis of meeting held on 19.02.2022, subsequent meetings were held in the Chairmanship of the Managing Director HPPCL on 29.06.2022 and 26.07.2022. After detailed deliberations 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 I (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 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 & 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 (i.e 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. Further the tariff petitions for approval of capital cost along with additional capitalization and determination of tariff i.r.o Sainj, Sawra Kuddu & Kashang HEPs has been filed with HPERC during the month of June 2023 respectively.

PPA details Berradol SPP:

PPA from COD till 25 years with HPSEBL.

2.74 HPPCL has requested the State Government to restructure the loan liabilities of the corporation. As on date, the said proposal is under active 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.

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 crore. This cost was earlier approved as Rs 4596.76 crore at March 2015 price level. Cost apportionment has been finalized with cost of water and power component as Rs. 6647.46 crore and Rs.299.53 crore respectively.

For Water component GoI will bear an expenditure of Rs. 5982.72 Crore and Rs. 664.74 Crore 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 6th 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. For the Project Management Consultant (PMC) online proposals/bid were invited through Open-tendering on National Competitive Bidding (NCB) route. PMC will be onboard by 15 October 2023. Work on preparation of mining plan is underway. Construction of Project roads will be started in February 2024 and Diversion arrangement works are expected to start by 15 June 2024.

2.76 Advances given to HPSEB Ltd., HPPTCL, I&PH, HPPWD, Fisheries Dept. 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:

- Appointing M/s AFRY as Design Consultant/ subcontractor of M/s PEL for carrying out Design and analysis for overall Diversion Barrage component of contract in respect of Shongtong Karchham HEP.

- 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. 12 executed between HPPCL and M/s PEL on 23.07.2022 regarding release of retention money.
- Supplementary Agreement No. 13 executed between HPPCL and M/s PEL on 20.12.2022 regarding recovery of mobilization advance from IPC(s) of milestone payments.

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 (a Joint Venture Company), amounting to Rs. 2.59 crores. At present, the case is pending in 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 Renuka Ji 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 29.08.2023, total limit exhausted /utilized against CCLs stands at Rs 120.82 lakhs and Rs. 14749.93 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.

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:

- Sawara Kuddu HEP
- Sainj HEP
- Kashang HEP Stage I
- Kashang HEP Stage II & III
- 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 were first listed on 30.06.2023 and has been further ordered to be listed on 11.09.2023 and the matter is still sub judice before the said Hon'ble Court.

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 now sub judice before the said Court.

2.84 Government of Himachal Pradesh has decided to develop Himachal Pradesh as Green Energy State for which Himachal Pradesh Power Corporation Ltd. 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 following projects have been allotted by HIMURJA the lists of projects are as follows:-

S.No.	Name of Solar Power Project (SPP)	Capacity (MW)	Allotted by HIMURJA on
1.	Mata Hateshwari	5	15.09.2022
2.	Shivnagar	3.4	12.10.2022
3.	Pekhubella	52	18.03.2023
4.	Aghlor	10	17.02.2023
5.	Sainj	3	16.08.2023
6.	Gondpur Bulla	10	17.02.2023
7.	Bella Ludhiancha	12	06.06.2023
8.	Laam	36	17.02.2023
9.	Santogarh Swan	5.5	18.03.2023
10.	Bhanjal & Khad	5	06.06.2023
11.	Kolar	28	06.06.2023
12.	Ropa	10	06.06.2023
13.	Dalyaoo	6	06.06.2023
14.	Saned	16	06.06.2023
15.	Bela	11.5	06.06.2023
16.	Kaloor	5	06.06.2023
17.	Lamlehdi Uperli	15	18.03.2023
18.	Lamlehdi Nichli	8	17.02.2023

S.No.	Name of Solar Power Project (SPP)	Capacity (MW)	Allotted by HIMURJA on
19.	Tihra Khas	22	17.02.2023
20.	Kayarian	11.5	18.03.2023
21.	Tanda Uperla	56	16.08.2023
22.	Kopda-I	33	06.06.2023
23.	Kopda_II	16	06.06.2023
24.	Hadal	27	06.06.2023
25.	Dol Nadoli	19	16.08.2023
26.	Ghangar	53	16.08.2023
27.	Dabhota	19.5	06.06.2023
28.	Kirpalpur	6.5	06.06.2023
29.	Bhangla	15	06.06.2023
30.	Plasi Kalan	16	06.06.2023
31.	Bada Basot	18	06.06.2023
32.	Jhida	5	06.06.2023
33.	Mazra	22	06.06.2023
34.	Dabhota Majra	8.5	06.06.2023
35.	Kohlari	17	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.

- A meeting to deliberate future course of actions under the World bank funded Himachal Pradesh Power Sector Development Program (HPPSDP) was held among all power sector utilities under the chairmanship of Chief

Engineer (Energy), GoHP on dated 13.07.2023 and subsequently under the chairmanship of Director(Energy)-cum-MD HPPCL- MD HPSEBL on 24.07.2023. The following actions to be completed prior to loan signing as per the readiness criteria for Loan Signing were discussed:

- 30 % of civil works to be executed under the program should be awarded
- Prior actions part of Disbursement linked indicators agreed under the program should be achieved.

- In respect of point (i) above, Rs 675 crore of civil works have been estimated under the program and accordingly 30 % of of civil works to be awarded are estimated to be around Rs. 202.5 crore. HPPCL has been able to achieve the 30% criteria after award of Solar Power Project (32MW) on 19.05.2023 to M/s Prozeal Infra Engineering Pvt Ltd., Gujarat for Rs. 220.24 crore.
- In respect of point (ii) above, HPPCL is to achieve in total three prior actions of which one stand achieved regarding commitment of hydro project for bundling. HPPCL is in process of achieving other two prior actions regarding approval of Scope of Work for new CEIA study of Beas Basin and uniform ESPP and shall be completed soon.
- Regarding 200 MW of Solar Power Projects proposed under the program, works for the Pekhubella Solar Power Project (32MW) have awarded on 19.05.2023 to M/s Prozeal Green Energy Pvt Ltd., Gujarat.
- Tenders for 10MW of projects have been opened and are being negotiated. NITs have been floated for 27 MW of projects. Further about 65.5 MW of projects are in advanced stage of DPR and NoC. w CEIA study of Beas Basin and uniform ESPP and shall be completed soon.

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 CBI court passed its judgment on 31.08.2022, 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 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, 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 and 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 ration 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. The matter was examined by the Legal Cell of HPPCL, who opined the following regarding liability of HPPCL for paying the fine imposed on M/s HEPL and other three accused from EMTA side,:-

"Article 18 of Memorandum of Understanding (MOU) deals with indemnification by EMTA, it reads as under:-

"If the transactions contemplated by this MoU are consummated, EMTA agrees, without prejudice to other rights of the HPPCL and the Company, to indemnify and hold harmless the Government of Himachal Pradesh, HPPCL and the Company against and in respect of any loss, damage, claim, action, suit, proceeding, deficiency or expense relating to, arising from, or in connection with any misrepresentation, breach of any representation, warranty, obligation, covenant or agreement or default on the part of EMTA in or under this MoU or any completion documents delivered by EMTA in connection herewith."

In view of above it is very much clear that EMTA is liable to indemnify the GoHP/HPPCL w.r.t. any loss, claim, damage, *action, suit, proceeding etc. as per article 18 of MoU. Hence in the present matter, the HPPCL is not liable to pay the amount of fine which has been imposed by the CBI Court at Delhi on the EMTA Company."*

Further, 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'.

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 from the Ministry of Coal as yet. Therefore, the Provision for Doubtful Investment 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)3-1/2022-1 dated 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. But the same has not been accounted for in books of accounts of FY 2022-23.

2.89 The forest land having area 6.46 hact. for the construction of Berra Dol 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.

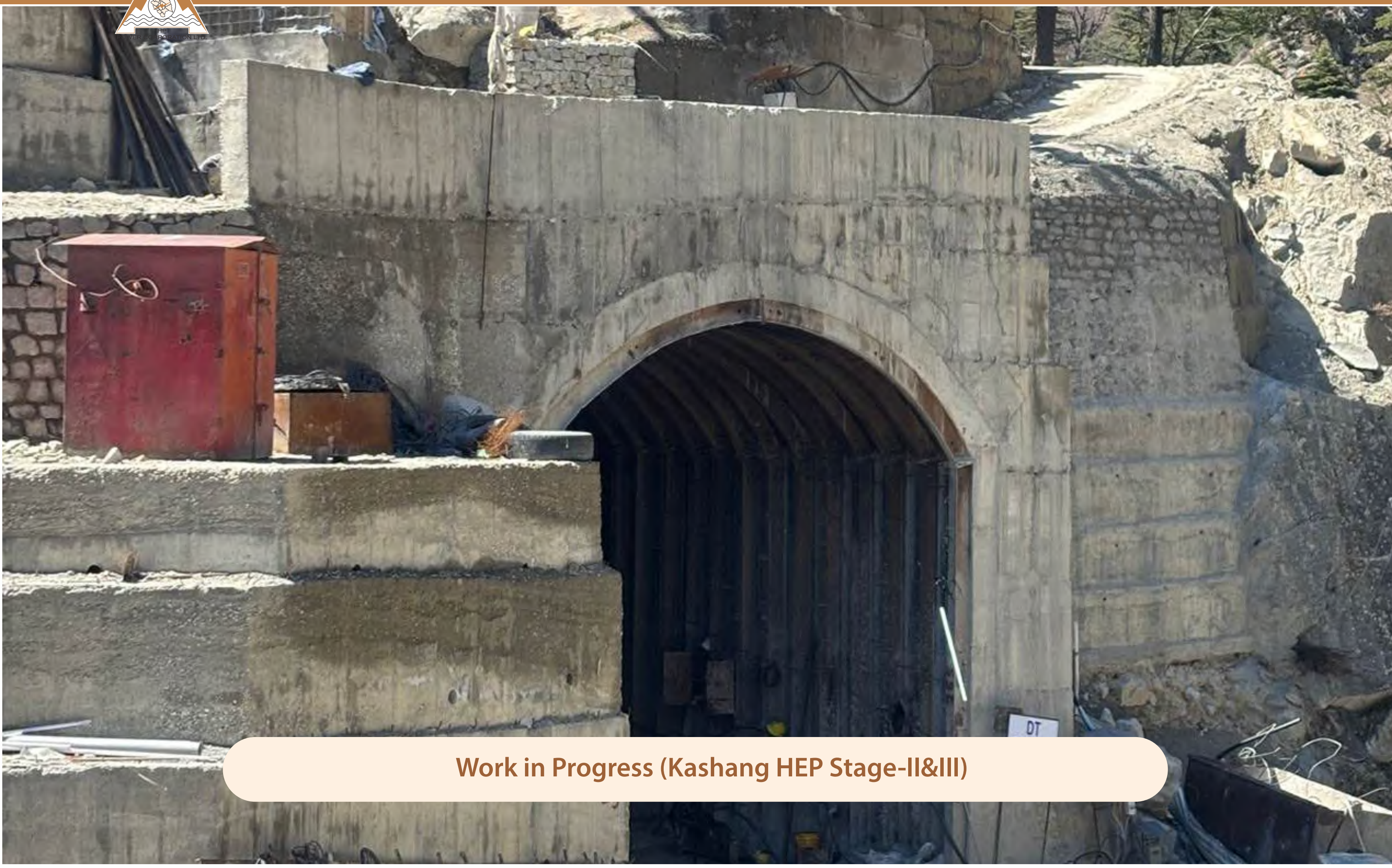
For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(B.L. Verma)	(Sudershan K. Sharma)	(Shivam Pratap Singh)	(Harikesh Meena)
A.G.M. (Finance)	Consultant	Director (Finance)	Managing Director
	Company Secretary	DIN No. 10243812	DIN No. 09333558

For Soni Gulati & Co.
Chartered Accountants
Firm Regn. No. 008770N

Sd/-
(CA Suresh Chand Soni)
Partner,
Membership No. 083106

Place: Shimla
Date: 12/01/2025



Work in Progress (Kashang HEP Stage-II&III)

Work in Progress (Kashang HEP Stage-II&III)

Soni Gulati & Co.
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To

The Members of Himachal Pradesh Power Corporation Limited

Report on the Audit of the Ind AS Financial Statements Opinion

We have audited the accompanying Ind AS financial statements of Himachal Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flows Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the Stand alone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand alone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Stand alone 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 Stand alone financial statements.

A. Software used by the company

The company uses SAP software but is incomplete; only debit credit entries are there without any supporting or evidence attached to it, this defeats the very purpose of having SAP, we had to ask for supporting which is time consuming.

B. Preparation of the Financial Statements

Financial statements are prepared on excel sheets but, No units' financial statements were made available to us showing comparative figs for the previous year. This is worth mentioning that this task of preparing Ind As 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 as per appointment letter. The details of vouchers in SAP were asked for but submission of such information was delayed /given late and incomplete.

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

I) The expenses on repair maintenance booked Rs 2.58 crore (reported during 2021 year audit report) at Kashang HOP are doubtful for material misstatements, no external evidence or proof of seepage was made available to us on our visit 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 advise of some consultant (being CA) but neither any proof of advise nor any opinion

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was made available to us. After going through the contract documents we doubt it to be a excess amount could not be ascertained in the absence of information which is required from inception 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 undertaking cum indemnity bond.

iii) The Company has entered into PPA with HPSEB Ltd (holding Company) which is not in the interest of the company, as there is a direct loss of revenue to the company, as realization from TATA was much higher. Moreover, both companies had same managing director.

E. Non-Compliance of Indian Accounting Standard (Ind AS)

The Company has not complied with the following Indian Accounting Standards while preparing the financial statements:-

(i) Indian Accounting Standard (Ind AS 1) Preparation of Financial Statements

The Para 15 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 the Balance Sheet or in the note.

(ii) Indian Accounting Standard 115 & 116:

Accounting for supply of 100% Generation of power to HPSEB applicable provision of IND AS 115/116 not complied with.

(iii) Indian Accounting Standard (Ind AS) 20 Accounting for Government Grants and Disclosure of Government Assistance.

The Company has been granted the deferment of repayment of principal payment and payment of interest till FY 2021-22 refer Note 2.74 . No letter of deferment afterwards was shown to us till signing of this report. 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 has to 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 10 A 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 has to be accounted for on in the books of accounts. The Company has accounted for the liability on the basis of the actuarial valuation but neither any policy have ben taken nor any trust has been created t 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 on 19th June2022 which was approved by the BOD on 18th March,2022. The financial statements are not adjusted for the events occurred between the Balance sheet date 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 2023, (Refer Note No. 2.46). The same is not in line 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.

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.

F. 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.

G. Observations on the Financial Statements

1. Property Plant and Equipment Note 2.1

I) We invite attention to Note No 2.59 wherein its stated that the Company is in possession of forest land at, Sainj HEP, Shongtong HEP, and SawraKuddu and provision has been made @ Rs1 per bigha as amount of lease pending lease deed execution.

ii) As reported during previous year audit report, the company has not accounted for the cost of the Land and Buildings of HPSEB 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 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 Lakh 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. The Renukaji HEP has paid Rs. 5,364 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 Lakh 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 23-08-2022 & Statutory Audit Reports on financial statements for the year ended 31.03.2020 nor on 31.03.2021 or 31.03.22 although the management claims compliance of the same.

2. Capital Work in Progress 2.2

i) We Invite attention to Note No 2.70 where in it is stated 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 from September 2010 to December 2016 to HCC Limited. As per the Himachal Pradesh Entry Act 2010 the dealer paying the entry tax 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 Electro Mechanical 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. 3,000 lakhs transferred from HPSEB at the 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. 1,392 lakhs has been used for construction of Transmission Lines at Kashang HEP. During the year 2010-11 the Kashang unit has transferred all cost of the 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 has 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 is recoverable 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 extant of above.

(iv) Apportionment 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 company is also not in compliance to accounting policy of the company mentioned at Note no 1.6 (g) The Company has provided no justification for approving the percentage of 15 % for allocation of corporate office and Sundernagar 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 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 Lakhs (previous year Rs. 337.50 Lakhs) in the equity of Himachal EMTA Power Limited (HEPL) which has been established as Company's joint venture with EMTA for setting up a (2*250 MW) 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 Steal Limited for which another Joint Venture has been made in the Name of Gourangdih Coal Limited.

"The Hon'ble Supreme Court of India (SC) 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 Rs. 337.50 lakhs in the books of accounts.

(iii) The company Independent auditors of Gourangdih Coal Limited raised concern in respect of preparing the Financial Statements on the basis of Going Concern Concept and under Historical Cost Convention due to deallocation of the Coal Blocks by the decision of the Supreme Court during the year under review.

(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 Rs. 259 Lakh. The Directors report of the Himachal Emta Limited for the year 2018-19 stated that the CBI has filed charge Sheet accusing 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. At present the case is pending with the Supreme court of India .

4. Other Non-Current Financial Assets Note 2.10

(I) 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 (HPSEB). 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 carried forward by the unit as advance and the land is in the possession of the Corporation. The Unit has not changed the name of the 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.

(ii) The Shongtong HEP, has paid Rs. 44.06 Lakhs (previous year 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 land owners 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 out of Rs. 44.06 lakhs Rs. 33.55 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 Rs. 12992 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 2022 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. However, as per management, this matter is pending before the High Court of H.P. against the arbitration award.

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

(c) The Company has debited the amount of service tax payable by the company amounting to Rs. 65.30 Lakhs 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 Coastal 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 has to be charged on the same and a sum of Rs. 11.70 Lakhs 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 Rs. 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 not accepted the claim of the company stating the reason that the matter is pending with the Hon'ble High Court of Himachal Pradesh.

(iv) We invite attention to Note No 2.61 where in it is stated that the company has not made a provision for Rs. 103.24 lakhs (Previous Year Rs. 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) The Renukaji HEP has deposited Rs. 186.42 Lakhs 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 Rs. 714 lakhs (previous year Rs. 608 lakhs) as recoverable grant from the Central Government on account DPR and Investigation Expenses. The Government of India has approved Rs. 1,250 Lakhs for survey and investigation of the project and paid Rs. 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) The Shongtong 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) The Shongtong unit is showing advance of Rs. 28.65 Lakh (Previous Year Rs. 35.49 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 be capitalised. In our opinion the Non-Current Financial Assets are overstated to the extent of Rs. 28.65 lakhs and CWIP are understated to the extent of above.

(ix) The Sawra Kuddu HEP is showing a sum of Rs. 440.10 lakhs (Rs. 485 lakhs) is shown as recoverable from HPPTCL out of Rs. 485 lakhs paid against deposit work and converted in to recoverable from HPTCL. Efforts should be made to recover the same.

(x) The Chanju III has not capitalised the advance to HPPTCL for design and survey work amounting to Rs. 17 lakhs for want of utilisation certificate.

(xi) The Deonthal Chanju has not capitalised the advance to HPPTCL for design and survey work amounting to Rs. 13.00 lakhs for want of utilisation certificate.

(xii) The Sainj unit has shown Rs. 9 Lakhs 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 extant of above and expenditure is understated to that extant.

(xiii) The Sainj unit has shown Rs. 131 Lakhs (Previous year Rs. 71 Lakh) as interest recoverable from HCC on account of advance 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) The Sainj unit has booked advance to HPSEB amounting to Rs. 5.29 Lakhs which is of non recoverable nature and should have been charged to the CWIP. Thus Current advances has been overstated to the extant of above as the amount has not been recovered and adjusted till date.

(xv) The Sainj unit has booked advance to XEN IPH amounting to Rs. 4.65 Lakhs which is of non recoverable nature and should have been charged to the CWIP. Thus Current advances has been overstated to the extant of above as the amount has not been recovered and adjusted till date

(xv) The Sawara Kuddu Unit has debited Rs. 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.

(xvi) The Chanju III has not capitalised the amount of Rs. 187 Lakhs paid to HPSEBL as the work has not been completed.

(xvii) The Deonthal Chanju has not capitalised the amount of Rs. 187 Lakhs paid to HPSEBL, as the work has not been completed.

5. Inventory Note 2.11

Reported by previous auditors the Kashang stage 1 Unit is showing the following inventories at the close of the year

S.No.	Item No.	Description	Amount	Remarks
1.	2000000751	G.I. Pipe 80 mmΦ 248.3 Rmt	1,06,140.80	Transferred from HPSEB
2.	2000000744	Portable Magzine 4 Nos.	1,55,567.00	Transferred from HPSEB
3.	2000000765	Steel Tubler Pole 10 mtr. 42 Nos	4,51,035.90	Transferred from HPSEB
4.	2000000727	Angle Iron 100x100x6mm 17.787 M	6,06,688.42	Transferred from HPSEB
5.	2000000766	ACSR Conductor 14,078 M	6,22,205.05	Transferred from HPSEB
6.	2000005637	Needle Tips & Seat Ring 1 Set	16,60,593.94	Spares for E and M work
	Total		**36,02,231.11**	

The Item from Sr. No. 1 to 5 amounting to Rs. 19.41 Lakhs has to be shown at Net Realisable Value and the necessary provision of obsolescence has to be made. No information in respect of the same has been provided to us.

The item at Sr. No. 6 is spare of the Turbine and has be shown under Property Plant and Equipment's& as such should be depreciated along with the plant.

Thus Inventory is overstated to the extant of Rs. 16.60 Lakh and property Plant and Equipment's is understated to the extent of above.

6. Trade Receivables Note 2.12

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

7. Other Current Assets Note 2.16

The Sawra Kuddu unit has not shown the amount recoverable from Patel Engineering on account of recovery of concrete cutting amounting to Rs. 77.50 lakhs (previous year Rs. 84 lakhs). The case is reported to be in High Court. In our opinion the other Current Assets are understated to the extent of above and CWIP is overstated to the extent of above.

8. Non-Current Other Financial Liabilities Note 2.21

(i) Long Term Borrowings

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% (Previous Year 39.76 %) 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 to 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 percent 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 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.

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. In the absence of Information, we are unable to comment on the same of its impact in the balance sheet and profit and Loss Account. Neither any policy has been taken nor any trust 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.

10. Other Non-Current Liabilities Note 2.24

a) Utilised Grant Renuka ji

(i) The Company has incurred following expenditure on the Renukaji project till 31st March 2023.

(Amount in Lacs)

Particulars	as on 31st March 2023	as on 31st March 2022
Tangible Assets	1,42,421.47	97,435.05
Advances & Deposits with Court	11,427.84	10,320.35
CWIP	7.54	7.54

Incidental Expenses	16,834.03	15,268.25
Advances	186.42	186.42
	1,70,877.30	**1,23,217.61**
Grant Received	74,371.39	71,086.80
Shortfall	96,505.92	52,130.81

There is a shortfall of grants received & expenditure incurred Rs. 96505.92 lakhs (previous year shortfall of expenditure to the tune of Rs. 52130.81 Lakhs). In absence of information we are not able to comment on the same. Tangible Assets include allocated expenses of HO & Sundernagar design office@15% as reported in our audit reports every year. Grant Rs. 1038 Cr. received on 31.03.2022 not accounted for as funds were received by Govt. of H.P & transferred to company account on 20-4-22 & 10-5-22.

(iii) We invite attention previous year audit report regarding allocation of expenses to Renukaji HEP wherein its stated that the allocation of expenditure of Corporate office and Sundernagar 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 Rs. 693.56 lakh (previous year Rs. 612.10 lakh) as share of corporate office and design wing expenses to the Renukaji HEP for current year viz. 31st March 2023.

11. Current Liabilities Other Financial Liabilities Note 2.27

(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 different units of the company are showing separately the amount payable and recoverable from HPSEB Limited. No Confirmation/reconciliation 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 Rs. 115.61 lakhs (Previous Year Rs. 87.13 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 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 Rs. 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 Rs.189 Lakhs on 02nd August 2018 (refer Note 2.59). Thus, current liabilities are understated to the extent of above. Next hearing on 13.02.2025.

(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 by previous auditors the Kashang Unit has not charged GST on the Liquidation Charges amounting to Rs. 534.42 lakhs on Rs. 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 extant and other non current assets is also understated to that extant. Claim of management that this pertain to pre-GST era is wrong as date of bill is 21-11-2017.

(ix) The Sawra 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 Rs. 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) The Sainj Unit has shown a sum of Rs. 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.

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 tariff rate has adopted HPREC AD benefit Rate of Rs. 4.31 per unit while approving the Tariff Rate with HPSEB. The Corporation is not availing the advance deprecation benefit thus Tariff rate of Rs. 4.79 per unit is applicable to the corporation. Thus Sale of power is understated to the extent of Rs. 39 Lakh for this year.

13. Apportionment of expenditure and Income of Corporate Office and Sundarnagar

(i) Expenditure of Corporate Office and Sundernagar

It has been observed that 15% of total expenditure of HO & Sundernagar 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 Sundernagar 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 Adoption of wrong method of apportionment may effect 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 Sundarnagar

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
- Imp rest Funds for ADB 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 Sundernagar 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 in no provision has been made by the company for income tax during the year under review.

We also invite attention to Note no. 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 Rs. 7599 lakhs (Previous Year Rs. 7,557lakhs. 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.

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 2023. 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 Sawra Kuddu HEP installed capacity is 111 and one solar unit with the capacity of 5 MW 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.

17. Land Court Cases Renuka Ji Project

The Board of Directors in its 75th meeting on 18th March 2022 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 its stated that the company has made contingent provision in respect of the awarded amount amounting to Rs. 79,245.46 lakh. 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. Amount lying in Bank accounts of LAO has been added to the cost of land instead of showing as bank balance under current assets amount on 31.3.2023 was Rs. 2,89,60,520/- in bank accounts of LAO has not been shown as bank balance, instead it has been added to cost of land.

Emphasis of Matter

1. No serous efforts has been made to remove the qualification raised in earlier year audit reports and the same has not been considered in this year report also.
2. We further draw attention to the following matters in the Notes to the stand alone Ind AS 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 Stand alone Ind AS financial statements regarding statement on State Government loan for Shontong Karcham HEP (450MW) where the ADB funding to state government has expired and stopping of funding by the KFW to the project. 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 works of STKHEP including IDC. Corporation has availed the disbursement amounting to Rs. 181.48 crore from the said loan as on 31.03.23 & 1002.80 crore as 03.01.2025.

(iii) Note No 2.72 to the Standalone Ind AS 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.

Our Opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Stand alone financial statements of the current period. These matters were addressed in the context of our audit of the Stand alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, description of how our audit addressed the matter is provided in that context. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	How our audit addressed the key audit matter
1	**Tendering:** Tendering is key audit matter & we have started scrutiny of major tenders & will be completed next year audit.	Some has been checked & found some deficiencies in works orders / contractors bills compared to tenders and reported in our audit report at appropriate places. The deficiencies noticed in tenders & execution has been reported at appropriate place
2	**Contingent Liabilities & 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 judgment 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 assets and the use of management assumptions and estimates for the determination 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	We assessed Actual Controls and found them to be effective during the year. However, we have reviewed the same through discussions with management .

	of significance. (Refer Note No. 2.1 to the Standalone Financial Statements, read with the Significant Accounting Policy No. 1.5)	
4	**Capital work-in-progress(CWIP):** 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 Stand alone 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 Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the Stand alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the 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 Stand alone 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 1, 2024and 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.

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, bases on out audit we give in the "Annexure-1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section143(3) of the Act, we report that:

a) We have sought and except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Statement of Profit and Loss and statement of 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid vided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act (No remuneration was paid to the management.

g) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. As informed by the Management ,the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (except as otherwise state in notes) .

   ii. As informed to us ,the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

h) We enclose as annexure 1 as required by Companies Act 2013, annexure 2 CAG directions & annexure 3 Report on Internal Financial Control.

For Soni Gulati & Co
Chartered Accountants

Sd/-
CA Suresh Chand Soni (Partner)
M. No. 083106
Place: Shimla
Date: 12 /01/2025
ICAI Firm Registration Number: 008770N
UDIN: 25083106BMGUTK4053

Soni Gulati & Co.
Chartered Accountants

ANNEXURE 1 TO THE AUDITORS' REPORT

Annexure referred to in our report of even date to the members of HIMACHAL PRADESH POWER CORPORATION LIMITED on the accounts for the year ended 31st March 2023.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit,

i) a) A) The company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment. B) The company has maintained proper records showing full particulars of intangible assets.

b) The company did not have any major property, plant however, other office plant and equipment of the company have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.

c) According to the information and explanation given to us, the title deeds of the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company. This para is not applicable as he company did not have any immovable properties.

d) The company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.

e) According to the information and explanation given to us, the company does not have any inventory and no working capital limits in excess of five crore rupees (at any point of time during the year), in aggregate, from banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii) of the order are not applicable.

ii) The management has not conducted physical verification of inventory at reasonable intervals during the year, as there are no inventories.

iii) During the year the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties:

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 Balance outstanding at the balance sheet date parties other than subsidiaries joint ventures and associates subsidiaries joint ventures and associates;

b) According to the information and explanation given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees 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;

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 advance 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 loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, required details in respect thereof are as below: 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 Or The company has during the year, not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. Accordingly, the provisions of clauses 3(iii) of the order are not applicable.

iv) According to the information and explanation given to us, the company has complied with requirements of section 185 and 186 in respect of loans, investments, guarantees or security made by it during the year under audit; or according to the information and explanation given to us, the company has no loans, investments, guarantees or security where provisions of section 185 and 186 of the companies act, 2013 are to be complied with.

v) The company has not accepted any deposits or amounts which are deemed to be deposits under the directives of the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the companies act, 2013 and the rules framed thereunder, where applicable. Accordingly, the provisions of clause 3(v) of the order are not applicable. Or In our opinion, the company has complied with the directives issued by the Reserve Bank of India, the provisions of sections 73 to 76 and other relevant provisions of the act and the, companies (acceptance of deposits) rules, 2014 (as amended) as applicable, wfth regard to the deposits accepted or amounts which are deemed to be deposits. According to the information and explanations given to us, no order has been passed by the company law board or national company law tribunal or Reserve Bank of India or any court or any other tribunal, in this regard.

vi) To the best of our knowledge and belief, the central government has not specified maintenance of cost records under sub-section (1) of section 148 of the act, in respect of company's products/ services. Accordingly, the provisions of clause 3(vi) of the order are not applicable.

vii) a) The company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable,

b) There are no dues in respect of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues that have not been deposited with the appropriate authorities on account of any dispute.

viii) According to the information and explanation given to us, company has no transactions, not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the income tax act, 1961 (43 of 1961);

ix) a) In our opinion, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year;

b) Company is not declared wilful defaulter by any bank or financial institution or other lender;

c) According to the information and explanation given to us, term loans were applied for the purpose for which the loans were obtained;

d) According to the information and explanation given to us, funds raised on short term basis have not been utilised for long term purposes;

e) According to the information and explanation given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;

f) According to the information and explanation given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies; or the company has no borrowing, including debt securities during the year;

x) a) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year;

b) According to the information and explanation given to us, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year or the company has made private placement of shares during March 2024 and the requirement of section 42 of the companies act, 2013 have been complied with and according to information and explanations given to us, the amount raised have been used for the purposes for which the funds were raised;

xi) a) According to the information and explanation given to us, any fraud by the company or any fraud on the company has not been noticed or reported during the year;

b) According to the information and explanation given to us, no report under sub-section (12) of section 143 of the companies act has been filed by the auditors in form adt-4 as prescribed under rule 13 of companies (audit and auditors) rules, 2014 with the central government;

c) According to the information and explanation given to us, no whistle-blower complaints, received during the year by the company;

xii) Company is not a nidhi company, accordingly provisions of the clause 3(xii) of the order is not applicable to the company: or company is a nidhi company and it has complied with the net owned funds to deposits in the ratio of 1: 20 to meet out the liability, it is maintaining ten per cent unencumbered term deposits as specified in the nidhi rules, 2014 to meet out the liability and there has been no default in payment of interest on deposits or repayment thereof for any period;

xiii) According to the information and explanations given to us, we are of the opinion that all transactions with related parties are in compliance with section 177 and 188 of companies act, 2013 where applicable and the details have been disclosed in the financial statements etc., as required by the accounting standards and the companies act, 2013. Or according to the information and explanations given to us, the company has not undertaken any transactions with related parties as mentioned in section 177 and 188 of companies act, 2013, accordingly the provisions of clause 3{xiii) of the order are not applicable to the company;

xiv) a) According to the information and explanations given to us, the company is in its initial stage of operation & no internal audit is conducted however we are satisfied with the internal control system commensurate with the size and nature of its business;

b) No

xv) According to the information and explanations given to us, we are of the opinion that the company has not entered into any non-cash transactions with directors or persons connected with him and accordingly, the provisions of clause 3(xv) of the order is not applicable. Or the company has entered into non-cash transactions with directors or persons connected with him and according to the information and explanations given to us, the requirements of section 192 of the companies act, 2013 have been complied with;

xvi) According to the information and explanations given to us, we are of the opinion that the company is not required to be registered under section 45-ia of the Reserve Bank of India act, 1934 and the company is not a core investment company(cic) as defined in the regulations made by the Reserve Bank of India, accordingly the provisions of clause 3(xvi) of the order are not applicable; or

a) The company is a non-banking financial company as registered under section 45-ia of the Reserve Bank of India act, 1934 b) 1934, accordingly the provisions of sub-clause (b) of clause 3(xvi) of the order is not applicable; c) The company is not a core investment company (cic) as defined in the regulations made by the Reserve Bank of India, accordingly the provisions of sub-clause (c) and (d) of clause 3(xvi) of the order are not applicable;

xvii) According to the information and explanations given to us and based on the audit procedures conducted we are of opinion that the company has not incurred any cash losses in the financial year and the immediately preceding financial year;

xviii) There has been no resignation of the statutory auditors during the year and accordingly, the provisions of clause 3(xviii) of the order is not applicable;

xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other 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 a5sumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is incapable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

xx) 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.

xxi) The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the company. Accordingly, no comment has been included in respect of said clause under this report.

For Soni Gulati & Co
Chartered Accountants
Firm Registration Number: 008770N
Partner Membership Number: 083106
UDIN: 25083106BMGUTK4053

Soni Gulati & Co.
Chartered Accountants

ANNEXURE 2 TO THE AUDITORS' REPORT

Annexure referred to in our report of even date to the members of Himachal Pradesh Power Corporation Limited on the accounts for the year ended 31st March 2023.

S.No.	Directions	Action Taken	Impact on Financial Statement
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company is SAP IT system , which has been implemented for processing all accounting transactions. There is no accounting transactions outside the said system.	Nil
2.	Whether there is any restructuring of an existing loan or cases of waiver/write No such case come off of debts / loans / interest etc. made by a lender to the company due to the across during If yes, the financial impact may be stated. company's inability to repay the loan?	The Loans from H.P. Govt are without any stipulation as to repayment or interest. (Rs. 2535.49 Cr) Loan from Power Corporation are utilised to the extent of Rs 181.48 Cr	Nil
3.	Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per its term and conditions? across during List the cases of deviation.	Funds have been received by the company under any specific scheme from central / state agencies and are being used for the same.	Nil

Soni Gulati & Co.
Chartered Accountants

ANNEXURE 3

Report on the Internal Financial Controls under Companies Act 2013

We have audited the internal financial controls over financial reporting of Himachal Pradesh Power Corporation Limited as of 31st March 2023 in conjunction with our audit of the financial statements of the Himachal Pradesh Power Corporation Limited for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by 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 Division'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 Companies Act 2013.

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Division; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

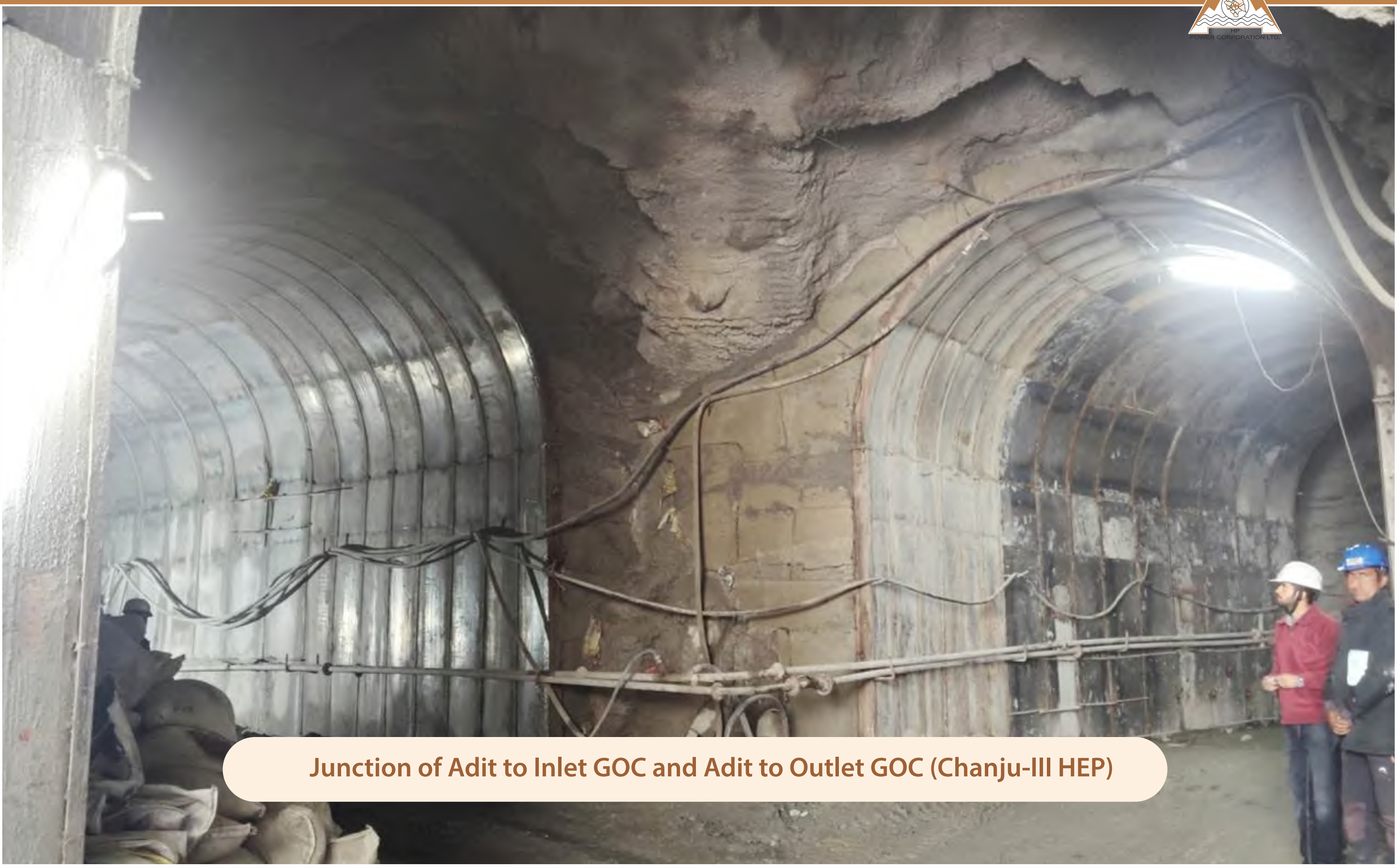
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

Opinion

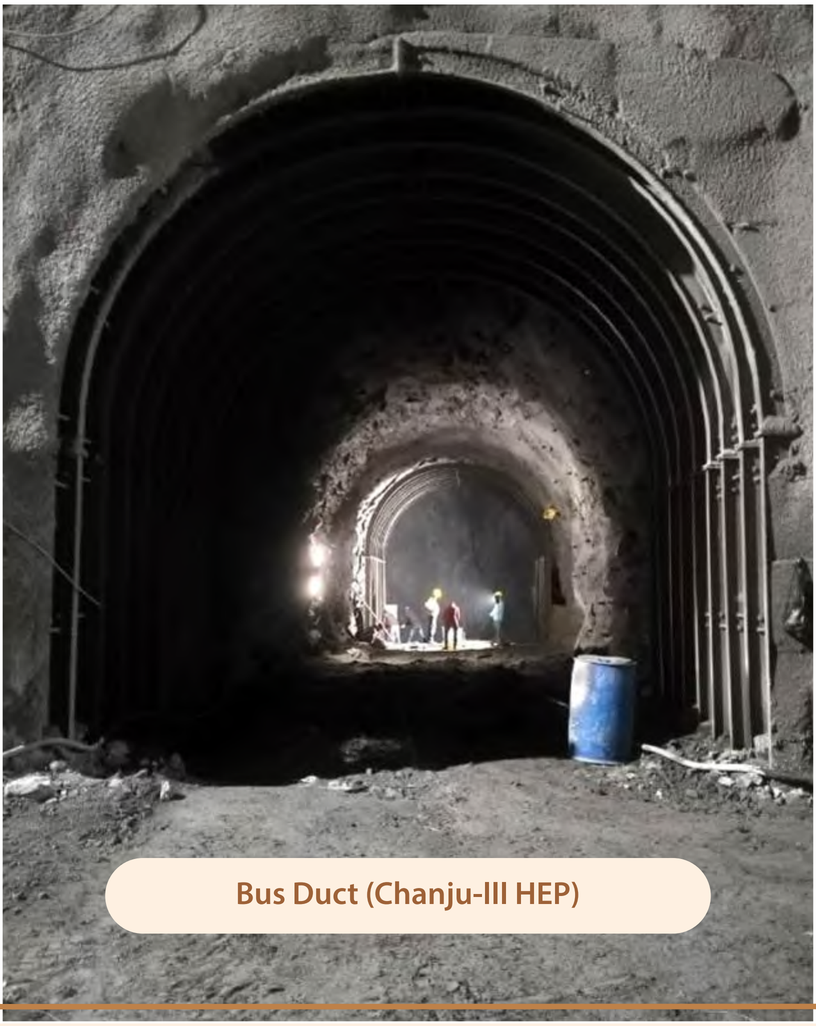
In our opinion and to the best of our information & according to the explanations give to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31*tMarch 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Soni Gulati & Co.
Chartered Accountants
Firm Registration Number: 008770N

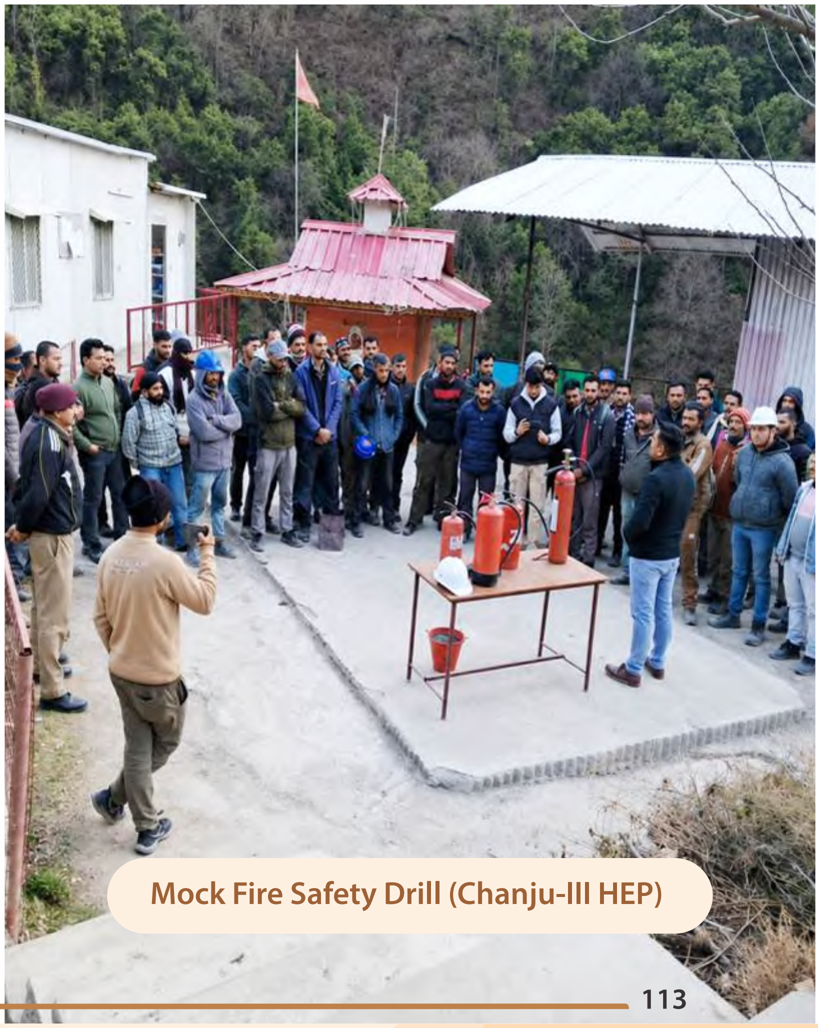
Place:Shimla
Date:12/01/2025
UDIN: 25083106BMGUTK4053



Junction of Adit to Inlet GOC and Adit to Outlet GOC (Chanju-III HEP)



Bus Duct (Chanju-III HEP)



Mock Fire Safety Drill (Chanju-III HEP)

Replies to the Auditor's Report on the Ind AS Standalone Financial Statements (Annual Accounts) for the F.Y. ended 31st March, 2023

Report on the Audit of the Ind AS Financial Statements Opinion

We have audited the accompanying Ind AS financial statements of Himachal Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flows Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the Stand alone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand alone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Stand alone 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 Stand alone financial statements.

Audit Observation	Reply
A. Software used by the company: The Company uses SAP software but is incomplete only debit credit entries are there without any supporting or evidence attached to it, This defeats the very purpose of having SAP, we had to ask for supporting which is time consuming.	In this respect it is submitted that the SAP software has been successfully configured and is functioning satisfactorily. Over the last 10 years till F.Y. 2021-22, the annual financial statements are being prepared from SAP software. In all cases along with vouchers hard copies of the supporting are attached and kept under safe custody at respective Projects, Design Wing Sunder Nagar office and Corporate office as well and these documents are mandatory to keep. Further, it is to submit that we have implemented it in some projects and probably we will implement as a whole soon.
B. Preparation of the Financial Statements Financial statements are prepared on excel sheets but, No units' financial statements were made available to us showing comparative figs for the previous year. This is worth mentioning that this task of preparing Ind AS 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 as per appointment letter. The details of vouchers in SAP were asked for but	The financial statements for the FY 2022-23 have been prepared after complying with the Ind ASs as applicable to the Corporation, to the extent possible. Further, Project wise Balance Sheets for the commissioned

submission of such information was delayed /given late and incomplete. The qualification as to differences in details provided & financial statements reported in previous audit reports remained unverified by us& not reproduced here.	projects for the FY 2022-23 were prepared and submitted to the Auditor.
Material Misstatements: I) The expenses on repair maintenance booked Rs 2.58 crore (reported during 2021 year audit report) at Kashang HOP are doubtful for material misstatements, no external evidence or proof of seepage was made available to us on our visit this year also.	The matter in this regard was explained by the project authorities as well as o/o GM (Civil Contracts) along with all the supporting documents such as award letter, approvals etc. Further, a response reply in this regard has also been submitted to the Statutory Auditor along with all the supporting/ relevant documents with duly signed letter of Director (Civil).
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 advise of some consultant (being CA) but neither any proof of advise nor any opinion was made available to us. After going through the contract documents we doubt it to be a excess amount could not be ascertained in the absence of information which is required from inception 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 undertaking cum indemnity bond.	The payment has been released as per contract clause 13.7 (Adjustment for change in legislation) under GCC Document II of V which states:- The contract price shall be adjusted to take account of any increase or decrease in cost resulting from a change in the laws of the Country (including the introduction of new Laws and the repeal or modification of existing Laws) or in the judicial or official governmental interpretation of such Laws, made after the base date, which affect the contractor in the performance of obligation under the contract after the introduction of GST in July 2017. Further, as per the guidelines issued from the office of Director (Fin.), HPPCL, Shimla-9 vide letter No. HPPCL/F&A/Est./GST/2019-15162-166 dated 29.11.2019 (Based on details of taxes supplied by Sh. InderJeetDhawan CA vide letter dated 18.05.2019 & further clarification dated 16.06.2019 and procedure adopted by Power Grid Corporation of India Limited (PGCIL) for service contract with material). Further, undertaking cum indemnity bond from the contractor had also been taken.
iii) The Company has entered into PPA with HPSEB Ltd (holding Company) which is not in the interest of the company, as there is a direct loss of revenue to the company, as realization from TATA was much higher. Moreover, both companies had same managing director.	The power was earlier traded through power trader (TPTCL in this case). Through PPA the tariff is determined by the Hon'ble HPERC as per actual expenditure incurred. The power

	traded through IEX is subject to market volatility and rates depend on the demand-supply of the power trade volume. Though the rates were high during 2022-23, the rates of energy have started to decline since then in IEX. Till now the rates in IEX have significantly reduced. PPA with HPSEBL should definitely prove beneficial in long term as the energy is sold at Ex-bus to HPSEBL and thus transmission charges if any are also borne by HPSEBL itself. Himachal Pradesh Power Corporation Limited (HPPCL) is registered as a Private Limited Company with the Ministry of Corporate Affairs (MCA), hence the provisions of Section 203 of the Companies Act, 2013 are not applicable to the Company. Moreover, in accordance with the third proviso to Section 203(3) of the Act, an individual may hold the position of Managing Director (MD) in two Companies concurrently. Further, the Company had/has a Managing Director, Director (Personnel & Finance), Additional/ Deputy General Manager (Finance & Accounts) and a Consultant (Company Secretary) all engaged in full-time employment apart from Director (Civil) and Director (Electrical). However, for some time additional charge of the Director (Electrical) was given to the Director (Finance & Accounts).
E. Non-Compliance of Indian Accounting Standard (Ind AS) The Company has not complied with the following Indian Accounting Standards while preparing the financial statements:- **I) Indian Accounting Standard (Ind AS 1) Preparation of Financial Statements** The Para 15 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 in the note.	Necessary compliances to the applicable Ind AS have been made in this respect.
ii) Indian Accounting Standard 115 & 116: Accounting for supply of 100% Generation of powerto HPSEB applicable provision of Ind AS 115/116 not complied with	Necessary compliances have been made in the F.Y. 2020-21 and 2022-22.
iii) Indian Accounting Standard (Ind AS) 20 Accounting for Government Grants and Disclosure of Government Assistance. The Company has been granted the deferment of repayment of principal	Note 2.74 states that *"HPPCL has*

payment and payment of interest till FY2020-21 refer Note 2.74.No letter of deferment afterwards was shown to us till signing of this report. 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 has to 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 10 A of the IND AS. In the absence of the information we are unable to comment on same.	*requested the State Govt. to restructure the loan liabilities of the corporation. As on date, the said proposal is under active consideration at the State Govt……."* The deferment of repayment of loan and interest was allowed by Govt. of H.P till FY 2020-21. Further, a request was submitted to GoHP to defer the loan and interest thereon till 31.12.2026 which was denied by GoHP.
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 has to be accounted for on in the books of accounts. The Company has accounted for the liability on the basis of the actuarial valuation but neither any policy have ben taken nor any trust has been created t cover the liability for post employment benefits of employees.	Actuarial valuation in respect of the Post Employment Benefit: Defined Benefit Plans have been done for the FY 2022-23. Further, efforts are being made for taking up the policy w.r.t. Post Employment Defined Benefits Plans.
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.	The amount of contingent liabilities decreased from Rs. 1724.17 crore to Rs. 1011.06 crore and contingent assets increased from Rs. 409.31 crore to Rs. 541.11 croreduring the period accounts approved by the BOD (15.09.2023) and till the date of finalisation of the audit report i.e. 12.01.2025.
vi) Indian Accounting Standard (Ind AS) 10 Events After the Reporting Period The financial Statements for the year under review are provided to us on 19thJune2022 which was approved by the BOD on 18th March, 2022. The financial statements are not adjusted for the events occurred between the Balance sheet date both favourable and unfavourable till date of the finalisation of this report.	The financial Statements for the FY 2022-23 are provided to Statutory Auditors on 12.12.2023 after the approval of BoD (15.09.2023). There was no such favourable/unfavourable event occurred during 15.09.2023 to 12.01.2025, which could result in adjustment of Financial Statements.
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 2023, (Refer Note No 2.46). The same is not in line with the IND as 113 Fair Value Measurement which is mandatory applicable to the company.	The Company had adopted the carrying cost / value of all liabilities and assets as the fair value of the assets and liabilities cannot be measured accurately due to the uncertainty associated with the maturity dates of such assets and liabilities, being linked to completion of assets / commissioning of the projects.

	Further, the exact date of completion of assets / commissioning of the projects can't be predicted due to various internal/external factors. Hence Fair Value of the assets and liabilities can't be done.
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.	HPPCL has taken the majority of loan from GoHP at 10% interest, which is at par with the prevailing market rate. Hence, IND AS 109 has been complied.
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.	As the Corporation is continuously in loss, hence, calculation of deferment of tax assets and liabilities does not arise. Hence, Ind AS 12 seems not applicable.
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.	Necessary compliances to Ind AS 8 have been made in the F.Y. 2022-23. The disclosure as per Ind AS 8 i.e. Accounting Policies, Changes in Accounting Estimates and Errors was also prepared and attached with the Financial Statements.
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.	Statement of Facts, no comments required.
F. Observations on the Financial Statements **1 Property Plant and Equipment Note 2.1** I) We invite attention to Note No 2.59 wherein its 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.	The provision for lease amount of forest land has already been booked in respect of Sainj HEP, Shongtong-Karcham HEP and Sawra-Kuddu HEP. Further, the process of signing of Lease Deeds with Government authorities is in progress.
ii) As reported during previous year audit report, the company has not accounted for the cost of the Land and Buildings of HPSEB 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 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.	HPPCL vide its letter no. HPPCL/F&A/Misc.(HPSEBL)/2022-13298-13305 dated 05.12.2022 has requested to MD, HPSEBL, Shimla to convey its acceptance for payment of Rs. 45,99,50,440/- in the shape of equity Share capital. The response in this regard is still awaited.

(iii) Reported in previous audit reports, the Renukaji HEP has accounted for ₹ 44276 Lakh 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. The Renukaji HEP has paid Rs.5,364 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 Lakh 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.	As per HPERC Notification No. HPERC/ SLDC/479: regulations Part V, dated 01.04.2011, vide Section 22, Clause 4 "Depreciation shall be calculated annually, based on the Straight Line Method and at the rates specified in Appendix-II, to these regulations. The Value base for the purpose of depreciation shall be original cost of the asset. Land is not a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset." and as per Appendix II, Regulation 22, Depreciation Schedule, Dep. On land owned under full ownership is 0.00%. At Renukaji HEP, HPPCL has acquired/ purchased 947.57 Hectares private land and has full ownership. Hence, no depreciation is applicable on this land. Further, the trees and structures are also part of land purchased/acquired by HPPCL and as per abovementioned HPERC Notification No. HPERC/SLD/ 479:- regulations Part V, Section 22, Clause 4 the depreciation is not applicable for the land acquired.
(iv) Partial effect has been given by the management in the financial statements to the comments issued by CAG of India dated 23-08-2022 & Statutory Audit Reports on financial statements for the year ended 31.3.2020 nor on 31.3.2021or 31.3.22 although the management claims compliance of the same.	The necessary compliance to the CAG audit for the FY 2020-21 has already been made. The requisite information pertaining to prior period and current year has already been furnished during the conduct of audit as and when asked by the auditor.
2 Capital Work in Progress 2.2 (I) We Invite attention to Note No 2.70 where in it is stated 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.	Statement of facts. No comments required.
(ii) The Sainj Unit has paid Entry Tax amounting to Rs. 544 lakhs from September 2010 to December 2016 to HCC Limited. As per the Himachal Pradesh Entry Act 2010 the dealer paying the entry tax 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 Electro Mechanical works is overstated to the extent of ₹ 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	The matter is sub-judice, hence contingent in nature. Thus status-quo is maintained and no provision has been made.

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. 3,000 lakhs transferred from HPSEB at the 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. 1,392 lakhs has been used for construction of Transmission Lines at Kashang HEP. During the year 2010-11 the Kashang unit has transferred all cost of the 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 has 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 is recoverable 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 extant of above.	During the investigation stage, the Kashang HEP Stage-I (65MW) was under the administrative control of the HPSEB Limited. The loan agreement worth Rs. 200.00 Crores was executed between HPSEB Limited and Power Finance Corporation Limited (PFC) for the execution of civil and transmission work of the Kashang HEP Stage-I (65 MW) and the PFC released Rs. 30.00 Crores during the FY 2003-04 as advance/revolving fund to HPSEB Limited. Later on the project was transferred to HPPCL and assets and liabilities were taken over by HPPCL from KKPCL/HPSEBL along with the loan from PFC as per figures reconciled with HPSEBL on 08.11.2012. The summary of the same is as under:- Total Expenditure incurred by HPSEB on Kashang HEP Rs. 15094.36 Lakhs. Less: Expenses on Transmission Line of IKHEP Rs. 6585.48.Lakhs Net Assets Taken over by HPPCL Rs. 8508.88 Lakhs Less Loan Taken over (2850+848.70) by HPPCL Rs. 3698.70 Lakhs Net Amount Payable to HPSEBL Rs. 4810.18 Lakhs. Hence, the Transmission Line 200KV DC from Kashang to Nathpa was not taken over by HPPCL, however the outstanding loan of PFC was taken over by HPPCL at the time of merger, which was further adjusted at the time of issue of equity shares to HPSEB Limited. Therefore, the liability of loan of PFC and interest accrued thereon after the merger was to be borne by the HPPCL. The matter is also taken up with HPSEBL and HPPTCL management.
(iv) Apportionment 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	The apportionment of expenditure of Corporate and Design Wing Sunder Nagar to Renukaji Dam Project has been done as per the approval

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 Sudarnagar 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 company is also not in compliance to accounting policy of the company mentioned at Note no 1.6 (g) The Company has provided no justification for approving the percentage of 15% 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.	accorded by HPPCL management. The proportionate expenditure of Corporate office and Design Office has been allocated on the basis of expenditure being incurred by HPPCL on Renukaji HEP. As such expenditure shall form part of the total funds agreed to be provided by GoI and beneficiary states, hence prior approval of booking of every expenditure being incurred in Renukaji Dam HEP is not required.
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 comment on the recoverability of the expenditure from the participating states and central government.	As per the HP State Govt. proposal for Central Assistance as National Project it is clearly mentioned that 90% of the Cost of water component will be borne by GoI, and 10% by the beneficiary states which will be shared by them. Moreover, the 90% cost of Power component will be borne by NCT of Delhi and rest will be funded by HP State Govt. Therefore, the total expenditure to be incurred on the project will be shared by the Central Govt. and the beneficiary states as per the MoU.
3 Non-Current Investment Note 2.5 (I) We invite attention to Note No.2.5., the Company has made an investment of ₹ 337.50 Lac (previous year ₹. 337.50 Lakhs) in the equity of Himachal EMTA Power Limited (HEPL) which has been established as Company's joint venture with EMTA for setting up a (2*250 MW) 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 Steal Limited for which another Joint Venture has been made in the Name of Gourangdih Coal Limited. *"The Hon'ble Supreme Court of India (SC) 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."*	Statement of facts, requires no comments.
ii) The Company has made provision for doubtful investments amounting to Rs. 337.50 lakhs in the books of accounts.	Statement of facts, requires no comments.
(iii) The company Independent auditors of Gourangdih Coal Limited raised concern in respect of preparing the Financial Statements on the basis of Going Concern Concept and under Historical Cost Convention due to deallocation of the Coal Blocks by the decision of the Supreme Court during the year under review.	Statement of facts, requires no comments.

(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 accusing 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. At present the case is pending with the Supreme court of India.	Statement of facts, requires no comments.
4 Other Non-Current Financial Assets Note 2.10 (I) 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 (HPSEB). 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 carried forward by the unit as advance and the land is in the possession of the Corporation. The Unit has not changed the name of the 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.	The transfer of title of the land is under process.
ii) The Shongtong HEP, has paid Rs. 44.06 Lakhs (previous year 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 land owners 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 out of Rs. 44.06 lakh Rs. 33.55 lakh stands recoverable from the parties.	In compliance, an amount of Rs. 13,49,387/- has been recovered/ adjusted from 20 land owners through welfare grants. The balance amount of Rs.33,54,520/- is still outstanding against 16 beneficiaries for which the case is being pursued with the concerned land owners. Now, the balance amount of Rs. 33, 54,520/- is proposed to be recovered from the concerned against sand and aggregate (to be supplied to PAFS') and also from 100-unit free power supply. In addition to the above, the matter has also been taken up with the LAO Office and Sub-Divisional Officer (Civil), Kalpa vide letter no. HPPCL/GM/ STKHEP/R&R/Recovery/2022-53&32 dated 30.04.2022 & 06.12.2025 requesting recovery action from their end. In view of the above, since the recovery of this excess payment is in process, therefore, provision for doubtful debt has not been made.

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 Rs. 12992 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 2022 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. However ,as per management ,this matter is pending before the High Court of H.P. against the arbitration awards.	The current recoverable amount from Coastal Projects against such risk & cost as on 31.03.2022 is Rs. 129.92 crore, for which necessary provision for doubtful debts is taken in books of accounts. The Lender Banks of the Contractor had filed liquidation proceedings with Ld. National Company Law Tribunal (NCLT) and the company had filed claim of Rs.405.67 crores against the contractor. But, recently on dated 18.04.2023, Ld. NCLT at Cuttack Bench has dismissed the case and claim of Rs. 405,67,17,107/- has been rejected and Rs. 1/- alone admitted by the respondent. However, this matter is also pending before the Hon'ble High court of H.P. against the Arbitration award. Further, HPPCL had also filed an application on dated 07.01.2022 before NCLT Cuttack Bench under section 60 (5) of the Insolvency & Bankruptcy Code 2016 read with Rule 11 of the NCLT rules, 2016 to direct the Liquidator to Admit the Claim of the applicant (HPPCL) amounting to Rs. 405,67,17,108/- (Four Hundred Five Crores Sixty Seven Lakhs Seventeen Thousand One Hundred Eight). The NCLT passed an order dated 18/04/2023 and dismissed the application of HPPCL. Further, HPPCL has challenged the order passed by NCLT Cuttack Bench before the National Company Appellate Tribunal (NCLAT) on dated 30/05/2023. The proceedings are going on and the next date of hearing is on 10.04.2026.
(b) Reported by previous auditors .the unit has not charged the GST on 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.	As the amount recoverable is contingent, no GST has been levied on it. Further the GST, if leviable, shall be recovered from M/s Coastal Projects, hence is not Corporations expense. Further being part of the capital expenditure, if the amount charged to M/s Coastal Projects, does not realise, the same shall be capitalised.
(c) The Company has debited the amount of service tax payable by the company amounting to Rs. 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	As the amount recoverable is contingent, no GST has been levied on it. Further the GST, if leviable, shall be recovered from M/s Coastal Projects,

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 has to be charged on the same and a sum of Rs. 11.70 Lakh is to be paid as GST on the above. The Liability is understated to the extent of above.	hence is not Corporations expense. Further being part of the capital expenditure, if the amount charged to M/s Coastal Projects, does not realise, the same shall be capitalised.
(d) Further the Company has filed a claim of Rs. 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 not accepted the claim of the company stating the reason that the matter is pending with the Hon'ble High Court of Himachal Pradesh.	Amount recoverable from contractors includes a sum of Rs. 130.02 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. But, on dated 18.04.2023, Ld. NCLT at Cuttack Bench has dismissed the case and claim of Rs. 405,67,17,107/- has been rejected and Rs. 1/- alone admitted by the respondent. Pursuant to this, HPPCL has challenged the said order passed by Ld. NCLT Cuttack Bench before the National Company Appellate Tribunal (NCLAT), Principal Bench, New Delhi on dated 20.07.2023. The Matter was last listed on 18.07.2025 before the Ld. NCLAT on which date the Rejoinder had to be filed by HPPCL. Now, the Rejoinder has been duly filed by HPPCL and matter is listed for next hearing on 10-04-2026. Furthermore, this matter is also subjudice at the Hon'ble High Court of H.P. against the Arbitration award.
iv) We invite attention to Note No 2.61 where in it is stated that the company has not made a provision for Rs. 103.24 lakhs (Previous Year Rs.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.	The amount shown as recoverable can't be declared as doubtful as the Directorate of Energy is rigorously pursuing the matter with proponent vide latest letter dt. 11.12.2025 for re-imbursing the amount to HPPCL.

(v) The Renukaji HEP has deposited Rs. 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.	The Renukaji Dam Project assessed 3.00 MW (3.33MVA) tentative requirement of construction power for the construction of Renukaji Dam Project. The HPSEBL was requested to frame the estimate for power supply of Renukaji Dam Project. HPSEBL submitted the estimate which was checked & approved by Chief Engineer (OP) south, HPSEB Shimla amounting to Rs.186.42 lakh. The payment amounting to Rs. 186.42 lakhs was deposited with Executive Engineer, HPSEBL, Nahan, for supply of power to Renukaji Dam Project site as construction power. As per prudent utility practice, it is essential to plan a scheme in totality anticipating the total power requirement of the project. Accordingly, complete case was prepared for the full power requirement of the project during construction stage, accordingly the estimate was submitted by HPSEBL & consequently the work was executed. The work was initiated as the tenders for the diversion were floated during the year 2011. Unfortunately on 28.07.2011, The National Green Tribunal passed an interim stay on all the activities of Renukaji Dam Project, which was vacated on Oct, 2018, During this period all the Dam construction related activities were put on hold. Before NGT stay, the HPSEBL has laid the transmission line to the project site & locations for transformers have been finalized. The transformers have also been purchased by the HPSEBL, but due to NGT stay the approach road could not be constructed and also due to theft probabilities, the transformers have been kept at HPSEBL substation Dadahu. The DPR of the Project has been approved by CWC at price level 2018. The construction work is going to be started soon and these will be installed at the project. HPSEBL has submitted the utilization certificate of RS. 1, 86, 41,999/- for laying installation for providing supply of power to Renukaji Dam Project site,

	but the work is not yet completed and completion certificate is not given by the HPSEBL and thus assets has not been capitalized. The assets will be capitalized after completion of the work and assets taken over from HPSEBL.
(vi) Grant Receivable In case of GyspaHEP ,we invite attention to Note No 2.67 where in it is stated that company is showing Rs. 714 lakhs (previous year Rs. 608 lakhs) as recoverable grant from the Central Government on account DPR and Investigation Expenses. The Government of India has approved Rs. 1,250 Lakhs for survey and investigation of the project and paid Rs. 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.	Statement of facts, requires no comments.
(vii) The Shongtong 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.	The recovery of Mobilization advance as per contract agreement PCC Clause No. 14.2, wherein deduction of mobilization advance started from the IPC following the total of all IPC certified to contractor has reached to 30% of the Contract price as such the amount of Mobilization advance is recovered from M/s PEL. The balance payment will be recovered from the subsequent IPCs till the complete recovery, which shall be completely repaid prior to time when 90% of the

	contract price has been certified for payment. The advance given to M/s AHPL is adjusted/ recovered from the invoices of works executed and certified for payment to the contractor. Discounting can't be done at this stage as the actual date of 90% of the work execution is not ascertainable.
(viii) The Shongtong unit is showing advance of Rs. 28.65 Lakh (Previous Year Rs. 35.49 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 be capitalised. In our opinion the Non-Current Financial Assets are overstated to the extent of Rs. 28.65 lakhs and CWIP are understated to the extent of above.	The utilization certificate for the same has been received on dated 27-01-2026. Therefore, the corresponding entries will be taken during the FY 2025-26.
(ix) The SawraKuddu HEP is showing a sum of Rs. 440.10 lakhs (Rs. 485 lakhs) is shown as recoverable from HPPTCL out of Rs. 485 lakh paid against deposit work and converted in to recoverable from HPTCL. Efforts should be made to recover the same .	SKHEP is continuously taking up the matter for recovery of the amount.
(x) The Chanju III has not capitalised the advance to HPPTCL for design and survey work amounting to Rs. 17 lakhs for want of utilisation certificate.	The related work is still in progress. The advance will be settled after the completion of the work upon receipt of the utilization certificate.
(xi) The Deonthal Chanju has not capitalised the advance to HPPTCL for design and survey work amounting to Rs. 13.00 lakhs for want of utilisation certificate.	HPPCL is following-up the matter with HPPTCL for the utilization certificate.
(xii) The Sainj unit has shown Rs. 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 extant of above and expenditure is understated to that extant.	Necessary correspondence in this respect is being done with Directorate of Energy. The amount shall be settled accordingly.
(xiii) The Sainj unit has shown Rs. 131 Lakh (Previous year Rs. 71 Lakh) as interest recoverable from HCC on account of advance 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.	The amount stands recovered from the contractor as on 01.03.2022 and now only Rs. 6.63 lakhs stands recoverable. The amount shall be recovered from the contractor on full and final settlement. At present, the matter is subjudice in the Hon'ble High Court of H.P.
(xiv) The Sainj unit has booked advance to HPSEB amounting to Rs. 5.29 Lakh which is of non recoverable nature and should have been charged to the CWIP. Thus Current advances has been overstated to the extant of above as the amount has not been recovered and adjusted till date.	The UC has been received from Sr. Executive Engineer, Thalot and advance has been settled now.
(xv) The Sainj unit has booked advance to XEN IPH amounting to Rs. 4.65 Lakh which is of non recoverable nature and should have been charged to the CWIP. Thus Current advances has been overstated to the extant of above as the amount has not been recovered and adjusted till date.	The amount of Rs. 4.61 lakhhas been adjusted upon receiving the UC has been received from IPH. However, for balance amount of Rs. 3,760/- the

<table>
<tr><td></td><td>Executive Engineer IPH was requested to refund the same.</td></tr>
<tr><td>(xvi) The Sawara Kuddu Unit has debited Rs. 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.</td><td>The said amount is shown as recoverable from M/s PEL and now the said case of recovery is subjudice at Hon'ble High Court of HP, hence can't be shown as doubtful at this stage.</td></tr>
<tr><td>(xvii) The Chanju III has not capitalised the amount of Rs. 187 Lakhs paid to HPSEBL.as the work has not been completed.</td><td>The advance has been settled on 31.03.2023 as per the utilization certificate received.</td></tr>
<tr><td>(xviii) The Deonthal Chanju has not capitalised the amount of Rs. 187 lakh paid to HPSEBL ,as the work has not been completed.</td><td>The advance has been settled on 31.03.2023 as per the utilization certificate received.</td></tr>
<tr><td>5 Inventory Note 2.11
Reported in previous earlier years Kashang stage 1 Unit is showing the following inventories at the close of the yearunt of Rs. 187 lakh paid to HPSEBL ,as the work has not been completed.
<table>
<tr><th>S.No.</th><th>Item No.</th><th>Description</th><th>Amount</th><th>Remarks</th></tr>
<tr><td>1.</td><td>2000000751</td><td>G.I. Pipe 80 mmΦ 248.3 Rmt</td><td>1,06,140.80</td><td>Transferred from HPSEB</td></tr>
<tr><td>2.</td><td>2000000744</td><td>Portable Magzine 4 Nos.</td><td>1,55,567.00</td><td>Transferred from HPSEB</td></tr>
<tr><td>3.</td><td>2000000765</td><td>Steel Tubler Pole 10 mtr. 42 Nos</td><td>4,51,035.90</td><td>Transferred from HPSEB</td></tr>
<tr><td>4.</td><td>2000000727</td><td>Angle Iron 100x100x6mm 17.787 M</td><td>6,06,688.42</td><td>Transferred from HPSEB</td></tr>
<tr><td>5.</td><td>2000000766</td><td>ACSR Conductor 14,078 M</td><td>6,22,205.05</td><td>Transferred from HPSEB</td></tr>
<tr><td>6.</td><td>2000005637</td><td>Needle Tips & Seat Ring 1 Set</td><td>16,60,593.94</td><td>Spares for E and M work</td></tr>
<tr><td></td><td>Total</td><td></td><td>36,02,231.11</td><td></td></tr>
</table>
The Item from sr no 1 to 5 amounting to Rs. 19.41 Lakh has to be shown at Net Realisable Value and the necessary provision of obsolescence has to be made. No information in respect of the same has been provided to us.
The item at Sr no 6 is spare of the Turbine and has be shown under Property Plant and Equipment's & as such should be depreciated along with the plant.
Thus Inventory is overstated to the extant of Rs. 16.60 Lakh and property Plant and Equipment's is understated to the extent of above.</td><td>The item at Sr. No. 1 i.e. pipes shall be used in future for making provision for supply of drinking water from power house to power house stores.
For, the item at Sr. No. 2, the sale of scrap of the said item has been completed by this office and do not stand in the inventory.
The items at Sr. No. 3 i.e. 20 No. Steel Tubular Poles have already been used in the work of restoration of 22 kV power supply at intake site and the remaining are kept as spares for emergency restoration of the said supply.
The item at Sr. No. 4 stands issued and no longer stands in the inventory.
The item at Sr. No. 5 – 2000m conductor has already been used in the work of restoration of 22 kV power supply at intake site and the remaining is kept as spares for emergency restoration of the said supply.
The Needle Tips & Seat Ring i.e. item at Sr. No. 6, is a mandatory spare for Turbine of the machine and one or two set of the same are kept as extra for immediate replacement to avoid generation loss in case of the erosion of the already installed component. This spare is required to be replaced every year due to its erosion during the monsoon season resulting from heavy silt inflows. Therefore the uses period and future economic benefit derived from spare part are limited only up to</td></tr>
</table>

	one period and according to Ind AS 16, the spares parts, stand-by equipment and servicing equipment qualify as Property, Plant and Equipment when an entity expects to use them over the period of more than one year. Hence the spares available to use in store does not qualify the condition to be shown under Property, Plant and Equipment.
6 Trade Receivables Note 2.12 Trade receivables are subject to confirmation & reconciliation, concerning HPSEBL.	Reconciliation with HPSEBL regarding the amount payable and receivable in under process.
7 Other Current Assets Note 2.16 The Sawra Kuddu unit has not shown the amount recoverable from Patel Engineering on account of recovery of concrete cutting amounting to Rs. 77.50 lakh (previous year Rs. 84 lakhs). The case is reported to be in High Court .In our opinion the other Current Assets are understated to the extent of above and CWIP is overstated to the extent of above.	The said amount is shown as recoverable from M/s PEL and now the said case of recovery is sub-judice at Hon'ble High Court of HP., hence can't be shown as doubtful at this stage.
8 Non-Current Other Financial Liabilities Note 2.21 **(i) Long Term Borrowings** The Company has taken loan from the State Government for construction of Hydro projects. The Company has not paid the Installment 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% (Previous Year 39.76 %) 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.	The deferment of repayment of loan and interest was allowed by Govt. of H.P till FY 2020-21. Further, a request was submitted to GoHP to defer the loan and interest thereon till 31.12.2026 which was denied by GoHP.
(ii) The loan to 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 percent 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.	The matter for restructuring of loan was taken up with the GoHP which was not considered by GoHP. HPPCL as on date has paid Rs. 300 Crore of Principal and Rs. 964.72 Crore as interest to GoHP against their Loan.

(iii) The Long-term 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.	EMD, Retention Money and Security Deposits etc. are being released to the contractors, only after the verifications from the concerned Engineer-in-Charge (EIC).
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. In the absence of Information, we are unable to comment on the same of its impact in the balance sheet and profit and Loss Account. Neither any policy has been taken nor any trust has been made for the same.	Adequate provisions have been created as per the defined Gratuity and Leave Encashment Plans based on Actuarial valuation as per Ind AS adopted by the Corporation. Efforts are being made for taking policy w.r.t. Post Employment Defined Benefits Plans.
(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.	Calculation and booking of such provisions are based on the methodology devised by State/Central Govt. which has been accepted by both the parties.

10 Other Non-Current Liabilities Note 2.24

a) Utilised Grant Renukaji

(I) The Company has incurred following expenditure on the Renukaji project till 31st March 2023.

(Amount in Lacs)

Particulars	as on 31st March 2023	as on 31st March 2022
Tangible Assets	1,42,421.47	97,435.05
Advances & Deposits with Court	11,427.84	10,320.35
CWIP	7.54	7.54
Incidental Expenses	16,834.03	15,268.25
Advances	186.42	186.42
	1,70,877.30	**1,23,217.61**
Grant Received	74,371.39	71,086.80
Shortfall	96,505.92	52,130.81

There is a shortfall of grants received & expenditure incurred Rs. 59946.80 (previous year shortfall of expenditure to the tune of ₹ 96505.92 Lakhs). In absence of information we are not able to comment on the same. Tangible Assets include allocated expenses of HO &Sundernagar design office @15% as reported in our audit reports every year. Grant Rs 1038 cr received on 31.03.2022 not accounted for as funds were received by Govt of H.P & transferred to company' account on 20-4-22 & 10-5-22.

Reply: The grant receivable worked out as on 31.03.2025 stands Rs. 355077.33 lacs. However, the cumulative funds/grants received from CWC and Beneficiary States up to 31.01.2026 is Rs. 318798.57 lacs.
Further, Grant Rs. 1038 Cr received has already been accounted for in FY 2022-23.

(ii) We invite attention previous year audit report regarding allocation of expenses to Renukaji HEP wherein its 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	The proportionate expenditure of Corporate office and Design Office has been allocated on the basis of expenditure being incurred by HPPCL on Renukaji HEP as per approval accorded by the HPPCL higher

Renukaji HEP. The company has allocated Rs. 693.56 lakh (previous year Rs. 612.10 lakh) as share of corporate office and design wing expenses to the Renukaji HEP for current year viz. 31st March 2023.	management. As such, the expenditure shall form part of the total funds agreed to be provided by GoI and Beneficiary States.
11 Current Liabilities Other Financial Liabilities Note 2.27 (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.	Current Liabilities on account of Retention money, Contractor and Suppliers dues payable are being cleared on regular basis and Portion of Security deposits also released to vendors time to time. Confirmations of Balance payable as on 31st March 2023, were sought from respective Contractors/ Govt. Departments. All the information available with HPPCL, had been provided to the Statutory Auditors.
(ii) The different 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.	Most of the amounts under Payable and Receivable heads, pertaining to HPSEBL have been settled. Remaining reconciliation in respect of Sale of Power is under process with HPSEBL.
(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.	The liabilities against EMD, Retention Money, Security Deposit and other dues payable are released to the Contractors as per their claim. Further, time to time HPPCL transferring the Liabilities against EMD/Retention Money/SD under unclaimed liabilities and then the unclaimed liabilities are transferred/charged to revenue as per approval of competent authority.
(iv) The Other Financial Current Liabilities includes Rs. 115.61 lakhs (Previous Year Rs. 87.13lakhs) 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 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.	The unclaimed liabilities are transferred/charged to revenue as per approval of competent authority in appropriate cases.
(v) The Sawra Kuddu unit has made a provision for CAT Plan Expenses on 04th January 2016 amounting to Rs. 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.	The amount is payable immediately on receipt of Utilization certificate with the approval of competent authority.
(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	Matter of PF contributions of Unregistered Contractors liability is

contributions of Unregistered Contractors amounting to Rs. 189 Lakhs on 02nd August 2018 (refer Note 2.59). Thus, current liabilities are understated to the extent of above. Next hearing on 13.02.2025.	sub-judice in Central Government Industrial Tribunal (CGIT) Chandigarh. The case is in argument stage and next hearing is on 12.05.2026. Half of the amount i.e. Rs. 94.63 lakh has been deposited with the CGIT and the total liability amount has been shown under contingent liabilities under Note on Accounts No. 2.63.
(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.	Final project cost was approved in the 84th BoD meeting held on 15.09.2023. The LADA provisions as per the approved revised cost have been done.
(viii) Reported during earlier year auditors the Kashang Unit has not Charged GST on the Liquidation Charges amounting to Rs. 534.42 lakhs on Rs. 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 extant 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.	GST Act 2017 came into force w.e.f. 1st July 2017 and the Liquidation damages pertain to Pre-GST period and were recorded in the books of Accounts in the FY 2016-17. Even, Vide Circular No. 178/10/2022-GST dated 3rd August, 2022 issued by Government of India Ministry of Finance Department of Revenue (Tax Research Unit), it is ample clear that GST on LD will not be applicable.
(ix) The SwaraKuddhu 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 Rs. 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.	In this regard, it is submitted that the sale deed is yet to be executed.
(x) The Sainj Unit has shown a sum of Rs. 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.	The reconciliation of the accounts in respect of E&M package of Sainj HEP is at final stage. All the pending dues payable to M/s Voith Hydro shall be settled only at the time of final settlement.
13 Generation & Sale of Power (i) The company is showing only net sale instead of gross sale.	Sale of power entries have been taken into books as per instruction issued by SoP department vide letter No .HPPCL/SoP/13%FP/Kashang HEP/ 2017 -9731-38 dated 24.07.2018. As per ibid letter HPPCL is entitled for selling only 87% of the power and 13% Royalty Power of GoHP has to be

	provided in the shape of free power (free of Cost) at Bus bar of the project. Therefore, accounting of revenue generated from sale of 87% of Power including UI/DSM etc. is to be accounted for in the Books of Accounts. As the portion of free power @13% was not remitted to Corporation and non-availability of exact figure of free power given to State Govt. and to LADF, the amount booked under sale of power is net of such free power. Disclosure under Note Para 2.60 may be referred please.
The Beradol Solar Power unit while fixing the tariff 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 deprecation benefit thus Tariff rate of ₹ 4.79 per unit is applicable to the corporation. Thus Sale of power is understated to the extent of ₹ 39 Lakh for this year.	Since the corporation is incurring continuous losses, therefore, no tax is being paid by the corporation. Even if it is considered at Rs. 4.79 per unit, it would not be having any impact as there is no tax liability arising due to corporation losses.
14 Apportionment of expenditure and Income of Corporate Office and Sundarnagar- **(i) Expenditure of Corporate Office and Sundarnagar** It has been observed that 15% of total expenditure of HO & Sundernagar 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 Sundarnagar 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 Adoption of wrong method of apportionment may effect 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.	Keeping in view practicability, the expenditure allocation has been done accordingly. The methodology has been disclosed in the Notes on Accounts No. 2.60.
(ii) Income of Corporate Office and Sundarnagar 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 - Imp rest Funds for ADB 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.	The allocation of interest, earned on short term bank deposits (made out of idle funds) have been allocated on the basis of the approved practice.
(iii) Apportionment of Expenses of Corporate Office and Sundernagar Design Office	

The qualification of previous year auditors on apportionment stands for this year also.	Reply submitted above vide 14(i).
15 Provision for Income Tax We invite attention to that where in no provision has been made by the company for income tax during the year under review. 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 Rs. 7599 lakhs (Previous Year Rs. 7557 lakhs). 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.	No provision for income tax liabilities has been made, as the company has brought forward losses and unabsorbed depreciation as per Income Tax provisions. During the year also, the company is in loss.
16 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 2023. 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 Sawrakuddu HEP installed capacity is 111 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.	In case of Kashang HEP Stage-I (65 MW), even though all the three Units of 65 MW each have been commissioned, but for availability of water, only single machine/unit can be operated at a time. Due to water availability at present it is provisioned only for operating single machine of 65 MW at a time, as the KK Link Line in case of Kashang Stage II & III, is not yet completed/linked. However, all the machines are being run on alternate basis by project offices. Therefore, the installed capacity of this Kashang Stage-I can be considered as 65 MW only.
17 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.	This is as per the approved policy of the management. However, this interest income is being utilized to compensate the corresponding escalation cost and borrowing cost etc. of the period for which the funds remained idle, due to any obstruction for reasons attributable to the Corporation or none. Grant/ fund received from other beneficiary states in respect of RDP are being reverted through SNA account in which any interest earned is to be deposited into Central Govt. account, only then the next installment is released by the Central Govt.

18 Land Court Cases RenukaJi Project The Board of Directors in its 75th meeting on meeting 18th March 2022 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 its stated that the company has made contingent provision in respect of the awarded amount amounting to Rs. 76100.36-lakh. 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 RenukaJi Project is understated to the extent of above.	Consequent upon the decision of the BOD, payments on account of enhanced compensation have been booked as provisions/liabilities in the respective FY as shown below: Provision created in FY20-21 - Rs.459,73,53,702.00 Provision created in FY21-22 - Rs.909,48,73,354.00 Provision created in FY22-23 - Rs.589,53,13,090.00 Provision created in FY23-24 - Rs.732,52,61,945.00 Provision created in FY24-25 - Rs.450,41,08,088.00 Hence there is no understating of compensation.
19 Amount laying in Bank accounts of LAO has been added to the cost of land instead of showing as bank balance under current assets amount on 31.3.2023 was Rs. 28960520/- in bank accounts of LAO has not been shown as bank balance, instead it has been added to cost of land.	The LAO is separate body and is not the employee of the corporation. Moreover, the Bank Accounts are not of the corporation and are in the name of LAO. The balance in bank accounts of LAO can't be accounted for in the books of the Corporation.
Emphasis of Matter: 1 No serious efforts has been made to remove the qualification raised in earlier year audit reports and the same has not been considered in this year report also.	Most of the observations of the previous financial years have been settled.
2 We further draw attention to the following matters in the Notes to the stand alone Ind As Financial statements:	
(I) Balances of trade receivables, advances, deposits, trade payables are subject to reconciliation/confirmation and respective consequential adjustments.	All out efforts are being made for reconciliation of the same from respective departments.
(ii) Note No 2.62 to the Stand alone Ind AS financial statements regarding statement on State Government loan for Shontong Karcham HEP (450MW) where the ADB funding to state government has expired and stopping of funding by the KFW to the project. HPPCL has executed a loan agreement with PFC Ltd on dated 6.10.2021 for a loan amounting to 2207.63 crore for the balance works of STKHEP including IDC. Corporation has availed the disbursement amounting to Rs. 181.48 crore from the said loan as on 31.3.23& 1002.80 crore as 3.1.2025.	Disclosure/explanation to this effect has been given in the Notes on Accounts at Note No. 2.62.
(iii) Note No. 2.72 to the Stand alone Ind AS 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 .	Disclosure/explanation to this effect has been given in the Notes on Accounts at Note No. 2.72.
(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 Our Opinion is not modified in respect of these matters.	HPPCL has entered PPA with HPSEBL till the life of the projects. The necessary compliance has been made as per Ind As 115/116.
Key Audit Matters Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Stand alone financial statements of the current period. These matters were addressed in the	

context of our audit of the Stand alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, description of how our audit addressed the matter is provided in that context. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	How our audit addressed the key audit matter	
1	**Tendering:** Tendering is key audit matter & we have started scrutiny of major tenders & will be completed next year audit.	Some has been checked & found some deficiencies in works orders / contractors bills compared to tenders and reported in our audit report at appropriate places. The deficiencies noticed in tenders & execution has been reported at appropriate place	
2	**Contingent Liabilities & 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 judgment 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.	Statement of facts, comments not required.
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 assets and the use of management assumptions and estimates for the determination 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 Standalone 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 discussions with management .	Statement of facts, comments not required.
4	**Capital work-in-progress(CWIP):** 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 .	Statement of facts, comments not required.

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

The Company's Board of Directors is responsible for the other information.

Comments not required.

The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon. Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.	
Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.	Comments not required.
Auditor's Responsibility for the Audit of the Ind AS Financial Statements Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional	Comments not required.

judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 with reference to financial statements 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fir presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 1, 2024and 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.

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, bases on out audit we give in the "Annexure-1" a statement on the matters specified in paragraphs 3 and 4 of the Order.	Comments not required.
2. As required by section143(3) of the Act, we report that: a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;	Comments not required.
b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;	Comments not required.
c) The Balance Sheet, Statement of Profit and Loss and statement of 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;	Comments not required.
d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;	Comments not required.
e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.	Comments not required.
f) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid vided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act (No remuneration was paid to the management.	Comments not required.
g) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:	Comments not required.
I. As informed by the Management ,the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (except as otherwise state in notes) .	Comments not required.
ii. As informed to us ,the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;	Comments not required.
iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	Comments not required.
(h) We enclose as annexure 1 as required by Companies Act2013 ,annexure 2 CAG directions & annexure 3 Report on Internal Financial Control.	Comments not required.

कार्यालय प्रधान महालेखाकार (लेखापरीक्षा)
हिमाचल प्रदेश, गॉर्टन कैसल,
शिमला-171 003

Office of the Principal Accountant General (Audit)
Himachal Pradesh,
Gorton Castle, Shimla-171 003

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

क्र.- ए०एम०जी०-1 (मु०-१)/एच०पी०पी०सी० एल०/लेखे-2022-23/2025-26/608-10 दिनांक- 12/12/25

सेवा में

प्रबन्ध निदेशक,
हि०प्र० पॉवर कार्पोरेशन लिमिटेड,
हिमफैड भवन, बी०सी०एस० शिमला 09 (हि०प्र०)

विषयः- कम्पनी अधिनियम, 2013 की धारा 143 (6b) के अधीन टिप्पणियां।

महोदय,

मैं, 31 मार्च 2023 को समाप्त वर्ष के लिए हिमाचल प्रदेश पावर कार्पोरेशन लिमिटेड, के वार्षिक लेखों (standalone, consolidated) के सम्बन्ध में कम्पनी अधिनियम, 2013 की धारा 143 (6) (b) के अधीन टिप्पणियां भेज रही हूं।

कृपया पावती भेजें।

भवदीया
(हस्ताक्षर)
उप-महालेखाकार
(ए०एम०जी०-II)

संलग्नः उपरोक्त

प्रतिलिपि, प्रधान सचिव (एम०पी०पी०एण्ड पावर) हिमाचल प्रदेश सरकार शिमला-171002 को प्रेषित की जाती है। हि०प्र० पावर कार्पोरेशन लिमिटेड, के वर्ष 2022-23 के लेखों (standalone, consolidated) की प्रति भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों सहित प्रेषित की जाती है। नियन्त्रक एंव महालेखापरीक्षक (डी०पी०सी०) अधिनियम, 1971 की धारा 19 (ए) के अन्तर्गत लेखों को राज्य विधान सभा पटल पर रखा जाए तथा इसकी सूचना इस कार्यालय को भेजी जाए।

(हस्ताक्षर)
उप-महालेखाकार
(ए०एम०जी०-II)

संलग्नः उपरोक्त

प्रतिलिपि, प्रधान निदेशक (राज्य वाणिज्यिक-I) कार्यालय भारत के नियंत्रक एवं महालेखापरीक्षक 9, दीनदयाल उपाध्याय मार्ग नई दिल्ली 11.01.24 को मुख्यालय से ओ.आई.ओ.एस में दिनांकः 24.11.2025 के संदर्भ में अग्रेषित है। अनुमोदित टिप्पणियों के तथ्यों व आकड़ों की जांच कर ली गई है। कम्पनी राज्य सरकार को टिप्पणियों की प्रति संलग्न है।

(हस्ताक्षर)
उप-महालेखाकार
(ए०एम०जी०-II)

Phone: +91-177-2652607 E-mail: agauhimachalpradesh@cag.gov.in

Comments of the Comptroller and Auditor General of India under Section 143(6) (b) read with Section 129 (4) of the Companies Act, 2013 on the Standalone Financial Statements of Himachal Pradesh Power Corporation Limited for the year ended 31 March 2023.

The preparation of Standalone Financial Statements of Himachal Pradesh Power Corporation Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 12.01.2025.

I, on behalf of the Comptroller and Auditor General of India (CAG), have conducted a supplementary audit under Section 143 (6) (a) read with Section 129 (4) of the Act of the Standalone Financial Statements of Himachal Pradesh Power Corporation Limited for the year ended 31 March 2023. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) read with Section 129 (4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

Balance Sheet

Assets

Current Assets

Other Assets (Note 2.13)

1. **Amount Recoverable from Contractors and Suppliers: ₹191.23 crore**

   The above account head includes Rs. 15.60 crore, being shown as recoverable amount from M/s Hindustan Construction Company (HCC-14.94 crore) and M/s Andritz Hydro Power Limited, (AHPL- Rs. 0.66 crore) in respect of Integrated Kashang Hydro Electric Project- Stage-I, which were sub-judice. The company was aware of the sub-judice nature of both the claims. Therefore, instead of depicting these claims as recoverable, these should rather have been shown as Contingent Assets in accordance with the provisions of IND AS-37. This has resulted in overstatement of "Other Assets (Note 2.13)- Amount Recoverable from Contractors and Suppliers" and understatement of "Loss" by ₹15.60 crore.

For and on the behalf of the

Comptroller & Auditor General of India

Sd/-

Pr. Accountant General (Audit)

Himachal Pradesh, Shimla

Place: Shimla

Date: 12-12-2025

Reply to the Comments of C & AG of India on Supplementary Audit for the year ended 31st March, 2023 (Standalone)

	Comments of C&AG	Reply by the HPPCL Management
1.	**Balance Sheet** **Assets** **Current Assets** **Other Assets (Note 2.13)** **1. Amount Recoverable from Contractors and Suppliers: Rs.191.23 crore** The above account head includes Rs. 15.60 crore, being shown as recoverable amount from M/s Hindustan Construction Company (HCC- Rs. 14.94 Crore) and M/s Andritz Hydro Private Limited (AHPL- Rs. 0.66 crore) in respect of Integrated Kashang Hydro Electric Project- Stage-1, which were sub-judice. The company was aware of the sub-judice nature of both claims. Therefore, instead of depicting these claims as recoverable, these should rather have been shown as contingent Assets in accordance with the provision of IND AS-37. This has resulted in overstatement of "Other Assets (Note 2.13) - Amount Recoverable from Contractors and suppliers" and understatement of "Loss" by ₹ 15.60 Crore.	The matter of recoverable amount Rs.15.60 crore from M/s Hindustan Construction Company (HCC- Rs. 14.94 Crore) and M/s Andritz Hydro Private Limited (AHPL- Rs. 0.66 crore). The above amount stands recoverable since March, 2017 for the HCC and March 2022 for AHPL, when no any dispute had arisen. The litigation in respect of M/s HCC and M/s AHPL come into picture in 2018 & 2024 respectively and this matter is still sub-judice. Hence, at this stage "status quo" is maintained. The Final accounting adjustment shall be carried out only upon the final outcome of the court decision, with appropriate recognition or write off as the case may be in the year of such decision along with necessary disclosures after approval of Competent Authority.

Sd/-
Director (Finance)

Bhumipujan at Renukaji Project Site

Independence Day Celebrations

Raising Day Celebrations

Raising Day Celebrations

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2023

(Rs. in Lacs)

Particulars	Note No.	As at Mar 31,2023	As at Mar 31,2022	As at Apr 01,2021
ASSETS				
(1) Non-Current Assets:				
(a) Property, Plant and Equipment	2.1	5,31,704.79	5,56,612.44	5,30,884.96
(b) Capital Work-in-Progress	2.2	3,24,137.53	2,20,900.74	1,93,275.61
(c) Investment Property	2.3	25.65	27.06	28.47
(d) Goodwill		-	-	-
(e) Other Intangible Assets	2.4	42.59	16.16	20.65
(f) Financial Assets:				
(i) Investments	2.5	77.49	93.45	93.35
(ii) Trade receivables				
(iii) Loans	2.6	150.81	88.97	147.50
(g) Deferred Tax Assets (Net)				
(h) Other Non-Current Assets	2.7	74,375.18	1,12,582.48	55,463.80
(2) Current Assets				
(a) Inventories	2.8	951.29	874.37	842.66
(b) Financial Assets				
(I) Investments				
(ii) Trade Receivables	2.9	1,061.13	508.57	486.12
(iii) Cash and Cash Equivalents	2.10	13,210.37	1,608.53	1,156.63
(iv) Bank Balance other than above	2.11	3,116.68	3,320.18	2,283.85
(v) Loans	2.12	1.19	62.65	7.26
(vi) Others	2.13	6,525.23	6,542.48	19,113.26
(c) Other Current Assets	2.14	45,231.96	26,605.94	16,207.07
Total Assets		**10,00,611.88**	**9,29,844.04**	**8,20,011.20**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.15	2,30,247.79	2,25,102.79	2,18,771.33
(b) Other Equity	2.16	(75,704.85)	(68,171.12)	(57,333.57)
LIABILITIES				
(1) Non-Current Liabilities:				
(a) Financial Liabilities				
(I) Borrowings	2.17	63,190.13	64,379.46	1,17,109.25
(ia) Lease Liabilities	2.18	65.46	682.92	49.09
(ii) Other Financial Liabilities	2.19	4,145.63	4,383.51	12,587.68
(b) Provisions	2.20	7,394.48	6,788.57	5,693.46
(c) Deferred Tax Liabilities (Net)	2.21	-	-	-
(d) Other Non-Current Liabilities	2.22	2,48,547.73	1,71,781.10	1,24,151.80
(2) Current Liabilities:				
(a) Financial Liabilities				
(I) Borrowings	2.23	2,10,044.48	2,08,076.89	1,52,272.84
(ia) Lease Liabilities	2.24	678.69	167.16	110.60
(ii) Trade Payables	2.25	-	-	-
(iii) Other Financial Liabilities	2.26	3,12,002.04	3,16,652.76	2,46,503.74
(b) Other Current Liabilities				
(c) Provisions	2.27	0.30	-	94.96
(d) Current Tax Liabilities (Net)				
Inter Unit Transfer		(0.00)	-	-
Zero Balance Clr		-	-	-
Total Equity and Liabilities		**10,00,611.88**	**9,29,844.04**	**8,20,011.20**

See accompanying notes to the financial statements.

Note : The figures for the year ended 31st March 2022 and 1st April 2021 as given above are restated

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(B.L. Verma)	(Sudershan K. Sharma)	(Shivam Pratap Singh)	(Harikesh Meena)
A.G.M. (Finance)	Consultant	Director (Finance)	Managing Director
	Company Secretary	DIN No. 10243812	DIN No. 09333558

For Soni Gulati & Co., Chartered Accountants,
Firm Regn No. 008770N

Sd/-
(CA Suresh Chand Soni), Partner,
Membership No. 083106

Place: Shimla
Date: 12/01/2025

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDING MARCH 31, 2023

(Rs. in Lacs)

	Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I	Revenue from Operations	2.28	38,488.59	40,055.85
II	Other Income	2.29	206.43	114.34
III	**Total Income (I+II)**		**38,695.02**	**40,170.19**
IV	**Expenses**			
	Cost of Materials Consumed			
	Purchases of Stock-in-Trade			
	Changes in inventories of finished goods, Stock-in -Trade and work in progress			
	Employee Benefits Expense	2.30	2,704.19	2,997.90
	Finance Costs	2.31	20,313.27	20,277.51
	Depreciation and Amortization Expense	2.32	20,722.13	20,588.86
	Other Expenses	2.33	4,285.70	7,268.66
	Total Expenses (IV)		**48,025.30**	**51,132.92**
V	**Profit/(Loss) before exceptional items and tax (I-IV)**		**(9,330.28)**	**(10,962.73)**
VI	Exceptional Items			
VII	**Profit/ (Loss) before exceptions items and tax (V-VI)**		**(9,330.28)**	**(10,962.73)**
VIII	Tax Expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
IX	**Profit/(Loss) for the period from continuing operations (VII-VIII)**		**(9,330.28)**	**(10,962.73)**
X	Profit/(Loss) from Discontinued operations		-	-
XI	Tax expenses of discontinued operations		-	-
XII	**Profit/(Loss) from Discontinued operations (after tax) (X-XI)**		**-**	**-**
XIII	**Profit/(Loss) for the period (IX+XII)**		**(9,330.28)**	**(10,962.73)**
XIV	Other comprehensive income			
	A. (i) Items that will not be reclassified to profit or loss	2.34	206.55	(171.32)
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	B. (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
XV	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other comprehensive Income for the period)**		**(9,124)**	**(11,134)**
XVI	**Earnings per equity share (for continuing operation):**			
	(1) Basic	2.35	(40.07)	(49.46)
	(2) Diluted			
XVII	**Earnings per equity share (for discontinued operation):**			
	(1) Basic			
	(2) Diluted			
XVIII	**Earnings per equity share (for discontinued & continuing operation):**			
	(1) Basic	2.35	(40.07)	(49.46)
	(2) Diluted			

Significant Accounting Policies 1

The accompanying notes form an integral part of these financial statements

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(B.L. Verma)	(Sudershan K. Sharma)	(Shivam Pratap Singh)	(Harikesh Meena)
A.G.M. (Finance)	Consultant Company Secretary	Director (Finance) DIN No. 10243812	Managing Director DIN No. 09333558

For Soni Gulati & Co., Chartered Accountants,
Firm Regn No. 008770N
Sd/-
(CA Suresh Chand Soni), Partner,
Membership No. 083106

Place: Shimla
Date: 12/01/2025

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Lacs)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES			
Profit Before Tax (A)		**-9,124**	**-11,134**
Change in Other Equity as per Restated Balance Sheet (B)			(2,491)
Adjustment for:			
Depreciation and Amortization	20,722		20,589
Finance Cost			-
Loss on Disposal/Write Off of Fixed Assets	0		60
Profit on Sale of Fixed Assets	-		-
Total Adjustment (C)		**20,722**	**20,648**
Adjustment for Assets and Liabilities			
Inventories	-77		-32
Trade Receivable and Unbilled Revenue	-553		-22
Loans, Other Financial Assets and Other Assets	-18,344		-11,954
Other Financial Liabilities and Other Liabilities	-2,471		70,683
Other Current Liabilities	-		-
Provisions	606		1,000
Total Adjustment (D)		**-20,838**	**59,675**
Cash used in Operating Activities (E)=(A+B+C+D)		-9,239	69,189
Less: Income Tax Paid		-	-
Net Cash used in Operating Activities (F)		**-9,239**	**69,189**
CASH FLOW FROM INVESTING ACTIVITIES			
Net Expenditure on Property, Plant & Equipment and CWIP	-99,077		-73,963
Term Deposits with Banks (having maturity more than 3 months)			-
Interest on Term Deposits/ Sweep Deposits	-62		59
Investment in Subsidiary/Associate/Joint Venture	16		-
Other Non Current Asset	38,207		-44,085
Loss of Fixed/ CWIP Assets from Torrential Rain & Flood			
Net Cash used in Investing Activities (G)		**-60,915**	**-1,17,989**
CASH FLOW FROM FINANCING ACTIVITIES			
Share Capital	5,145		825
Share Money Pending Allotment	1,590		275
Proceeds from Borrowings	-		
Repayment of Borrowings	-1,639		-168
Other Non Current Liabilites	76,767		47,629
Payment of Lease Liabilities	-106		690
Interest and Finance Charges			
Net Cash generated from Financing Activities (H)		**81,756**	**49,252**
Net increase in cash and cash equivalents (I)=(F+G+H)		**11,602**	**452**
Cash & Cash Equivalents at the beginning of the year		**1,609**	**1,157**
Cash & Cash Equivalents at the end of the year		**13,210**	**1,609**
Restricted Cash Balance			
Earmarked Balance (Unpaid Dividend)		-	-
Margin Money for BG/ Letter of Credit and Pledged Deposits		3,117	3,320
Total		**3,117**	**3,320**

This is the Statement of Cash Flows referred to in our report of even date

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(B.L. Verma)	(Sudershan K. Sharma)	(Shivam Pratap Singh)	(Harikesh Meena)
A.G.M. (Finance)	Consultant	Director (Finance)	Managing Director
	Company Secretary	DIN No. 10243812	DIN No. 09333558

For Soni Gulati & Co., Chartered Accountants, Firm Regn. No. 008770N

Sd/-

(CA Suresh Chand Soni), Partner, Membership No. 083106

Place: Shimla

Date: 12/01/2025

HIMACHAL PRADESH POWER CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

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 conolidated 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 costunder 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 Sundarnagar 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 assets is 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 capitalisation under 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 impact recognised 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 remeasurement 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, construct or 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.

b) 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.

c) 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, keeping10% 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) 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.

ix) 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.

x) 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.

xi) 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.

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

xiii) 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.

xiv) 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.

xv) 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.

2 NOTES TO ACCOUNTS

The amounts in financial statements are presented in Indian Rupees in nearest lacs . The previous year figures have also been reclassified /regrouped/ rearranged whenever necessary to confirm to this year's classification.

(Rs. in Lacs)

Particulars	Sub Note	Amount as at March 31, 2023	Amount as at March 31, 2022
2.1 Property Plant and Equipment	2.1.1	5,31,704.79	5,56,612.44
2.2 Capital Work In progress	2.2.1	3.24	2.21
2.3 Investment Property	2.3.1	25.65	27.06
2.4 Right-of-use Assets	2.4.1	42.59	16.16
TOTAL		**5,31,776.27**	**5,56,657.87**

2.5 INVESTMENTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Investment in Equity Instruments		
Non Trade - Unquoted (at Cost)		
(a) Subsidiary Companies		
(b) Joint Venture Companies	337.50	337.50
3375000 (P.Y. 3375000) Equity Shares of Rs. 10/- in Himachal EMTA Power Ltd	-	-
Less: Provision for Doubtful Investments	(260.01)	(244.05)
Total Investment in Equity Instruments	**77.49**	**93.45**
Other Investment	-	-
Total Other Investment	**-**	**-**
Total Investments	**77.49**	**93.45**

2.6 LOANS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Security Deposits		
- Secured Considered Good	-	-
- Unsecured Considered Good	150.81	88.97
- Doubtful	-	-
Total (A)	**150.81**	**88.97**
Loans to other employess		
- Secured Considered Good	-	-
- Unsecured Considered Good	-	-
- Doubtful	-	-
Total (B)	**-**	**-**
Total (C) =(A+B)	**150.81**	**88.97**

Sub Note No 2.1.1

SCHEDULE OF PROPERTY PLANT AND EQUIPMENT

A) Own Assets:

(Rs. in Lacs)

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
Land - Lease Hold	7.93	46.48	5.15	49.26	(2.64)	-	-	-2.64	51.90	10.57
Land - Free Hold	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	3,00,216.74	106.50	-	3,00,323.24	44,997.88	14,272.59	0.71	59,269.75	2,41,053.49	2,55,218.86
Roads, Bridges & Traffic Tunnels	-	-	-	-	0.00	-	-	0.00	-0.00	-0.00
Project Electro Mechanical Works	1,08,422.99	35.60	-	1,08,458.60	17,505.77	5,171.19	-	22,676.96	85,781.64	90,917.22
Plant (currently for Water Treatment)	66.68	0.96	-	67.63	6.07	3.22	-	9.28	58.35	60.61
Office Machinery (like lab, fire, safety)	145.92	48.34	0.88	193.38	61.89	8.93	0.42	70.40	122.98	84.02
Electronics & Electrical Items	462.11	20.62	2.77	479.95	184.24	26.05	1.18	209.11	270.84	277.86
Furnitures & Fixtures	416.58	39.29	11.42	444.45	192.53	32.00	6.00	218.53	225.93	224.06
Computers & 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 Fight Equipment	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 & Culverts	579.85	-	-	579.85	162.49	18.54	-	181.03	398.82	417.36
Server 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 Company (Roads)	-	-	-	-	-	-	-	-	-	-
Assets not owned by Company (Others)	-	312.15	-	312.15	-	0.86	-	0.86	311.30	-
Infrastructure Dev. Construction Power	2,619.52	-	-	2,619.52	812.61	124.43	-	937.05	1,682.47	1,806.90
Total (A)	**6,23,099.65**	**1,13,560.75**	**1,18,348.88**	**6,18,311.51**	**67,338.93**	**20,027.14**	**43.15**	**87,322.93**	**5,30,988.59**	**5,55,760.71**

B) Right of Use:

Particulars	GB As at 01.04.2022	GB Addition during the year	GB Deductions/ Adjustments	GB As at 31.03.2023	Dep. As at 01.04.2022	Dep. Addition during the year	Dep. Deductions/ Adjustments	Dep. As at 31.03.2023	Net As at 31.03.2023	Net 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)	**6,24,157.43**	**1,13,652.08**	**1,18,348.88**	**6,19,460.63**	**67,544.99**	**20,253.99**	**43.15**	**87,755.84**	**5,31,704.79**	**5,56,612.44**

Note No. 2.2.1
CAPITAL WORK-IN-PROGRESS

(Rs. in Lacs)

Particulars	Note No.	Amount As at 31.03.2022	Addition during FY 2022-23	Deletion during FY 2022-23	Net Adj. during FY 2022-23	Amount As at 31.03.2023
Residential Buildings	2.2.1.1	-	-	-	-	-
Non Residential Buildings	2.2.1.1	184.35	-	-	-	184.35
Roads, Bridges & Culverts	2.2.1.1	674.75	259.35	78.03	181.31	856.06
Civil Works	2.2.1.1	75,260.78	24,320.52	106.92	24,213.60	99,474.37
Electro-Mechanical Works	2.2.1.1	33,948.22	2,212.08	-	2,212.08	36,160.30
Construction Power	2.2.1.1	1.53	72.44	-	72.44	73.97
Plant & Machinery	2.2.1.1	-	10.49	-	10.49	10.49
Land Submerged Area	2.2.1.1	7.54	-	-	-	7.54
Investigation & Survey	2.2.1.1	-	2.19	2.19	-	-
Environment and R&R Expenses	2.2.1.1	-	-	-	-	-
AUC Office Item	2.2.1.1	0.84	-	-	-	0.84
G.Total		**1,10,078.00**	**26,877.07**	**187.14**	**26,689.93**	**1,36,767.93**
Expenditure During Construction	2.2.2	1,10,416.52	80,822.38	3,872.13	76,950.25	1,87,366.77
IND AS adjustment		406.21	-	-	-	2.82
Total Carried forward to Balance Sheet		**2,20,900.74**	**1,07,699.45**	**4,059.27**	**1,03,640.18**	**3,24,137.53**

Note No. 2.2.1.1
CAPITAL WORK IN PROGRESS (PROJECT WISE)

(Rs. in Lacs)

Particulars	Residential Buildings as at 31.03.2023	Non Residential Buildings as at 31.03.2023	Roads, Bridges & Culverts as at 31.03.2023	Civil Works as at 31.03.2023	Electro-Mechanical Works as at 31.03.2023	Construction Power as at 31.03.2023	Plant & Machinery as at 31.03.2023	Land Submerged Area as at 31.03.2023	Investigation & Survey as at 31.03.2023	Environment Expenses as at 31.03.2023	Office Item as at 31.03.2023	G.Total
Sundernagar	-	-	-	-	-	-	-	-	-	-	-	-
Sawra Kuddu HEP	-	-	-	158.51	-	-	-	-	-	-	-	158.51
Kashang HEP Stage-I	-	-	-	-	-	-	-	-	-	-	-	-
Sainj HEP	-	184.35	307.62	100.82	-	-	-	-	-	-	-	592.79
Renuka Dam Project	-	-	-	-	-	-	7.54	-	-	10.49	-	18.04
Shongtong HEP	-	-	-	80,976.61	36,160.30	48.78	-	-	-	-	-	1,17,185.69
Triveni HEP	-	-	-	-	-	-	-	-	-	-	-	-
Thana Plaun HEP	-	-	-	-	-	-	-	-	-	-	0.16	0.16
Nakthan HEP	-	-	-	-	-	-	-	-	-	-	0.68	0.68
Gyspa HEP	-	-	-	-	-	-	-	-	-	-	-	-
Surgani Sundla HEP	-	-	-	-	-	-	-	-	-	-	-	-
Deothal Chanju	-	-	51.12	-	-	-	-	-	-	-	-	51.12
Chanju-III	-	-	121.21	-	-	-	-	-	-	-	-	121.21
Berra-Dol Solar Power Project	-	-	-	-	-	-	-	-	-	-	-	-
Kashang HEP Stage-II	-	-	376.11	18,238.44	-	25.19	-	-	-	-	-	18,639.74
G.Total	**-**	**184.35**	**856.06**	**99,474.37**	**36,160.30**	**73.97**	**7.54**	**-**	**-**	**10.49**	**0.84**	**1,36,767.93**

Note No 2.2.2 EXPENDITURE DURING CONSTRUCTION (Rs. in Lacs)

Particulars	Note No.	As at 31.03.2022	Addition during 22-23	Deletion during 22-23	Net Adj. during 22-23	As at 31.03.2023
EXPENSES (A):						
Employees' Benefits Expenses	2.2.2.1	61,703.73	6,301.36	(0.10)	6,301.27	68,005.00
Finance/Interest Cost	2.2.2.2	33,579.83	6,456.00	-	6,456.00	40,035.83
Depreciation Expenses	2.2.2.3	1,729.67	340.73	-	341.00	2,070.67
Office and Administrative Expenses	2.2.2.4	25,942.14	68,987.04	(3,872.13)	65,114.91	91,057.05
TOTAL (A)		**1,22,955.37**	**82,085.12**	**(3,872.23)**	**78,213.17**	**2,01,168.54**
Less: Miscellaneous Income	2.2.2.5	(12,538.85)	(1,262.65)	-	(1,262.65)	(13,801.50)
Less: Renukaji & Gyspa Project Depreciation adj. against Capital Reserve		-	-	-	-	-
NET EXPENDITURE (B) (Carried forward to CWIP)		**1,10,416.52**	**80,822.47**	**(3,872.23)**	**76,950.52**	**1,87,367.05**

Note No 2.2.2.1 EMPLOYEE BENEFITS EXPENSES (Expenditure During Construction): (Rs. in Lacs)

Particulars	As at 31.03.2022	Addition during 22-23	Deletion during 22-23	Net Adj. during 22-23	As at 31.03.2023
Salaries, Wages, Allowances and Benefits	61,737.96	6,015.15	-	6,015.15	55,722.80
Contribution to Provident and Other Funds	1,036.09	35.12	-	35.12	1,000.98
Leave Salary and Pension Contribution	3,752.01	175.79	-	175.79	3,576.22
Travelling Exp.	425.67	15.20	-	15.20	410.48
Medical Exp.	587.43	35.26	(0.10)	35.16	552.27
Welfare Expenses	465.83	24.85	-	24.85	440.98
TOTAL	**68,005**	**6,301.36**	**-**	**6,301.27**	**61,703.73**

Note No 2.2.2.2 FINANCE/INTEREST COST (Expenditure During Construction): (Rs. in Lacs)

Particulars	As at 31.03.2022	Addition during 22-23	Deletion during 22-23	Net Adj. during 22-23	As at 31.03.2023
Interest on Term Loans	39,976.26	6,454.99	-	6,454.99	33,521.26
Bank Charges/LC Charges	40.53	1.00	-	1.00	39.53
Others-FBT/Service Tax Interest	19.04	-	-	-	19.04
TOTAL	**40,036**	**6,456.00**	-	**6,456.00**	**33,579.83**

Note No 2.2.2.3: DEPRECIATION EXPENSES: (Rs. in Lacs)

Particulars	As at 31.03.2022	Addition during 22-23	Deletion during 22-23	Net Adj. during 22-23	As at 31.03.2023
Depreciation for the year (Transferred to Profit & Loss Account)	-	-	-	-	-
Depreciation for the year (Transferred to Expenditure During Construction)	2,070.67	340.73	-	341.00	1,729.67
TOTAL	**2,071**	**340.73**	**-**	**341.00**	**1,729.67**
Depreciation written off from Capital Reserve	-	-	-	-	-

Note No 2.2.2.4:
OFFICE AND ADMINISTRATIVE EXPENDITURE (Projects Incidental Expenditure):

(Rs. in Lacs)

Particulars	Amount As at 31.03.2023	Addition during FY 2022-23	Deletion during FY 2022-23	Net Adj. during FY 2022-23	Amount As at 31.03.2022
Repairs & Maintenance Vehicle	130.50	10.14	-	10.14	120.36
Repairs & Maintenance Office Furniture & Equipments	90.45	5.04	-	5.04	85.41
Repairs & Maintenance Plant and Machinery	122.58	4.67	-	4.67	117.91
Repairs & Maintenance Buildings	629.98	28.74	-	28.74	601.24
Repairs & Maintenance Others	49.49	0.96	-	0.96	48.53
Office & Administration Expenses	41.21	0.09	-	0.09	41.12
Hospitality and Entertainment Expenses	175.59	11.56	-	11.56	164.03
Meeting Expenses	76.04	5.85	-	5.85	70.19
Misc. Expenses	140.39	0.86	-	0.86	139.52
Communication Expenses	758.91	35.90	-	35.90	723.01
Rent, Rates and Taxes	2,169.03	69.23	-	69.23	2,099.81
Consultancy Fees	809.71	72.60	-	72.60	737.11
Annual Technical Support-SAP/ AMC	3,355.05	458.06	-	458.06	2,897.00
Vehicle Running Charges & Insurance Charges	343.05	23.43	-	23.43	319.62
Hired Vehicle Expenses	2,352.26	236.67	-	236.67	2,115.59
Training & Seminar	289.52	2.06	-	2.06	287.46
Fees & Subscription	42.60	0.21	-	0.21	42.40
Electricity & Water Expenses	488.26	31.66	-	31.66	456.60
Printing & Stationary	309.96	20.22	-	20.22	289.73
Books, Periodicals & Newspapers	80.35	4.99	-	4.99	75.36
Freight & Labour Charges	49.18	1.27	-	1.27	47.91
Insurance	48.95	3.39	-	3.39	45.56
Raising Day Expense	33.36	0.05	-	0.05	33.31
Legal & Professional Charges	456.43	19.58	-	19.58	436.85
Postage & Telegram Expenses	31.30	1.57	-	1.57	29.72
Publicity & Advertisement Expenditure	319.71	16.24	-	16.24	303.47
Expenditure on Transit Camps/Guest House	46.35	1.27	-	1.27	45.08
Business Promotion Expenses	263.41	70.68	-	70.68	192.73
Power/ Water Park	42.79	-	-	-	42.79
Foreign Exchange Variation Cost	55.36	-	-	-	55.36
Land Acquisition Expenses	10.81	0.17	-	0.17	10.63
LADA	4,905.06	985.00	-	985.00	3,920.06
Relief and Rehabilitation Costs	7,397.67	995.27	-	995.27	6,402.40
Environmental and Ecology exp.	67,278.04	62,297.82	-	62,297.82	4,980.23
Expenditure on Enabling Assets	51.24	-	-	-	51.24
CAT Plan	6,884.04	-	-	-	6,884.04
Study and Research	43.68	5.31	-	5.31	38.37
Survey & Investigation	9,702.72	414.68	-	414.68	9,288.04
Construction Power HPSEBL 1-8-1	239.56	-	-	-	239.56

Environment Management Plan	1,099.06	45.56	-	45.56	1,053.51
Fuel Expenses Data Centre	9.11	-	-	-	9.11
Gift & Presentation A/c (Pending Allocation)	3.39	-	-	-	3.39
Honorarium & Stipend	225.68	0.19	-	0.19	225.49
Incidental Expenses-Power Water & Parks	(42.53)	-	-	-	(42.53)
Outsourced Manpower Expenses (Pending Allocation)	4,945.58	708.00	-	708.00	4,237.58
Reatain 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)	86.46	6.17	-	6.17	80.29
Wages (Daily Paid Staff) (Project)	4.57	-	-	-	4.57
Remuneration to Auditors	31.42	4.54	-	4.54	26.88
Consumables Stores	103.83	5.07	-	5.07	98.76
Transmission Lines	12.00	-	-	-	12.00
Common Cost (HO & SNR)	(14,199.76)	2,381.42	(3,872.13)	(1,490.71)	(12,709.05)
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(proportio) 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 Settelment	(252.96)	-	-	-	(252.96)
AUC Incidental Investment Clearing Account	(6,041.42)	-	-	-	(6,041.42)
Financial Charges on Lease	8.81	0.85	-	0.85	7.96
Interest/Penalty	0.31	0.31	-	-	-
TOTAL	**91,057.05**	**68,987.04**	**(3,872.13)**	**65,114.91**	**25,942.14**

Note No 2.2.2.5

MISCELLANEOUS INCOME TRANSFERRED TO EXPENDITURE DURING CONSTRUCTION:

(Rs. in Lacs)

Particulars	Amount As at 31.03.2023	Addition during FY 2022-23	Deletion during FY 2022-23	Net Adj. during FY 2022-23	Amount As at 31.03.2022
Interest from Banks Deposits/FDR's	(2,123.59)	(1.58)	-	(1.58)	(2,122.00)
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	(0.72)	-	-	-	(0.72)
Income from Contractors	-	-	-	-	-
Income from Transit Camp/Guest House	-	-	-	-	-
Gain on sale of Assets	(1.16)	-	-	-	(1.16)
Miscellaneous Receipts	(11,659.20)	(1,261.06)	-	(1,261.06)	(10,398.14)
TOTAL	**(13,801)**	**(1,262.65)**	**-**	**(1,262.65)**	**(12,538.85)**

Note 2.3.1 INVESTMENT PROPERTY

As at 31-3-23

(Rs. in Lacs)

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
Building-Investment	46.91	-	-	46.91	19.85	0.00	-	21.26	25.65	27.06
Total	**47**	-	-	**47**	**20**	**0**	-	**21**	**26**	**27**

As at 31-3-22

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2021	Addition during the year	Deductions/ Adjustments	As at 31.03.2022	As at 01.04.2021	Addition during the year	Deductions/ Adjustments	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Building-Investment	46.91	-	-	46.91	18.44	1.41	-	19.85	27.06	28.47
Total	**47**	-	-	**47**	**18**	**1**	-	**20**	**27**	**28**

Sub Note 2.4.1 OTHER INTANGIBLE ASSETS

(Rs. in Lacs)

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	69.14	32.30	-	101.44	52.98	5.87	-	58.85	42.59	16.16
Total	**69.14**	**32.30**	-	**101.44**	**52.98**	**5.87**	-	**58.85**	**42.59**	**16.16**

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2021	Addition during the year	Deductions/ Adjustments	As at 31.03.2022	As at 01.04.2021	Addition during the year	Deductions/ Adjustments	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Software	69.14	-	-	69.14	48.49	4.49	-	52.98	16.16	20.65
Total	**69.14**	-	-	**69.14**	**48.49**	**4.49**	-	**52.98**	**16.16**	**20.65**

NON CURRENT ASSETS
2.7 OTHER NON CURRENT ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Capital Advances:		
Advances to Suppliers and Contractors		
Covered by Bank Guarantee		
Unsecured Considered Good		
Others	-	-
Loans and Advances to Related Parties	4,163.50	5,781.31
Unsecured Considered Good	-	-
Less: Provision for Doubtful Advances	60.50	60.50
Advances to Govt Departments	(60.50)	(60.50)
Advances to Others		
Others- Secured Considered Good	54.99	46.26
Others- Unsecured Considered Good	191.44	383.34
Total Advances (A)	**4,409.93**	**6,210.91**

Others		
Recoverable from Contractors		
Others- Secured Considered Good	-	-
Others- Unsecured Considered Good	1,560.19	1,560.19
Recoverable from staff	-	-
Deposits with Income Tax Authorities	7,655.07	7,599.29
Deposits with Courts	-	-
Other Recoverable	20.44	19.21
Capital Stores at Cost		
Other Items		
Grant Receivables- Non Current	60,729.56	97,189.90
Prepaid Expenses	-	2.99
Deferred Empoyee Benefits Expense	-	-
Total - Others (B)	**69,965.25**	**1,06,371.57**
Total Other Non- Current Assets (C)=(A+B)	**74,375.18**	**1,12,582.48**

CURRENT ASSETS

2.8 INVENTORIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Inventories	72.43	40.36
Loose Tools	86.41	89.69
Stores and Spares	792.44	744.33
Less: Provision for Shortage of store and Obsolescence		
TOTAL	**951.29**	**874.37**

2.9 TRADE RECEIVABLES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Secured considered good		
Unsecured considered good		
Sale of Power	1,037.36	484.80
Others(HPTCL)	23.77	23.77
TOTAL	**1,061.13**	**508.57**

2.10 CASH AND CASH EQUIVALENTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Term Deposits (having original maturity of upto 3 months)		
Cash and Bank Balances		
Cash in Hand	0.27	0.18
Stamps in Hand	0.16	0.15

Balances with Banks	-	-
Current Deposits	13,209.94	1,608.20
Term Deposits with maturity period up o 3 months	-	-
TOTAL	**13,210.37**	**1,608.53**

2.11 BANK BALANCE - OTHER THAN ABOVE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Earmarked Balance (Unpaid Dividend)		
Margin Money for Pledged Deposits	-	-
Other Term Deposits having maturity period for more than 3 months	-	-
Margin Money for BG/ Letter of Credit	3,116.68	3,320.18
TOTAL	**3,116.68**	**3,320.18**

2.12 LOANS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Security Deposit		
Secured Considered Good	-	-
Unsecured Considered Good	0.62	60.65
Doubtful		
Recoverable from Staff	0.24	1.98
Advances to Employees		
Secured considered good	-	-
Unsecured Considered Good	0.33	0.03
Doubtful	-	-
TOTAL	**1.19**	**62.65**

2.13 OTHER ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Interest Accrued but not due on Deposits with Banks	59.82	35.54
Interest Recoverable	17.56	18.71
Amount Receivable from Others	358.90	228.58
Amount Recoverable from Contractor & Suppliers	19,123.37	19,294.07
Less: Provision for Doubtful Recoverable from contractor & suppliers	(13,034.42)	(13,034.42)
TOTAL	**6,525.23**	**6,542.48**

2.14 OTHER CURRENT ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Advances Others		
Secured Considered Good	-	-
Unsecured Considered Good	21.89	21.89
Advances to Suppliers & Contractors		
Secured Considered Good	-	-
Unsecured Considered Good	4,834.15	4,416.62
Advances to Govt Department		
Secured Considered Good	-	-
Unsecured Considered Good	750.80	634.92
Others		
Prepaid Expenses	804.46	312.85
Amount Recoverable from tax authorities	-	10.18
Deposit with Courts	38,775.33	21,179.57
Other Recoverable	15.41	0.00
Recv from Rent	29.92	29.92
TOTAL	**45,231.96**	**26,605.94**

2.15 EQUITY SHARE CAPITAL

Particulars	as at March 31, 2023		as at March 31, 2022	
	No. of Shares	Share Capital	No. of Shares	Share Capital
AUTHORISED Equity Shares of par Value of Rs 1,000/- each	2,50,00,000	2,50,000	2,50,00,000	2,50,000
ISSUED, SUBSCRIBED AND FULLY PAID UP Equity Shares of par Value of Rs 1,000/- each fully paid up	2,30,24,779	2,30,247.79	2,25,10,279	2,25,102.79
TOTAL		**2,30,247.79**		**2,25,102.79**

2.15.1 DETAIL OF SHAREHOLDING HOLDING MORE THAN 5% SHARES IN THE COMPANY

Particulars	as at March 31, 2023		as at March 31, 2022	
	No. of Shares	%	No. of Shares	%
Government of Himachal Pradesh (GoHP)	98,45,491	42.76	93,30,991	41.45
Himachal Pradesh Infrastructure Development Board	1,18,71,507	551.56	1,18,71,507	52.74
Himachal Pradesh Electricity Board Limited	13,07,751	5.68	13,07,751	5.81
TOTAL	**2,30,24,729**	**100.00**	**2,25,10,229**	**100.00**

2.15.2 THE RECONCILIATION OF SHARES OUTSTANDING IS SET OUT BELOW:

(Rs. in Lacs)

Particulars	as at March 31, 2023		as at March 31, 2022	
	No. of Shares	Share Capital	No. of Shares	Share Capital
No. of shares at the beginning	2,25,10,279	2,25,102.79	2,18,77,133	2,18,771.33
No. of shares issued during the year	5,14,500	5,145.00	6,33,146	6,331.46
No. of shares bought Back during the year	-	-	-	-
No. of shares at the end	**2,30,24,779**	**2,30,247.79**	**2,25,10,279**	**2,25,102.79**

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital : **1) For FY 2022-23** (Rs. in Lacs)

Balance as at 1st April, 2022	Changes in equity shares capital due to prior period errors	Restated balance as at 1st April, 2022	Changes in equity shares capital during the year	Balance as at 31st March, 2023
2,25,102.79	-	2,25,102.79	5,145.00	2,30,247.79

2) For FY 2021-22

Balance as at 1st April, 2021	Changes in equity shares capital due to prior period errors	Restated balance as at 1st April, 2021	Changes in equity shares capital during the year	Balance as at 31st March, 2022
2,18,771.33	-	2,18,771.33	6,331.46	2,25,102.79

B. Other Equity **1) For FY 2022-23**

	Share application on money pending allotment	Equity component of compound financial instrument	Reserve & Surplus				Total
			Capital Reserve	Securities Premium	Other Reserve (Specify nature)	Retained Earning	
Balance as on 1st, April, 2022	275.00	-	-	-	-	-68,467.62	(68192.62)
Changes in accounting policy or prior period errors	-	-	-	-	-	21.50	21.50
Restated balance at the beginning of the current reporting period	275.00	-	-	-	-	-68,446.12	(68171.12)
Total comprehensive Income for the current year	-	-	-	-	-	206.55	206.55
Dividends	-	-	-	-	-	0.00	0.00
Transfer to retained earnings	-	-	-	-	-	-9,330.28	(9330.28)
Any other change	1,590.00	-	-	-	-	0.00	1590.00
Balance as on 31st March, 2023	1,590.00	-	-	-	-	-77,569.85	(75704.85)

2) For FY 2021-22

	Share application on money pending allotment	Equity component of compound financial instrument	Reserve & Surplus				Total
			Capital Reserve	Securities Premium	Other Reserve (Specify nature)	Retained Earning	
Balance as on 1st, April, 2021	-	-	-	-	-	-57,697.84	(57697.84)
Changes in accounting policy or prior period errors	-	-	-	-	-	364.27	364.27
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-57,333.57	(57333.57)
Total comprehensive Income for the current year	-	-	-	-	-	-171.32	(171.32)
Dividends	-	-	-	-	-	0.00	0.00
Transfer to retained earnings	-	-	-	-	-	-10,962.73	(10962.73)
Any other change	275.00	-	-	-	-	0.00	275.00
Balance as on 31st March, 2022	275.00	-	-	-	-	-68,467.62	(68192.62)

For and on behalf of the Board of Directors

Sd/-
(B.L. Verma)
A.G.M. (Finance)

Sd/-
(Sudershan K. Sharma)
Consultant
Company Secretary

Sd/-
(Shivam Pratap Singh)
Director (Finance)
DIN No. 09333558

Sd/-
(Harikesh Meena)
Managing Director
DIN No. 09333558

This is the Statement of Changes in Equity referred to our reort of even date

For Soni Gulati & Co., Chartered Accountants, FRN No. 008770N
Sd/-
(CA Suresh Chand Soni), Partner, Membership No. 083106

Place: Shimla
Date: 12/01/2025

NON CURRENT LIABILITIES

2.17 BORROWINGS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Term Loans		
From Banks:	-	-
A. Secured		
From UCO Bank	-	-
From PFC Loan Shongtong	18,147.95	-
Total (A)	**18,147.95**	**-**
B. Unsecured:		
Government of Himachal Pradesh Loan for Shongtong HEP *(Rate of Interest 3.83% p.a. payable in half yearly instalments from July 2018 to January 2028)*	4,129.46	5,162.46
Government of Himachal Pradesh Loan for Shongtong HEP *(Rate of Interest 0.75% p.a. payable in half yearly instalments from July 2023 to January 2053)*	4,793.96	4,959.26
Government of Himachal Pradesh Loan		
Government of Himachal Pradesh Loan (Trench 1) *(Rate of Interest 10% pa payable in yearly instalments of principal & interest from April 18 to January 2023)*	-	-
Government of Himachal Pradesh Loan (Trench 2) *(Rate of Interest 10% pa payable in yearly instalments of principal & interest from April 18 to January 2025)*	2,771.88	5,543.77
Government of Himachal Pradesh Loan (Trench 3) *(Rate of Interest 10% pa payable in yearly instalments of principal & interest from April 18 to Jauaryn 2026)*	21,062.43	31,579.78
Government of Himachal Pradesh Loan (Trench 4) *(Rate of Interest 10% pa payable in yearly instalments of principal & interest from April 18 to January 2027)*	12,226.69	17,134.19
Government of Himachal Pradesh Loan (SEC.TRM.LOAN HP Govt)	-	-
Unsecured Term Loan Chanju-III - AFD *(Rate of Interest 2.39 % pa payable in semi annual instalments for each calender half year on or before 15th January/ 15th July succeeding half year to which the interest relates)*	35.55	-
Unsecured Term Loan Deothal Chanju - AFD *(Rate of Interest 2.39 % pa payable in semi annual instalments for each calender half year on or before 15th January/ 15th July succeeding half year to which the interest relates)*	22.21	-
Total (B)	**45,042.18**	**64,379.46**
Total Term Loans from Banks (A+B)	**63,190.13**	**64,379.46**

2.18 LEASE LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Lease Liabilites -Non Current	65.46	682.92
Total	**65.46**	**682.92**

2.19 OTHER FINANCIAL LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Deposits, Retention Money from Contractors and Others	2,108.99	1,278.71
Liabiities For Contractors & Suppliers	0.21	0.14
Provision for Expenses	2,036.42	3,104.66
Deferred Repayment of Interest of GoHP Loan	-	-
Total	**4,145.63**	**4,383.51**

NON CURRENT LIABILITIES

2.20 PROVISIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Unfunded Employee benefit		
Pension Contribution	1,472.64	1,241.44
Gratuity	1,736.63	1,620.79
Leave Encashment	4,107.72	3,832.89
Other Provisions		
Provision for doubtful debt - Investment in the Equity Shares of Himachal Emta Power Ltd. (33,75,000 shares of Rs. 10 each)	337.50	337.50
Less : Accumulated Losses till 31.03.2022 adjusted with investments		(244.05)
Less : Accumulated Losses till 31.03.2023 adjusted with investments	(260.01)	
Balance provision after Loss Adjustment	77.49	93.45
Note : The above provision is made against the Long Term Investments in Joint Venture shown in the Note No. 2.5 of the Notes to Accounts. (also Refer Note No.2.49 of Notes to Accounts)		
Total	**7,394**	**6,789**

2.21 DEFERRED TAX LIABILITIES (NET)

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Deferred Tax Liabilities	-	-
TOTAL	**-**	**-**

2.22 OTHER NON-CURRENT LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Capital Grant government of India		
(A) Utilised Grant		
Renuka		
Opening Balance	1,70,788.37	1,23,156.97
Addition during the year	76,783.35	47,631.40
Less: Accumulated Depreciation on Fixed Assets	263.47	240.31

Less: Accumulated Depreciation on Fixed Assets write-off during the year	0.03	0.03
Closing Balance	2,47,308.22	1,70,548.02
Gyspa		
Opening Balance	1,272.92	1,250.93
Addition during the year	9.84	21.99
Less: Accumulated Depreciation on Fixed Assets	43.24	39.84
Closing Balance	1,239.51	1,233.08
Total Utilised Grants	**2,48,547.73**	**1,71,781.10**

CURRENT LIABILITIES

2.23 BORROWINGS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Secured		
From Banks		
From UCO Bank	-	1,639.46
From PFC Loan Shongtong		
From Others		
From KCCBL	0.10	13,966.58
HPSCBL CCL	1,537.65	3,359.15
Unsecured		
Government of Himachal Pradesh Loan	2,08,506.73	1,89,111.69
TOTAL	**2,10,044.48**	**2,08,076.89**

2.24 LEASE LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Lease Liabilities	678.69	167.16
TOTAL	**678.69**	**167.16**

2.25 TRADE PAYABLES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Trade Payables	-	-
TOTAL	**-**	**-**

2.26 OTHER FINANCIAL LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Liabilities for employees Remuneration and Benefit	167.13	128.33
Interest Accrued and due on Loan	2,20,326.37	1,96,030.03
Salary & Other Exps. Payable to Employees	0.10	-

Advance for Deposit Work	100.10	0.10
Deposits, Retention Money from Contractors and Others	1,418.60	8,814.23
Liabilities for Government Departments	64,956.89	98,629.35
Liabilities for Contractors & Suppliers	2,317.57	2,580.16
Provision for Expenses	22,437.51	10,334.29
Taxes and Duties Payable	206.84	136.28
Other Liabilities	-	-
Interest Accrued but not due on Loan (PFC)	70.94	-
TOTAL	**3,12,002.04**	**3,16,652.76**

2.27 PROVISIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Unfunded Employee benefit		
Gratuity	-	-
Leave Encashment	-	-
Provision for Income Tax	0.30	-
TOTAL	**0.30**	**-**

2.28 REVENUE FROM OPERATIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Sales		
Energy Sales	38,461.72	40,033.91
Less: Purchase of Power (RTM)	(11.07)	(17.82)
Total Energy Sale(A)	**38,450.66**	**40,016.09**
Sale of Services		
Rent from Property	37.94	39.76
Total Sale of Services (B)	**37.94**	**39.76**
Total Revenue from Operations(C)=(A+B)	**38,488.59**	**40,055.85**

2.29 OTHER INCOME

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Miscellaneous Income	206.43	114.34
TOTAL	**206.43**	**114.34**
#Miscellaneous Income		
Income for providing Design works/Lab Receipt	1.01	0.09
Interest from Banks	5.49	7.82
Late Payment Surcharge	32.85	5.45
Rebate NRLDC Fee Chg	6.19	1.81
Interest on Bank Deposit - FDR's	73.30	25.24
Others	87.59	73.94
TOTAL	**206.43**	**114.34**

2.30 EMPLOYEE BENEFITS EXPENSES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Salaries, Wages, Allowances and Benefits	2,215.87	2,290.67
Contribution to Provident and Other Funds	146.11	95.61
Leave Salary and Pension Contribution	174.92	335.04
Welfare Expenses	167.28	276.58
TOTAL	**2,704.19**	**2,997.90**

2.31 FINANCE COSTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Bank Charges	0.06	0.14
Interest on Term Loans	19,603.57	19,653.32
Interest on Other Loan (KCCB, HPSCBL)	709.64	624.04
TOTAL	**20,313.27**	**20,277.51**

2.32 DEPRECIATION AND AMORTIZATION EXPENSE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Depreciation for the Year	20,722.13	20,588.86
Depreciation charged to Statement of Profit & Loss	**20,722.13**	**20,588.86**

2.33 OTHER EXPENSES
OFFICE AND ADMINISTRATIVE EXPENDITURE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Repair and Maintenance		
Buildings	90.25	75.14
Roads	97.29	119.54
Plant & Machinery	1,396.84	854.18
Office Equipments & Furnitures	0.90	0.87
Civil Works	313.77	339.62
Vehicles	0.10	0.42
TOTAL (A)	**1,899.15**	**1,389.76**
Expenses related to sales of power		
Expenses in relation to sale of power	1,177.82	4,388.99
Free Power	67.66	62.09
Rebate to Customers	56.87	37.12
TOTAL (B)	**1,302.36**	**4,488.21**
Expenses related to sales of power		
Rent, rates and Taxes	3.86	3.25
Insurance - Other Assets	558.08	330.90

Electricity & Water Charges	38.48	35.66
Travelling & Conveyance	2.30	1.17
Training Expenses	0.60	0.41
Legal and Professional Charges	118.82	74.44
Communication Expenses	11.69	11.06
Printing & Stationery	4.53	5.12
Statutory Audit Fees	8.29	7.85
Consultancy fees	5.48	3.03
Publicity and Advertisement Expenses	1.79	16.32
Hiring of Vehicles	150.78	137.54
Vehicle Running Charges and Insurance Charges	1.30	4.15
Annual Technical Support- SAP	2.14	1.48
Fees and subscription	17.85	5.00
Expenses on Transit Camps	0.38	0.34
Books & Periodicals	1.47	1.07
Hospitality and Entertainment Expense	1.96	2.43
Freight and Labour Charges	0.06	0.03
Postage and Telegram Expenses	0.31	0.37
Raising Day Expense	0.64	10.95
Meeting Expenses	0.38	0.44
Environment & Ecology Expenses	39.28	(24.95)
Office Expenses	31.03	23.31
Interest & penalties under I.Tax	0.09	0.38
Loss on Sale of Fixed Assets	0.23	59.54
Miscellaneous Expenses	6.50	199.34
CAT Plan Expenses	75.77	(0.00)
Training Expense O&M	-	-
Contribution to IIIT	-	480.00
Intt../Penalty- Entry	-	0.06
Prior Period Expense	0.12	-
TOTAL (C)	**1,084.19**	**1,390.69**
GRAND TOTAL (A) + (B) + (C)	**4,285.70**	**7,268.66**

2.34 OTHER COMPREHENSIVE INCOME

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
A. Items that will not be reclassified to profit & loss		
(ii) Remeasurement of the defined benefit plans	(206.55)	171.32
TOTAL	**(206.55)**	**171.32**

2.35 EARNING PER SHARE BASIC AND DILUTED

(Rs. in Lacs)

Particulars	Amount as at March 31, 2023	Amount as at March 31, 2022
Net Profit after Tax	(9,123.73)	(11,134.05)
Weighted Average Number of Shares	227.68	225.10
Face Value of Share	1,000	1,000
EPS	-40.07	-49.46

2.36 DISCLOSURE ON FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

i) Fair Value Measurement

a) Financial Instruments by Category

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
		Amortised Cost	Amortised Cost
Financial Assets			
Non Current Financial Assets			
(i) Investments	2.5		
(ii) Loans	2.6	151	89
(iii) Others	2.7		
Bank Deposits with more than 12 Months Maturity			
Current Financial Assets			
(i) Trade Receivables	2.9	1,061	509
(ii) Cash and Cash Equivalents	2.10	13,210	1,608
(iii) Bank Balance other than above	2.11	3,117	3,320
(iv) Loans	2.12	1	63
(v) Other Assets			
Interest Accrued	2.13	60	36
Other Recoverable	2.13	19,500	19,542
Total Financial Assets		**37,100**	**25,166**
Financial Liabilities			
(i) Long Term Borrowings			
a) Term Loans Financial Institutions	2.17		
b) Term Loans from Others	2.17 & 2.19		-
(ii) Deposits / retention non current	2.19	63,190	64,379
Current Financial Liabilities		4,146	4,384
(iii) Other Financial Liabilities			
a) Current Maturity of Term Loans Financial Institutions	2.26		
b) Current Maturity of Term Loans other	2.26		-
c) Deposit/Retention Money	2.26		-
d) Liability against Capital Works	2.26	1,419	8,814
e) Other Payables	2.23 & 2.26	2,318	2,580
		3,09,703	3,24,205
Total Financial Liabilities		**3,80,775**	**4,04,363**

Note :- The Company does not classify any financial Assets/ Financial Liabilities at fair value through profit and Loss and other comprehensive Income

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

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2023			As at March 31, 2022		
		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

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2023			As at March 31, 2022		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets							
(I) Loans to employees & Others	2.6 & 2.12		152			152	
(ii) Other		-	-	-	-	-	-
Bank deposits with more than 12 months maturity		-	-	-	-	-	-
Total Assets		**-**	**152**	**-**	**-**	**152**	**-**
Financial Liabilities							
(I) Long term Borrowings (incl. current Maturity & Interest)	2.17 & 2.26		2,83,587			2,60,409	
(ii) Deposit / Retention Money (Including Current)	2.17 & 2.26	-	5,945.47	-	-	13,162	-
Total Liabilities		**-**	**2,89,533**	**-**	**-**	**2,73,571**	**-**
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.

The company has a team that performs the valuation of financial assets and liabilities required for financial reporting purpose

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

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2023		As at March 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
(I) Loans to employees & Others	2.6 & 2.12	152	152	152	152
(ii) Other		-	-	-	-
Bank deposits with more than 12 months maturity		-	-	-	-
Total Assets		**152**	**152**	**152**	**152**
Financial Liabilities					
(I) Long term Borrowings (incl. current Maturity & Interest)	2.17 & 2.26	2,83,587	2,83,587	2,60,409	2,60,409
(ii) Deposit / Retention Money (Including Current)	2.17 & 2.26	5,945	5,945	13,162	13,162
Total Liabilities		**2,89,533**	**2,89,533**	**2,73,571**	**2,73,571**

Significant Estimates:

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Deposits/ Retention money are fair valued using the domestic borrowing rate applicable to the company at the year end .

2.37 DISCLOSURE AS PER IND AS 8 - 'ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS'

(A) Restatement for the year ended 31st March 2022 and as at 1st April 2021

In accordance 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 2022 and 1st April 2021 (beginning of the preceding period) and Statement of Profit and Loss and Statement of Cash Flows for the year ended 31st March 2022 for the reasons as stated in the notes below.

Reconciliation of Restated items of Balance Sheet as at 31st March 2022 & 1st April 2021 :

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2022			As at April 1, 2021		
		As Previously Reported	IND AS 8 Adjustment	As Restated	As Previously Reported	IND AS 8 Adjustment	As Restated
Capital Work-in-Progress	(i)	2,20,497.35	31.40	2,20,528.75	1,92,903.62	371.98	1,93,275.61
Extract Total			**31.40**			**371.98**	
Other Equity	(i)	(68,556.89)	21.50	(68,535.40)	(57,697.84)	364.27	(57,333.57)
Provision for expenses	(i)	10,316.67	9.91	10,326.58	6,014.11	7.71	6,021.82
Extract Total			**31.40**			**371.98**	

Reconciliation of Restated items of Statement of Profit and Loss for the year ended 31st March 2022 (Rs. in Lacs)

Finance Costs		20,277.51	(31.40)	20,246.10
Other Expenses	(i)	7,268.66	4.61	7,273.26
Employee Benefit Expenses	(i)	2,997.90	5.30	3,003.20
Profit after Tax				

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, 2023 and 31st March, 2022. 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. The Company invests surplus cash in short term deposits with scheduled Banks.

(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 note 2.19, 2.21, 2.25 & 2.28)

(Rs. in Lacs)

As at 31st March, 2023						
Contractual maturities of financial liabilities	Note No.	Outstanding Debt on 31.03.2023	Within one Year	More than 1 year & less than 3 Years	More than 3 year & less than 5 Years	More than 5 Years
1. Borrowings (including interest accrued but not due)	2.19, 2.28	4,92,094	4,27,433	37,698	4,789	22,175
2. Other current & financial liabilities	2.21,2.25& 2.28	32,164	28,018	4,146	-	-

(Rs. in Lacs)

As at 31st March, 2022						
Contractual maturities of financial liabilities	Note No.	Outstanding Debt on 31.03.2022	Within one Year	More than 1 year & less than 3 Years	More than 3 year & less than 5 Years	More than 5 Years
1. Borrowings (including interest accrued but not due)	2.18, 2.20, 2.24 & 2.27	2,55,130	1,90,751	50,502	8,918	4,959
2. Other current & financial liabilities	2.20 & 2.27	5,29,096	5,24,712	4,384	-	-

(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 2023	As At 31st March 2022
Fixed Rate Borrowings	45,042	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 (in lacs) are as follows :

Particulars	As At 31st March 2023			As At 31st March 2022		
Foreign Currency	USD	Euro	CHF	USD	Euro	CHF
Financial Assets						
Net Exposure to foreign currency risk (asset)	7.92	0.84	0	7.92	0	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**	**7.92**	**0**	**0**
Net Exposure to foreign currency risk (A-B)	**7.92**	**0.84**	**0**	**7.92**	**0**	**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, 2023.

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 2023	As At 31st March 2022
a) Loans and Borrowings	2,55,086.79	2,72,456.00
b) Trade and Other Payables	5,72,012.68	4,99,495.00
b) Less: Cash and Cash Equivalents	13,210.00	1,609.00
c) Net Debt	8,13,889.47	7,70,342.00
d) Total Capital	1,54,543.00	1,56,546.00
e) Capital and Net Debt	9,68,432.47	9,26,888.00
f) Gearing Ratio (%age)	**84.04**	**83.11**

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, which is funding agency to the State Government.

(c) Dividends:

The Company started commercial operation during the year 2016-17and total cumulative loss as on 31.03.2023 is Rs. 75704.84 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 31.3.2023, aggregating to approx. Rs. 91440.77 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. As the amounts recommended by the Dispute Boards (DBs) are much less than the amounts claimed by the contractors, the claims on account of further interest and escalation, if any, have not been considered.

(Rs. in Lacs)

Particulars	As At 31st March 2023	As At 31st March 2022
Capital Works	91,440.77	77,378.51
Land Compensation	76,100.36	79,245.46
Others	4,875.96	457.52
TOTAL	**1,72,417.09**	**1,57,081.49**

(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.76100.36 Lacs as on 31.03.2023, before various authorities/courts. Company has shown the same as contingent liability as the matter is subjudice. Further, so far as the liabilities of enhanced compensation in 504 number cases in respect of Renukaji Dam Project is concerned; the same cannot be ascertained till the decision of the Ld. Court. However, efforts are being made to calculate the tentative amount in due course of time.

(iii) Others:

a) Claims on account of other matters as on 31.03.2023, amounting to Rs. 4875.96 Lacs, mainly on account of claims for EPF, Data Centre & building etc.

The above is summarized below as at 31.03.2022:

(Rs. in Lacs)

Particulars	Claims as on 31.03.2023	Provision Against the Claims	Contingent Liability as on 31.03.2023	Contingent Liability as on 31.03.2022	Addition 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

The above is summarized as at 31.03.2022 below

(Rs. in Lacs)

Particulars	Claims as on 31.03.2022	Provision Against the Claims	Contingent Liability as on 31.03.2022	Contingent Liability as on 31.03.2021	Addition of Contigent Liability for the period
Capital Works	77,378.51	0	77,378.51	80,166.75	-2,788.24
Land Compensation	79,245.46	0	79,245.46	1,68,618.40	-89,372.94
Others	457.52	0	457.52	5,489.65	-5,032.13

(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 2023	As At 31st March 2022
Civil Work and E&M works	40,930.73	60,816.73

2.43 ESTIMATED AMOUNT OF COMMITMENTS NOT PROVIDED FOR IS AS UNDER:

(In Lacs)

Particulars	Currency	As At 31st March 2023	As At 31st March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	INR	1,13,318.13	82,322.38
	Euro	54.15	702.58
	US$	6.33	41,32.78

2.44 THE EFFECT OF FOREIGN EXCHANGE FLUCTUATION DURING THE YEAR IS AS UNDER:

(Rs. in Lacs)

S.No.	Particulars	Year ended 31.03.2023	Year ended 31.03.2022
(i)	Amount Charged to Statement of Profit and Loss Account excluding depreciation	54.94	21.91 (Net)
(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:

a) 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 as per the formula devised by them.

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 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 gratuity plan and the amounts recognized inthe Company's financial statements as at balance sheet date:

(Amount in Rs.)

Assets / Liability	31.03.2022	31.03.2023
a. Present value of obligation	162,078,774	173,663,047
b. Fair value of plan assets	-	-
c. Net assets / (liability) recognized in balance sheet as provision	(162,078,774)	(173,663,047)

Plan Liability:-

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

(Amount in Rs.)

Date Ending	31.03.2022	31.03.2023
Present value of obligation as at the end of the period	162,078,774	173,663,047

(Amount in Rs.)

Service Cost	31.03.2022	31.03.2023
a. Current Service Cost	14,994,017	15,822,300
b. Past Service Cost including curtailment Gains/Losses	-	-
c. Gains or Losses on Non routine settlements	-	-
d. Total Service Cost	14,994,017	15,822,300

(Amount in Rs.)

Net Interest Cost	31.03.2022	31.03.2023
a. Interest Cost on Defined Benefit Obligation	9,383,069	11,702,087
b. Interest Income on Plan Assets	-	-
c. Net Interest Cost (Income)	9,383,069	11,702,087

(Amount in Rs.)

Change in Benefit Obligation	31.03.2022	31.03.2023
a. Present value of obligation as at the beginning of the period	137,986,302	162,078,774
b. Acquisition adjustment	-	-
c. Interest Cost	9,383,069	11,702,087
d. Service Cost	14,994,017	15,822,300
e. Past Service Cost including curtailment Gains/Losses	-	-
f. Benefits Paid	(1,364,670)	(8,149,807)
g. Total Actuarial (Gain)/Loss on Obligation	1,080,056	(7,790,307)
h. Present value of obligation as at the End of the period	162,078,774	173,663,047

(Amount in Rs.)

Bifurcation of Actuarial Gain/Loss on Obligation	31.03.2022	31.03.2022
a. Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-	-
b. Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(8,058,500)	(3,131,494)
c. Actuarial (Gain)/Loss on arising from Experience Adjustment	9,138,556	(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.

(Amount in Rs.)

Balance Sheet and related analysis	31.03.2022	31.03.2023
a. Present Value of the obligation at end	162,078,774	173,663,047
b. Fair value of plan assets	-	-
c. Unfunded Liability/provision in Balance Sheet	(162,078,774)	(173,663,047)

(Amount in Rs.)

The amounts recognized in the income statement	31.03.2022	31.03.2023
a. Total Service Cost	14,994,017	15,822,300
b. Net Interest Cost	9,383,069	11,702,087
c. Expense recognized in the Income Statement	24,377,086	27,524,387

(Amount in Rs.)

Other Comprehensive Income (OCI)	31.03.2022	31.03.2023
a. Net cumulative unrecognized actuarial gain/(loss) opening	-	-
b. Actuarial gain / (loss) for the year on PBO	(1,080,056)	7,790,307
c. Actuarial gain /(loss) for the year on Asset	-	-
d. Unrecognized actuarial gain/(loss) at the end of the year	(1,080,056)	7,790,307

(Amount in Rs.)

Change in Net Defined Benefit Obligation	31.03.2022	31.03.2023
a. Net defined benefit liability at the start of the period	137,986,302	162,078,774
b. Acquisition adjustment	-	-
c. Total Service Cost	14,994,017	15,822,300
d. Net Interest cost (Income)	9,383,069	11,702,087
e. Re-measurements	1,080,056	(7,790,307)
f. Contribution paid to the Fund	-	-
g. Benefit paid directly by the enterprise	(1,364,670)	(8,149,807)
h. Net defined benefit liability at the end of the period	162,078,774	173,663,047

(Amount in Rs.)

Bifurcation of PBO at the end of year in current and non current	31.03.2022	31.03.2023
a. Current liability (Amount due within one year)	10,008,744	11,996,351
b. Non-Current liability (Amount due over one year)	152,070,030	161,666,696
Total PBO at the end of year	**162,078,774**	**173,663,047**

(Amount in Rs.)

Expected contribution for the next Annual reporting period	31.03.2022	31.03.2023
a. Service Cost	15,848,713	16,959,501
b. Net Interest Cost	11,702,087	12,816,333
c. Expected Expense for the next annual reporting period	27,550,800	29,775,834

(Amount in Rs.)

Sensitivity Analysis of the defined benefit obligation	31.03.2023
a. Impact of the change in discount rate	
Present Value of Obligation at the end of the period	173,663,047
a. Impact due to increase of 0.50%	(9,297,778)
b. Impact due to decrease of 0.50%	10,091,313
b. Impact of the change in salary increase	
Present Value of Obligation at the end of the period	173,663,047
a. Impact due to increase of 0.50%	3,840,093
b. Impact due to decrease of 0.50%	(3,938,245)

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.

(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 inthe Company's financial statements as at balance sheet date:

(Amount in Rs.)

Assets / Liability	31.03.2022	31.03.2023
a. Present value of obligation	206,910,761	224,110,793
b. Fair value of plan assets	-	-
c. Net assets / (liability) recognized in balance sheet as provision	(206,910,761)	(224,110,793)

Plan Liability

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

(Amount in Rs.)

Date Ending	31.03.2022	31.03.2022
Present value of obligation as at the end of the period	206,910,761	224,110,793

(Amount in Rs.)

Service Cost	31.03.2022	31.03.2022
a. Current Service Cost	18,755,314	20,133,280
b. Past Service Cost including curtailment Gains/Losses	-	-
c. Gains or Losses on Non routine settlements	-	-
d. Total Service Cost	18,755,314	20,133,280

(Amount in Rs.)

Net Interest Cost	31.03.2022	31.03.2023
a. Interest Cost on Defined Benefit Obligation	10,799,615	14,938,957
b. Interest Income on Plan Assets	-	-
c. Net Interest Cost (Income)	10,799,615	14,938,957

(Amount in Rs.)

Change in Benefit Obligation	31.03.2022	31.03.2023
a. Present value of obligation as at thebeginning of the period	158,817,866	206,910,761
b. Acquisition adjustment	-	-
c. Interest Cost	10,799,615	14,938,957
d. Service Cost	18,755,314	20,133,280
e. Past Service Cost including curtailment Gains/Losses	-	-
f. Benefits Paid	(925,922)	(6,303,941)
g. Total Actuarial (Gain)/Loss on Obligation	19,463,888	(11,568,264)
h. Present value of obligation as at the End of the period	206,910,761	224,110,793

(Amount in Rs.)

Actuarial Gain/Loss on Obligation	31.03.2022	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	(11,614,198)	(4,553,735)
c. Actuarial (Gain)/Loss on arising from Experience Adjustment	31,078,086	(7,014,529)

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.

(Amount in Rs.)

Balance Sheet and related analysis	31.03.2022	31.03.2023
a. Present Value of the obligation at end	206,910,761	224,110,793
b. Fair value of plan assets	-	-
c. Unfunded Liability/provision in Balance Sheet	(206,910,761)	(224,110,793)

(Amount in Rs.)

The amounts recognized in the income statement	31.03.2022	31.03.2023
a. Total Service Cost	18,755,314	20,133,280
b. Net Interest Cost	10,799,615	14,938,957
c. Net actuarial (gain) / loss recognized in the period	19,463,888	(11,568,264)
d. Expense recognized in the Income Statement	49,018,817	23,503,973

(Amount in Rs.)

Change in Net Defined Benefit Obligation	31.03.2022	31.03.2023
a. Net defined benefit liability at the start of the period	158,817,866	206,910,761
b. Acquisition adjustment	-	-
c. Total Service Cost	18,755,314	20,133,280
d. Net Interest cost (Income)	10,799,615	14,938,957
e. Re-measurements	19,463,888	(11,568,264)
f. Contribution paid to the Fund	-	-
g. Benefit paid directly by the enterprise	(925,922)	(6,303,941)
h. Net defined benefit liability at the end of the period	206,910,761	224,110,793

(Amount in Rs.)

Bifurcation of PBO at the end of year in current and non current	31.03.2022	31.03.2023
a. Current liability (Amount due within one year)	10,341,464	9,583,161
b. Non-Current liability (Amount due over one year)	196,569,297	214,527,632
Total PBO at the end of year	**206,910,761**	**224,110,793**

(Amount in Rs.)

Expected contribution for the next Annual reporting period	31.03.2022	31.03.2023
a. Service Cost	19,772,704	21,516,485
b. Net Interest Cost	14,938,957	16,539,377
c. Expected Expense for the next annual reporting period	34,711,661	38,055,862

(Amount in Rs.)

Sensitivity Analysis of the defined benefit obligation	31.03.2023
a. Impact of the change in discount rate	
Present Value of Obligation at the end of the period	224,110,793
a. Impact due to increase of 0.50%	(13,471,284)
b. Impact due to decrease of 0.50%	14,647,573
b. Impact of the change in salary increase	
Present Value of Obligation at the end of the period	224,110,793
a. Impact due to increase of 0.50%	14,489,923
b. Impact due to decrease of 0.50%	(13,456,794)

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.

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 do 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)

S.No.	Name of Customer	Revenue from Customers		Revenue from Customers as percentage of revenue	
		2022-23	2021-22	2022-23	2021-22
1.	HPSEB Limited	13,394.01	349.18	34.82%	0.87%
2.	M/s TPTCL	25,067.70	35,204.63	65.18%	87.94%
3.	M/s PTC	-	4,480.10	-	11.19%
	TOTAL REVENUE	**38,461.71**	**40,033.91**	**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. Devesh Kumar, IAS	Managing Director	25.06.2021 to 13.04.2022
Sh. Harikesh Meena, IAS		16.04.2022 to 25.05.2022
Dr. Ajay Kumar Sharma, IAS		25.05.2022 to 31.01.2023
Sh. Harikesh Meena, IAS		04.02.2023 to till date
Sh. Harikesh Meena, IAS		

Ms. Priyanka Verma, IAS	Director (Personnel & Finance)	28.06.2021 to 05.08.2022
Sh. Mukesh Repaswal, IAS		06.08.2022 to 19.01.2023
Dr. Amit Kumar Sharma, IAS		19.01.2023 to 03.07.2023
Sh. Shivam Pratap Singh, IAS		04.07.2023 to till date
Sh. Shashi Kant Joshi	Director (Electrical)	20.05.2020 to 13.10.2022
Sh. Mukesh Repaswal, IAS		20.10.2022 to 19.01.2023
Dr. Amit Kumar Sharma, IAS		19.01.2023 to 03.07.2023
Sh. Shivam Pratap Singh, IAS		04.07.2023 to till date
Sh. Surender Kumar	Director (Civil)	22.07.2021 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 2023	As At 31st March 2022
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	2022-23	2021-22
Transactions During the Year	-	-
Investment in Share Capital	-	-
Share Application Money	-	-
Amount Recoverable	-	-

2.48 REMUNERATION TO DIRECTORS & KEY MANAGERIAL PERSONNEL

(Rs. in Lacs)

Particulars	Year ended on 2022-23	Year ended on 2021-22
i) Short Term Employee Benefits	59.78	91.32
ii) Post Employment Benefits	Nil	6.17
iii) Other Long Term Benefits	Nil	Nil
iv) Termination Benefits	Nil	Nil
TOTAL	**59.78**	**97.49**

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, 2023 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 in 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 & place of Business	% of ownership Interest	Relation ship	Accounting Method	Quoted Fair value		Carrying Amount	
				31st March 2023	31st March 2022	31st March 2023	31st March 2022
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 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 2023 using the Equity Method:
Himachal EMTA Power Limited

(Rs. in Lacs)

Particulars	As At 31st March 2023	As At 31st March 2022
Current Assets		
Cash and Cash Equivalents	17.06	16.33
Other Assets	0.55	0.73
Total Current Assets	**17.61**	**17.06**
Total Non Current Assets	**3.44**	**339.06**
Current Liabilities		
Financial Liabilities	0.71	0.71
Current Liabilities	1.60	1.66
Total Current Liabilities	**2.31**	**2.37**
Non Current Liabilities		
Financial Liabilities	121.00	121.00
Other Liabilities	83.66	45.83
Total Non Current Liabilities	204.66	**166.83**
Net Assets	**-185.92**	**-148.75**

Summarised statement of Profit and Loss using Equity Method:

(Rs. in Lacs)

Particulars	As At 31st March 2023	As At 31st March 2022
Revenue	0.00	0.00
Interest Income	0.63	1.23
Other Expenses	32.56	1.01
Depreciation and Amortisation	0.00	0.00
Profit Before Tax	(31.93)	0.24
Tax Expense	0.00	0.04
Total Comprehensive Income for the Year	**(31.93)**	**0.21**

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 2022-23	Year ended on 2021-22
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 :

S.No.	Particulars	Year ended on 2022-23	Year ended on 2021-22
1)	Licensed Capacity	281MW	281MW
2)	Installed Capacity	281MW	281MW
3)	Actual Generation (million Units)	912.18 MUs	959.90MUs

2.54 PAYMENT TO AUDITORS INCLUDES:

(Rs. in Lacs)

Particulars	Year ended on 2022-23	Year ended on 2021-22
As Auditors		
Statutory Auditors	5.62	5.62
Tax Audit	1.00	1.00
Cost Audit	2.03	1.00
Other services	0.00	0.00
Reimbursement of Expenses (TA/DA)	0.27	0.00
Reimbursement of Service Tax/GST	1.56	1.05
TOTAL	**10.48**	**7.87**

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 during the year hence CSR rules are not applicable.

2.56 INFORMATION IN RESPECT OF MICRO AND SMALL ENTERPRISES AS AT 31ST MARCH 2023 AS REQUIRED BY MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

(Rs. in Lacs)

Particulars	Year ended on 2022-23	Year ended on 2021-22
a) Amount remaining unpaid to any supplier:	Nil	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 23 of MSMED Act.	Nil	Nil

2.57 Opening balances/corresponding figures for previous year/period have been re-grouped/re-arranged, wherever necessary.

2.58 STATUS OF PENDING INCOME TAX CASES AS ON DATE

I. 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.

II. 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).

III. 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.

IV. 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).

V. 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 Refunds of Rs. 1,79,47,641/- along with interest of Rs. 7,72,862/- is been 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.

VI. 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 Rs. 28,971) along with interest has been issued in favor of HPPCL and No Liability/Demand has been raised yet.

VII. For the FY 2020-21 (AY 2021-22) and FY 2021-22 (AY 2022-23), the Assessment proceedings are completed by the Assessing Officer and partial Refund has also issued after adjustment/Recovery against Demand of AY 2018-19 (i.e. Rs. 22,88,000 plus Interest)

2.59 The Company has in possession 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 Sunder Nagar:

Pre COD

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

- 15% of the total expenditure to Renuka ji 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 Sundarnagar (Design Wing) from 01st September 2016 to 31st March 2023 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 Sales-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 Sundarnagar from 01 September 2016 to 31st March 2023 in the following proportions:-

- 15% of the total income to Renuka ji 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.57.76 Lakhs only.

.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. 181.48 crores from the said loan.

2.63 DEMAND BY THE PF AUTHORITIES:

The Regional Provident Commissioner, Shimla has raised demand for the period August 2008 to June 2011 amounting to Rs 1.89 Crore on the payment made to the contractors at various projects/units of the company. The Company has filed an appeal against the order with Central Government Industrial Tribunal Chandigarh. The Ld. Tribunal had passed the stay order in favour of HPPCL subject to the deposition of 50% of the amount assessed by the Asstt. Provident Fund Commissioner, Shimla and Rs. 94,63,268/- was deposited with The Registrar, CGIT-1 Chandigarh on dated 02.11.2018.The company has shown Rs. 94,63,268/- as contingent liability. The hearing of this case is going on and next date of the hearing has been scheduled on 22.09.2023.

2.64 COMMISSIONING OF A NEW PROJECT:

No new project is commissioned in the F.Y. 2022-23.

2.65 A sum of Rs. 103.24 lacs (excluding Interest) has been shown as recoverable from Directorate of Energy, Govt. of

H.P in respect of Tidong- II HEP. This amount is still recoverable. In 70th meeting of BoD held on dated 03.12.2019, BoD did not agree to the proposal to consider the investment of Rs. 103.24/- lakhs in Tidong-II Hydro Power Project as doubtful debt and advised to again take up the matter with the DoE, GoHP. Being a larger issues concerning HPSEB & HPPCL (huge amount of HPSEB is stuck up with different developers), a meeting was held on 25.08.2021under the chairmanship of worthy ACS(MPP& Power) along with DOE, HPPCL,HPSEBL and HIMURJA to discuss the issue with regard to reimbursement of Survey and Investigation expenditure incurred on various projects. Now, DoE, GoHP vide letter dated 18.10.2023 has been again requested to recover the total expenditure i/c 10% interest liability till September, 2023 amounting to Rs. 3,60,62,126/- (Three crore, Sixty Lakhs, Sixty Two Thousand & One Hundred Twenty Six Only) incurred by HPPCL on Survey & Investigation works of Tidong-II Hydro Electric Project (60 MW) from developer. Keeping in view that Directorate of Energy has not yet denied to refund/re-imburse the same; hence provision for doubtful debt has not been made in 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. 2480.38 Crore has been utilized till 31.07.2023. The amount of Rs 1876.25 Cr contributed by GoI, Govt. of NCT Delhi, Govt. of Haryana, GoHP. The fund flow for the Project from Govt. of India has started. GoI has released Rs 1037.92 Crore as Central Assistance for the project for financial year 2021-22 on dated 03.03.2022 which is further received from GoHP through DoE on dated 21.04.2022 amounting to Rs. 451.54 cr and on dated 10.05.2022 amounting to Rs. 586.38 cr., 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 respectively. An amount of Rs 1037.77 Cr out of Rs 1037.9246 Cr has been utilized up to 05.09.2023. CA proposed for FY 2022-23 has not been released by GoI due to pending compliances related to SNA & PFMS system. The Proposal for Central Assistance for FY 2023-24 for Rs 828.9 Cr as Central grant has been submitted to CWC on 29-08-2023.

In case of Gyspa HEP, Company has shown Rs 7.65 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.

Now the tender for carrying out the topographical survey at project site has been floated. The detailed layout of the project including various components, position of spillway, intake & other concerned structures will be marked on the survey and a conceptual layout plan of the project will be submitted to CWC for approval. The technical and financial bids have been opened on dated 17.08.2022 and 28.09.2022 respectively. The work has been awarded to L1 bidder on dated 18.04.2023.

2.68 The Company is in possession of Land and Buildings at Sarabai, Thalot and Largi 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 Appellate Tribunal) at Delhi on 30.05.2023 with the filing No. 9910133/04372/2023.The case was listed on dated 01.08.2023 and Hon'ble Chairman NCLAT Bench has issued notice to the respondents with the directions to file reply within 4 weeks and rejoinder thereafter in two weeks. The matter is further listed on 21.09.2023.

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. Defense 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.

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.

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. Position regarding possibility of development of the project with due permission of Wild life Board is being clarified from Forest Deptt./ Wild life Board. If such development is not admissible at all and wild life Board cannot give such permission , then project domain will be required to be revised.

2.73 POWER SALE ARRANGEMENTS

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. Now, 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.

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. Now, 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.

Sainj HEP:

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

On the basis of meeting held on 19.02.2022, subsequent meetings were held in the Chairmanship of the Managing Director HPPCL on 29.06.2022 and 26.07.2022. After detailed deliberations 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 I (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 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 & 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 (i.e 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. Further the tariff petitions for approval of capital cost along with additional capitalization and determination of tariff i.r.o Sainj, Sawra Kuddu & Kashang HEPs has been filed with HPERC during the month of June 2023 respectively.

PPA details Berradol SPP:

PPA from COD till 25 years with HPSEBL.

2.74 HPPCL has requested the State Government to restructure the loan liabilities of the corporation. As on date, the said proposal is under active 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.

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 crore. This cost was earlier approved as Rs 4596.76 crore at March 2015 price level. Cost apportionment has been finalized with cost of water and power component as Rs. 6647.46 crore and Rs.299.53 crore respectively.

For Water component GoI will bear an expenditure of Rs. 5982.72 Crore and Rs. 664.74 Crore 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 6th 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. For the Project Management Consultant (PMC) online proposals/bid were invited through Open-tendering on National Competitive Bidding (NCB) route. PMC will be onboard by 15 October 2023. Work on preparation of mining plan is underway. Construction of Project roads will be started in February 2024 and Diversion arrangement works are expected to start by 15 June 2024.

2.76 Advances given to HPSEB Ltd., HPPTCL, I&PH, HPPWD, Fisheries Dept. 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:

- Appointing M/s AFRY as Design Consultant/ subcontractor of M/s PEL for carrying out Design and analysis for overall Diversion Barrage component of contract in respect of Shongtong Karchham HEP.
- 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. 12 executed between HPPCL and M/s PEL on 23.07.2022 regarding release of retention money.
- Supplementary Agreement No. 13 executed between HPPCL and M/s PEL on 20.12.2022 regarding recovery of mobilization advance from IPC(s) of milestone payments.

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 (a Joint Venture Company), amounting to Rs. 2.59 crores. At present, the case is pending in 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 Renuka Ji 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 29.08.2023, total limit exhausted /utilized against CCLs stands at Rs 120.82 lakhs and Rs. 14749.93 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.

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:

- Sawara Kuddu HEP
- Sainj HEP
- Kashang HEP Stage I
- Kashang HEP Stage II & III
- 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 were first listed on 30.06.2023 and has been further ordered to be listed on 11.09.2023 and the matter is still sub judice before the said Hon'ble Court.

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 now sub judice before the said Court.

2.84 Government of Himachal Pradesh has decided to develop Himachal Pradesh as Green Energy State for which Himachal Pradesh Power Corporation Ltd. 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 following projects have been allotted by HIMURJA the lists of projects are as follows:-

S.No.	Name of Solar Power Project (SPP)	Capacity (MW)	Allotted by HIMURJA on
1.	Mata Hateshwari	5	15.09.2022
2.	Shivnagar	3.4	12.10.2022
3.	Pekhubella	52	18.03.2023
4.	Aghlor	10	17.02.2023
5.	Sainj	3	16.08.2023
6.	Gondpur Bulla	10	17.02.2023
7.	Bella Ludhiancha	12	06.06.2023
8.	Laam	36	17.02.2023
9.	Santogarh Swan	5.5	18.03.2023
10.	Bhanjal & Khad	5	06.06.2023
11.	Kolar	28	06.06.2023
12.	Ropa	10	06.06.2023
13.	Dalyaoo	6	06.06.2023
14.	Saned	16	06.06.2023
15.	Bela	11.5	06.06.2023
16.	Kaloor	5	06.06.2023
17.	Lamlehdi Uperli	15	18.03.2023
18.	Lamlehdi Nichli	8	17.02.2023

S.No.	Name of Solar Power Project (SPP)	Capacity (MW)	Allotted by HIMURJA on
19.	Tihra Khas	22	17.02.2023
20.	Kayarian	11.5	18.03.2023
21.	Tanda Uperla	56	16.08.2023
22.	Kopda-I	33	06.06.2023
23.	Kopda_II	16	06.06.2023
24.	Hadal	27	06.06.2023
25.	Dol Nadoli	19	16.08.2023
26.	Ghangar	53	16.08.2023
27.	Dabhota	19.5	06.06.2023
28.	Kirpalpur	6.5	06.06.2023
29.	Bhangla	15	06.06.2023
30.	Plasi Kalan	16	06.06.2023
31.	Bada Basot	18	06.06.2023
32.	Jhida	5	06.06.2023
33.	Mazra	22	06.06.2023
34.	Dabhota Majra	8.5	06.06.2023
35.	Kohlari	17	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.

- A meeting to deliberate future course of actions under the World bank funded Himachal Pradesh Power Sector Development Program (HPPSDP) was held among all power sector utilities under the chairmanship of Chief Engineer (Energy), GoHP on dated 13.07.2023 and subsequently under the chairmanship of Director(Energy)-cum-MD HPPCL- MD HPSEBL on 24.07.2023. The following actions to be completed prior to loan signing as per the readiness criteria for Loan Signing were discussed:

- 30 % of civil works to be executed under the program should be awarded
- Prior actions part of Disbursement linked indicators agreed under the program should be achieved.

- In respect of point (i) above, Rs 675 crore of civil works have been estimated under the program and accordingly 30 % of of civil works to be awarded are estimated to be around Rs. 202.5 crore. HPPCL has been able to achieve the 30% criteria after award of Solar Power Project (32MW) on 19.05.2023 to M/s Prozeal Infra Engineering Pvt Ltd., Gujarat for Rs. 220.24 crore.
- In respect of point (ii) above, HPPCL is to achieve in total three prior actions of which one stand achieved regarding commitment of hydro project for bundling. HPPCL is in process of achieving other two prior actions regarding approval of Scope of Work for new CEIA study of Beas Basin and uniform ESPP and shall be completed soon.
- Regarding 200 MW of Solar Power Projects proposed under the program, works for the Pekhubella Solar Power Project (32MW) have awarded on 19.05.2023 to M/s Prozeal Green Energy Pvt Ltd., Gujarat.
- Tenders for 10MW of projects have been opened and are being negotiated. NITs have been floated for 27 MW of projects. Further about 65.5 MW of projects are in advanced stage of DPR and NoC. w CEIA study of Beas Basin and uniform ESPP and shall be completed soon.

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 CBI court passed its judgment on 31.08.2022, 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 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, 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 and 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 ration 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. The matter was examined by the Legal Cell of HPPCL, who opined the following regarding liability of HPPCL for paying the fine imposed on M/s HEPL and other three accused from EMTA side,:-

"Article 18 of Memorandum of Understanding (MOU) deals with indemnification by EMTA, it reads as under:-

"If the transactions contemplated by this MoU are consummated, EMTA agrees, without prejudice to other rights of the HPPCL and the Company, to indemnify and hold harmless the Government of Himachal Pradesh, HPPCL and the Company against and in respect of any loss, damage, claim, action, suit, proceeding, deficiency or expense relating to, arising from, or in connection with any misrepresentation, breach of any representation, warranty, obligation, covenant or agreement or default on the part of EMTA in or under this MoU or any completion documents delivered by EMTA in connection herewith."

In view of above it is very much clear that EMTA is liable to indemnify the GoHP/HPPCL w.r.t. any loss, claim, damage, action, suit, proceeding etc. as per article 18 of MoU. Hence in the present matter, the HPPCL is not liable to pay the amount of fine which has been imposed by the CBI Court at Delhi on the EMTA Company."

Further, 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'.

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 from the Ministry of Coal as yet. Therefore, the Provision for Doubtful Investment 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)3-1/2022-1 dated 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. But the same has not been accounted for in books of accounts of FY 2022-23.

2.89 The forest land having area 6.46 hact. for the construction of Berra Dol 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 Himachal Pradesh Power Corporation Ltd., (HPPCL) formed a 50:50 joint venture company with Eastern Mineral Trading Agency (EMTA) on 9th January 2007. The company was named as Himachal EMTA Power Limited (HEPL)

In the books of accounts of HPPCL, it had recognised the investment at cost of Rs. 3.375 Crores (no. of shares 33,75,000 having face value Rs. 10 each). However, owing to the joint venture being involved in litigation and also no business operation was conducted since 2007, consecutively no profit has been earned over the years.

Thus, considering these factors, HPPCL had reduced its value of its investment to zero by recording provision in the FY 2016-17 which was duly approved by management in its 61st Board Meeting.

Since provision for doubtful investment of Rs. 3.375 Crores has already been recognised in the books of accounts. In case of loss incurred by the joint venture, investment value shall be adjusted by the share in loss incurred in a year from this provision of doubtful investment.

Thus, in the Financial Statement of FY 2022-23, the Investment value of Rs 3.375 Crores by the share of our loss accumulated over the years from M/s Himachal EMTA Power Limited has been adjusted from Provision of doubtful Investment created earlier. (Refer to Note No. 2.5 and Note No. 2.49 of the Notes to Accounts).

Investment Equity in Himachal EMTA Power Limited			
FY 2021-22	Opening Balance		3,37,50,000.00
	Accumulated loss of Himachal EMTA …..till FY 2021-22	(4,88,09,024.00)	
	Proportionate share in loss (50% of Rs. 4,88,09,024/-)		(2,44,04,512.00)
	Closing Balance		93,45,488.00
FY 2022-23	Opening Balance		93,45,488.00
	Add / (Less): Profit / (Loss) During the Year	(31,93,396.00)	
	Proportionate share in loss (50% of Rs. 31,93,396/-)		(15,96,698.00)
	Closing Balance		77,48,790.00

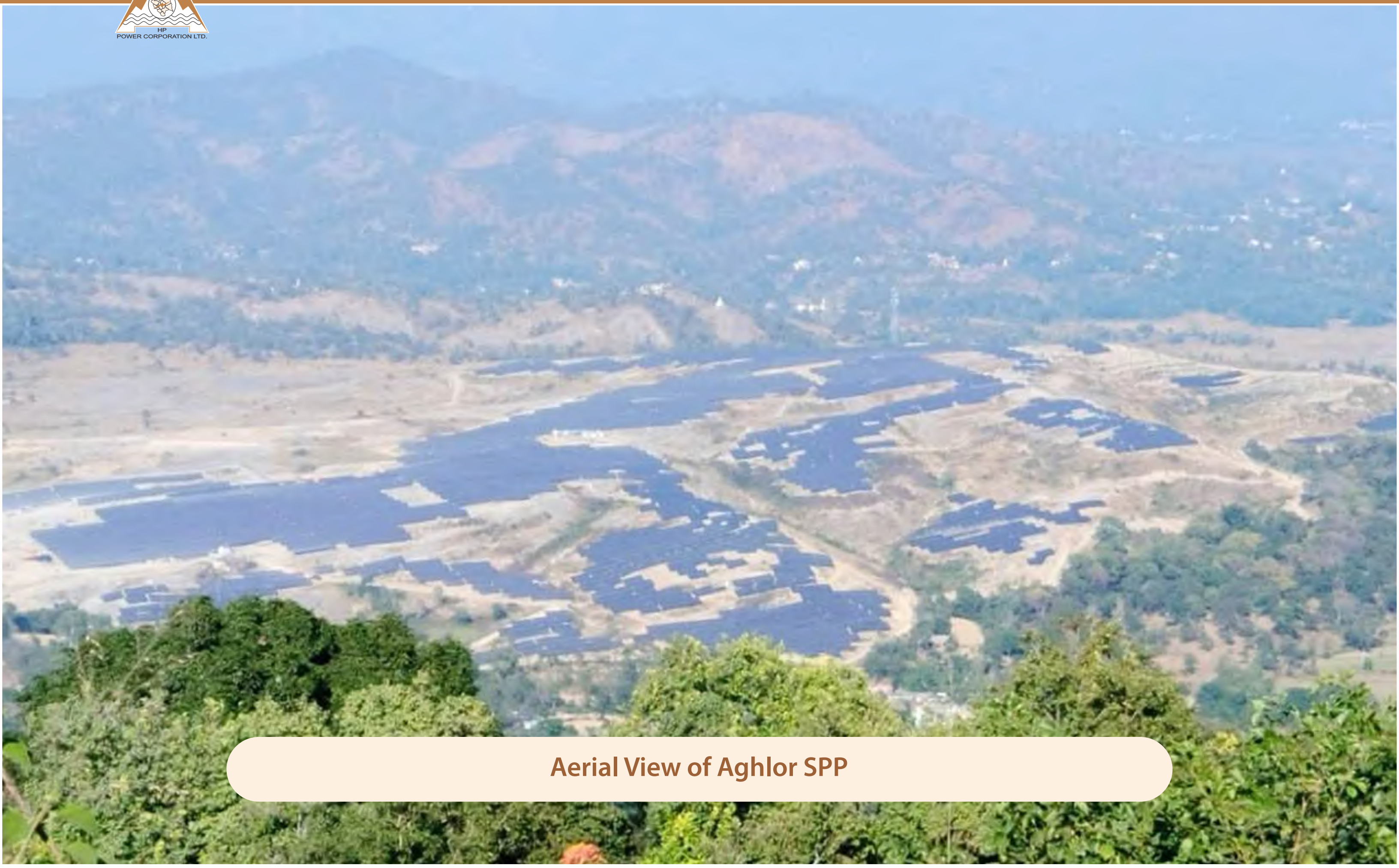
For and on behalf of the Board of Directors

Sd/- (B.L. Verma) A.G.M. (Finance)	Sd/- (Sudershan K. Sharma) Consultant Company Secretary	Sd/- (Shivam Pratap Singh) Director (Finance) DIN No. 10243812	Sd/- (Harikesh Meena) Managing Director DIN No. 09333558

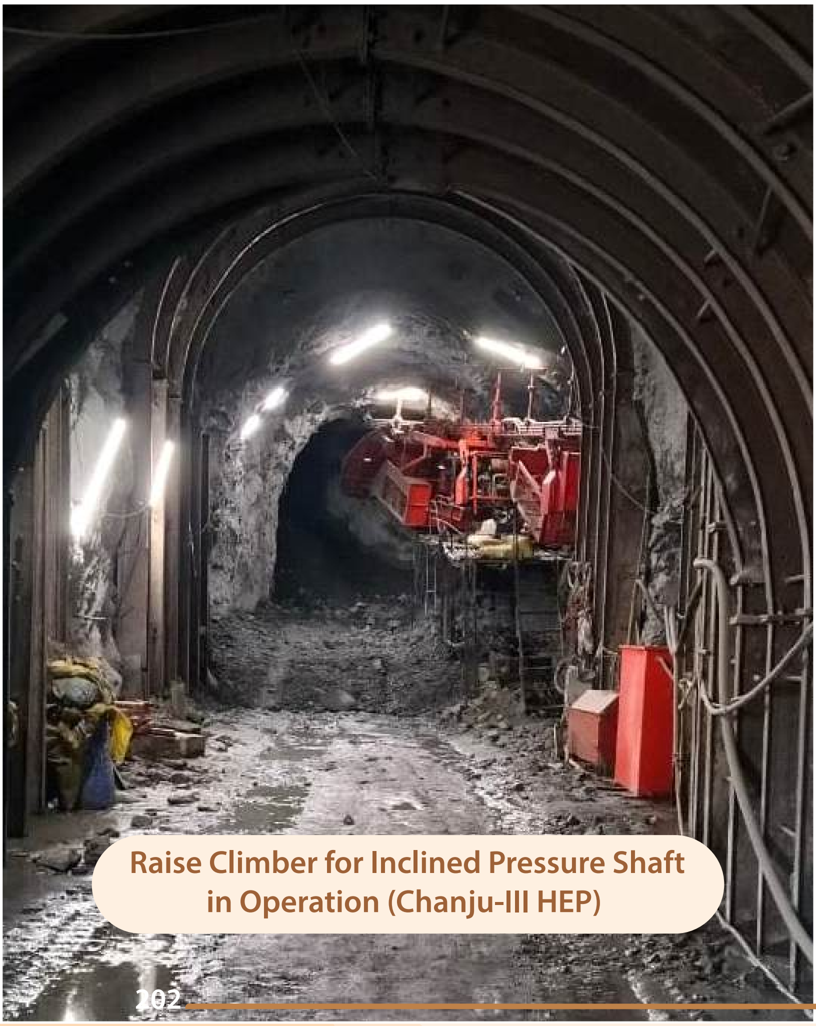
For Soni Gulati & Co.
Chartered Accountants
Firm Regn. No. 008770N

Sd/-
(CA Suresh Chand Soni)
Partner,
Membership No. 083106

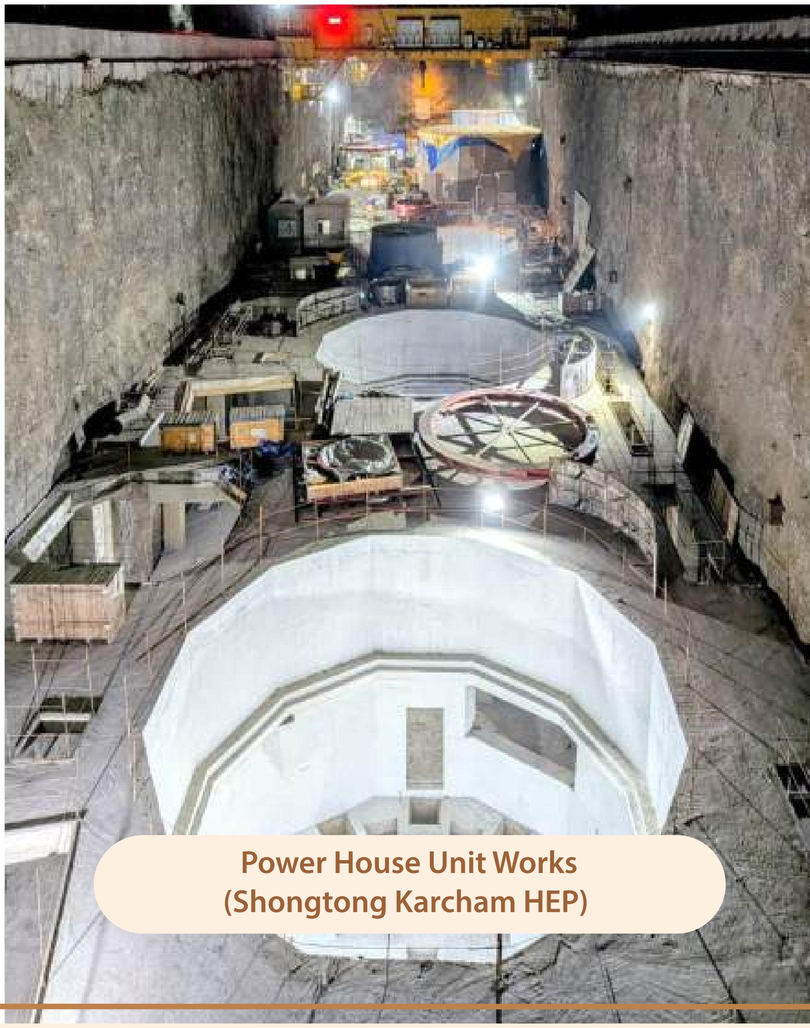
Place: Shimla
Date: 12/01/2025



Aerial View of Aghlor SPP



Raise Climber for Inclined Pressure Shaft in Operation (Chanju-III HEP)



Power House Unit Works (Shongtong Karcham HEP)

Soni Gulati & Co.
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To

The Members of Himachal Pradesh Power Corporation Limited

Report on the Audit of the Ind AS Financial Statements Opinion

We have audited the accompanying Ind AS financial statements of Himachal Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flows Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the Stand alone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand alone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Stand alone 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 Stand alone financial statements.

A. Software used by the company

The company uses SAP software but is incomplete; only debit credit entries are there without any supporting or evidence attached to it, this defeats the very purpose of having SAP, we had to ask for supporting which is time consuming.

B. Preparation of the Financial Statements

Financial statements are prepared on excel sheets but, No units' financial statements were made available to us showing comparative figs for the previous year. This is worth mentioning that this task of preparing Ind As 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 as per appointment letter. The details of vouchers in SAP were asked for but submission of such information was delayed /given late and incomplete.

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

I) The expenses on repair maintenance booked Rs 2.58 crore (reported during 2021 year audit report) at Kashang HOP are doubtful for material misstatements, no external evidence or proof of seepage was made available to us on our visit 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 advise of some consultant (being CA) but neither any proof of advise nor any opinion

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was made available to us. After going through the contract documents we doubt it to be a excess amount could not be ascertained in the absence of information which is required from inception 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 undertaking cum indemnity bond.

iii) The Company has entered into PPA with HPSEB Ltd (holding Company) which is not in the interest of the company, as there is a direct loss of revenue to the company, as realization from TATA was much higher. Moreover, both companies had same managing director.

E. Non-Compliance of Indian Accounting Standard (Ind AS)

The Company has not complied with the following Indian Accounting Standards while preparing the financial statements:-

(i) Indian Accounting Standard (Ind AS 1) Preparation of Financial Statements

The Para 15 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 the Balance Sheet or in the note.

(ii) Indian Accounting Standard 115 & 116:

Accounting for supply of 100% Generation of power to HPSEB applicable provision of IND AS 115/116 not complied with.

(iii) Indian Accounting Standard (Ind AS) 20 Accounting for Government Grants and Disclosure of Government Assistance.

The Company has been granted the deferment of repayment of principal payment and payment of interest till FY 2021-22 refer Note 2.74 . No letter of deferment afterwards was shown to us till signing of this report. 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 has to 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 10 A 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 has to be accounted for on in the books of accounts. The Company has accounted for the liability on the basis of the actuarial valuation but neither any policy have ben taken nor any trust has been created t 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 on 19th June2022 which was approved by the BOD on 18th March,2022. The financial statements are not adjusted for the events occurred between the Balance sheet date 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 2023, (Refer Note No. 2.46). The same is not in line 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.

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.

F. 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.

G. Observations on the Financial Statements

1. Property Plant and Equipment Note 2.1

I) We invite attention to Note No 2.59 wherein its stated that the Company is in possession of forest land at, Sainj HEP, Shongtong HEP, and SawraKuddu and provision has been made @ Rs1 per bigha as amount of lease pending lease deed execution.

ii) As reported during previous year audit report, the company has not accounted for the cost of the Land and Buildings of HPSEB 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 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 Lakh 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. The Renukaji HEP has paid Rs. 5,364 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 Lakh 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 23-08-2022 & Statutory Audit Reports on financial statements for the year ended 31.03.2020 nor on 31.03.2021or 31.03.22 although the management claims compliance of the same.

2. Capital Work in Progress 2.2

i) We Invite attention to Note No 2.70 where in it is stated 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 from September 2010 to December 2016 to HCC Limited. As per the Himachal Pradesh Entry Act 2010 the dealer paying the entry tax 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 Electro Mechanical 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. 3,000 lakhs transferred from HPSEB at the 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. 1,392 lakhs has been used for construction of Transmission Lines at Kashang HEP. During the year 2010-11 the Kashang unit has transferred all cost of the 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 has 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 is recoverable 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 extant of above.

(iv) Apportionment 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 company is also not in compliance to accounting policy of the company mentioned at Note no 1.6 (g) The Company has provided no justification for approving the percentage of 15 % for allocation of corporate office and Sundernagar 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 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 Lakhs (previous year Rs. 337.50 Lakhs) in the equity of Himachal EMTA Power Limited (HEPL) which has been established as Company's joint venture with EMTA for setting up a (2*250 MW) 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 Steal Limited for which another Joint Venture has been made in the Name of Gourangdih Coal Limited.

"The Hon'ble Supreme Court of India (SC) 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 Rs. 337.50 lakhs in the books of accounts.

(iii) The company Independent auditors of Gourangdih Coal Limited raised concern in respect of preparing the Financial Statements on the basis of Going Concern Concept and under Historical Cost Convention due to deallocation of the Coal Blocks by the decision of the Supreme Court during the year under review.

(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 Rs. 259 Lakh. The Directors report of the Himachal Emta Limited for the year 2018-19 stated that the CBI has filed charge Sheet accusing 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. At present the case is pending with the Supreme court of India .

4. Other Non-Current Financial Assets Note 2.10

(I) 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 (HPSEB). 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 carried forward by the unit as advance and the land is in the possession of the Corporation. The Unit has not changed the name of the 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.

(ii) The Shongtong HEP, has paid Rs. 44.06 Lakhs (previous year 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 land owners 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 out of Rs. 44.06 lakhs Rs. 33.55 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 Rs. 12992 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 2022 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. However, as per management, this matter is pending before the High Court of H.P. against the arbitration award.

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

(c) The Company has debited the amount of service tax payable by the company amounting to Rs. 65.30 Lakhs 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 Coastal 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 has to be charged on the same and a sum of Rs. 11.70 Lakhs 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 Rs. 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 not accepted the claim of the company stating the reason that the matter is pending with the Hon'ble High Court of Himachal Pradesh.

(iv) We invite attention to Note No 2.61 where in it is stated that the company has not made a provision for Rs. 103.24 lakhs (Previous Year Rs. 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) The Renukaji HEP has deposited Rs. 186.42 Lakhs 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 Rs. 714 lakhs (previous year Rs. 608 lakhs) as recoverable grant from the Central Government on account DPR and Investigation Expenses. The Government of India has approved Rs. 1,250 Lakhs for survey and investigation of the project and paid Rs. 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) The Shongtong 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) The Shongtong unit is showing advance of Rs. 28.65 Lakh (Previous Year Rs. 35.49 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 be capitalised. In our opinion the Non-Current Financial Assets are overstated to the extent of Rs. 28.65 lakhs and CWIP are understated to the extent of above.

(ix) The Sawra Kuddu HEP is showing a sum of Rs. 440.10 lakhs (Rs. 485 lakhs) is shown as recoverable from HPPTCL out of Rs. 485 lakhs paid against deposit work and converted in to recoverable from HPTCL. Efforts should be made to recover the same.

(x) The Chanju III has not capitalised the advance to HPPTCL for design and survey work amounting to Rs. 17 lakhs for want of utilisation certificate.

(xi) The Deonthal Chanju has not capitalised the advance to HPPTCL for design and survey work amounting to Rs. 13.00 lakhs for want of utilisation certificate.

(xii) The Sainj unit has shown Rs. 9 Lakhs 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 extant of above and expenditure is understated to that extant.

(xiii) The Sainj unit has shown Rs. 131 Lakhs (Previous year Rs. 71 Lakh) as interest recoverable from HCC on account of advance 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) The Sainj unit has booked advance to HPSEB amounting to Rs. 5.29 Lakhs which is of non recoverable nature and should have been charged to the CWIP. Thus Current advances has been overstated to the extant of above as the amount has not been recovered and adjusted till date.

(xv) The Sainj unit has booked advance to XEN IPH amounting to Rs. 4.65 Lakhs which is of non recoverable nature and should have been charged to the CWIP. Thus Current advances has been overstated to the extant of above as the amount has not been recovered and adjusted till date

(xv) The Sawara Kuddu Unit has debited Rs. 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.

(xvi) The Chanju III has not capitalised the amount of Rs. 187 Lakhs paid to HPSEBL as the work has not been completed.

(xvii) The Deonthal Chanju has not capitalised the amount of Rs. 187 Lakhs paid to HPSEBL, as the work has not been completed.

5. Inventory Note 2.11

Reported by previous auditors the Kashang stage 1 Unit is showing the following inventories at the close of the year

S.No.	Item No.	Description	Amount	Remarks
1.	2000000751	G.I. Pipe 80 mmΦ 248.3 Rmt	1,06,140.80	Transferred from HPSEB
2.	2000000744	Portable Magzine 4 Nos.	1,55,567.00	Transferred from HPSEB
3.	2000000765	Steel Tubler Pole 10 mtr. 42 Nos	4,51,035.90	Transferred from HPSEB
4.	2000000727	Angle Iron 100x100x6mm 17.787 M	6,06,688.42	Transferred from HPSEB
5.	2000000766	ACSR Conductor 14,078 M	6,22,205.05	Transferred from HPSEB
6.	2000005637	Needle Tips & Seat Ring 1 Set	16,60,593.94	Spares for E and M work
	Total		**36,02,231.11**	

The Item from Sr. No. 1 to 5 amounting to Rs. 19.41 Lakhs has to be shown at Net Realisable Value and the necessary provision of obsolescence has to be made. No information in respect of the same has been provided to us.

The item at Sr. No. 6 is spare of the Turbine and has be shown under Property Plant and Equipment's& as such should be depreciated along with the plant.

Thus Inventory is overstated to the extant of Rs. 16.60 Lakh and property Plant and Equipment's is understated to the extent of above.

6. Trade Receivables Note 2.12

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

7. Other Current Assets Note 2.16

The Sawra Kuddu unit has not shown the amount recoverable from Patel Engineering on account of recovery of concrete cutting amounting to Rs. 77.50 lakhs (previous year Rs. 84 lakhs). The case is reported to be in High Court. In our opinion the other Current Assets are understated to the extent of above and CWIP is overstated to the extent of above.

8. Non-Current Other Financial Liabilities Note 2.21

(i) Long Term Borrowings

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% (Previous Year 39.76 %) 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 to 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 percent 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 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.

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. In the absence of Information, we are unable to comment on the same of its impact in the balance sheet and profit and Loss Account. Neither any policy has been taken nor any trust 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.

10. Other Non-Current Liabilities Note 2.24

a) Utilised Grant Renuka ji

(i) The Company has incurred following expenditure on the Renukaji project till 31st March 2023.

(Amount in Lacs)

Particulars	as on 31st March 2023	as on 31st March 2022
Tangible Assets	1,42,421.47	97,435.05
Advances & Deposits with Court	11,427.84	10,320.35
CWIP	7.54	7.54

Incidental Expenses	16,834.03	15,268.25
Advances	186.42	186.42
	1,70,877.30	**1,23,217.61**
Grant Received	74,371.39	71,086.80
Shortfall	96,505.92	52,130.81

There is a shortfall of grants received & expenditure incurred Rs. 96505.92 lakhs (previous year shortfall of expenditure to the tune of Rs. 52130.81 Lakhs). In absence of information we are not able to comment on the same. Tangible Assets include allocated expenses of HO & Sundernagar design office@15% as reported in our audit reports every year. Grant Rs. 1038 Cr. received on 31.03.2022 not accounted for as funds were received by Govt. of H.P & transferred to company account on 20-4-22 & 10-5-22.

(iii) We invite attention previous year audit report regarding allocation of expenses to Renukaji HEP wherein its stated that the allocation of expenditure of Corporate office and Sundernagar 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 Rs. 693.56 lakh (previous year Rs. 612.10 lakh) as share of corporate office and design wing expenses to the Renukaji HEP for current year viz. 31st March 2023.

11. Current Liabilities Other Financial Liabilities Note 2.27

(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 different units of the company are showing separately the amount payable and recoverable from HPSEB Limited. No Confirmation/reconciliation 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 Rs. 115.61 lakhs (Previous Year Rs. 87.13 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 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 Rs. 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 Rs.189 Lakhs on 02nd August 2018 (refer Note 2.59). Thus, current liabilities are understated to the extent of above. Next hearing on 13.02.2025.

(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 by previous auditors the Kashang Unit has not charged GST on the Liquidation Charges amounting to Rs. 534.42 lakhs on Rs. 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 extant and other non current assets is also understated to that extant. Claim of management that this pertain to pre-GST era is wrong as date of bill is 21-11-2017.

(ix) The Sawra 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 Rs. 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) The Sainj Unit has shown a sum of Rs. 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.

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 tariff rate has adopted HPREC AD benefit Rate of Rs. 4.31 per unit while approving the Tariff Rate with HPSEB. The Corporation is not availing the advance deprecation benefit thus Tariff rate of Rs. 4.79 per unit is applicable to the corporation. Thus Sale of power is understated to the extent of Rs. 39 Lakh for this year.

13. Apportionment of expenditure and Income of Corporate Office and Sundarnagar

(i) Expenditure of Corporate Office and Sundernagar

It has been observed that 15% of total expenditure of HO & Sundernagar 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 Sundernagar 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 Adoption of wrong method of apportionment may effect 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 Sundarnagar

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
- Imp rest Funds for ADB 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 Sundernagar 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 in no provision has been made by the company for income tax during the year under review.

We also invite attention to Note no. 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 Rs. 7599 lakhs (Previous Year Rs. 7,557lakhs. 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.

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 2023. 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 Sawra Kuddu HEP installed capacity is 111 and one solar unit with the capacity of 5 MW 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.

17. Land Court Cases Renuka Ji Project

The Board of Directors in its 75th meeting on 18th March 2022 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 its stated that the company has made contingent provision in respect of the awarded amount amounting to Rs. 79,245.46 lakh. 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. Amount lying in Bank accounts of LAO has been added to the cost of land instead of showing as bank balance under current assets amount on 31.3.2023 was Rs. 2,89,60,520/- in bank accounts of LAO has not been shown as bank balance, instead it has been added to cost of land.

Emphasis of Matter

1. No serous efforts has been made to remove the qualification raised in earlier year audit reports and the same has not been considered in this year report also.
2. We further draw attention to the following matters in the Notes to the stand alone Ind AS 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 Stand alone Ind AS financial statements regarding statement on State Government loan for Shontong Karcham HEP (450MW) where the ADB funding to state government has expired and stopping of funding by the KFW to the project. 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 works of STKHEP including IDC. Corporation has availed the disbursement amounting to Rs. 181.48 crore from the said loan as on 31.03.23 & 1002.80 crore as 03.01.2025.

(iii) Note No 2.72 to the Standalone Ind AS 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.

Our Opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Stand alone financial statements of the current period. These matters were addressed in the context of our audit of the Stand alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, description of how our audit addressed the matter is provided in that context. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	How our audit addressed the key audit matter
1	**Tendering:** Tendering is key audit matter & we have started scrutiny of major tenders & will be completed next year audit.	Some has been checked & found some deficiencies in works orders / contractors bills compared to tenders and reported in our audit report at appropriate places. The deficiencies noticed in tenders & execution has been reported at appropriate place
2	**Contingent Liabilities & 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 judgment 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 assets and the use of management assumptions and estimates for the determination 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	We assessed Actual Controls and found them to be effective during the year. However, we have reviewed the same through discussions with management .

	of significance. (Refer Note No. 2.1 to the Standalone Financial Statements, read with the Significant Accounting Policy No. 1.5)	
4	**Capital work-in-progress(CWIP):** 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 & 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 Stand alone 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 Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the Stand alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the 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 Stand alone 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 1, 2024and 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.

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, bases on out audit we give in the “Annexure-1” a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section143(3) of the Act, we report that:

a) We have sought and except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Statement of Profit and Loss and statement of 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid vided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act (No remuneration was paid to the management.

g) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. As informed by the Management ,the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (except as otherwise state in notes) .

   ii. As informed to us ,the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

h) We enclose as annexure 1 as required by Companies Act 2013, annexure 2 CAG directions & annexure 3 Report on Internal Financial Control.

For Soni Gulati & Co
Chartered Accountants

Sd/-
CA Suresh Chand Soni (Partner)
M. No. 083106
Place: Shimla
Date: 12 /01/2025
ICAI Firm Registration Number: 008770N
UDIN: 25083106BMGUTK4053

Replies to the Auditor's Report on the Ind AS Standalone Financial Statements (Annual Accounts) for the F.Y. ended 31st March, 2023

Report on the Audit of the Ind AS Financial Statements Opinion

We have audited the accompanying Ind AS financial statements of Himachal Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flows Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 31st March, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the Stand alone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand alone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Stand alone 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 Stand alone financial statements.

Audit Observation	Reply
A. Software used by the company: The Company uses SAP software but is incomplete only debit credit entries are there without any supporting or evidence attached to it, This defeats the very purpose of having SAP, we had to ask for supporting which is time consuming.	In this respect it is submitted that the SAP software has been successfully configured and is functioning satisfactorily. Over the last 10 years till F.Y. 2021-22, the annual financial statements are being prepared from SAP software. In all cases along with vouchers hard copies of the supporting are attached and kept under safe custody at respective Projects, Design Wing Sunder Nagar office and Corporate office as well and these documents are mandatory to keep. Further, it is to submit that we have implemented it in some projects and probably we will implement as a whole soon.
B. Preparation of the Financial Statements Financial statements are prepared on excel sheets but, No units' financial statements were made available to us showing comparative figs for the previous year. This is worth mentioning that this task of preparing Ind AS 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 as per appointment letter. The details of vouchers in SAP were asked for but	The financial statements for the FY 2022-23 have been prepared after complying with the Ind ASs as applicable to the Corporation, to the extent possible. Further, Project wise Balance Sheets for the commissioned

submission of such information was delayed /given late and incomplete. The qualification as to differences in details provided & financial statements reported in previous audit reports remained unverified by us& not reproduced here.	projects for the FY 2022-23 were prepared and submitted to the Auditor.
Material Misstatements: I) The expenses on repair maintenance booked Rs 2.58 crore (reported during 2021 year audit report) at Kashang HOP are doubtful for material misstatements, no external evidence or proof of seepage was made available to us on our visit this year also.	The matter in this regard was explained by the project authorities as well as o/o GM (Civil Contracts) along with all the supporting documents such as award letter, approvals etc. Further, a response reply in this regard has also been submitted to the Statutory Auditor along with all the supporting/ relevant documents with duly signed letter of Director (Civil).
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 advise of some consultant (being CA) but neither any proof of advise nor any opinion was made available to us. After going through the contract documents we doubt it to be a excess amount could not be ascertained in the absence of information which is required from inception 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 undertaking cum indemnity bond.	The payment has been released as per contract clause 13.7 (Adjustment for change in legislation) under GCC Document II of V which states:- The contract price shall be adjusted to take account of any increase or decrease in cost resulting from a change in the laws of the Country (including the introduction of new Laws and the repeal or modification of existing Laws) or in the judicial or official governmental interpretation of such Laws, made after the base date, which affect the contractor in the performance of obligation under the contract after the introduction of GST in July 2017. Further, as per the guidelines issued from the office of Director (Fin.), HPPCL, Shimla-9 vide letter No. HPPCL/F&A/Est./GST/2019-15162-166 dated 29.11.2019 (Based on details of taxes supplied by Sh. InderJeetDhawan CA vide letter dated 18.05.2019 & further clarification dated 16.06.2019 and procedure adopted by Power Grid Corporation of India Limited (PGCIL) for service contract with material). Further, undertaking cum indemnity bond from the contractor had also been taken.
iii) The Company has entered into PPA with HPSEB Ltd (holding Company) which is not in the interest of the company, as there is a direct loss of revenue to the company, as realization from TATA was much higher. Moreover, both companies had same managing director.	The power was earlier traded through power trader (TPTCL in this case). Through PPA the tariff is determined by the Hon'ble HPERC as per actual expenditure incurred. The power

	traded through IEX is subject to market volatility and rates depend on the demand-supply of the power trade volume. Though the rates were high during 2022-23, the rates of energy have started to decline since then in IEX. Till now the rates in IEX have significantly reduced. PPA with HPSEBL should definitely prove beneficial in long term as the energy is sold at Ex-bus to HPSEBL and thus transmission charges if any are also borne by HPSEBL itself. Himachal Pradesh Power Corporation Limited (HPPCL) is registered as a Private Limited Company with the Ministry of Corporate Affairs (MCA), hence the provisions of Section 203 of the Companies Act, 2013 are not applicable to the Company. Moreover, in accordance with the third proviso to Section 203(3) of the Act, an individual may hold the position of Managing Director (MD) in two Companies concurrently. Further, the Company had/has a Managing Director, Director (Personnel & Finance), Additional/ Deputy General Manager (Finance & Accounts) and a Consultant (Company Secretary) all engaged in full-time employment apart from Director (Civil) and Director (Electrical). However, for some time additional charge of the Director (Electrical) was given to the Director (Finance & Accounts).
E. Non-Compliance of Indian Accounting Standard (Ind AS) The Company has not complied with the following Indian Accounting Standards while preparing the financial statements:- **I) Indian Accounting Standard (Ind AS 1) Preparation of Financial Statements** The Para 15 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 in the note.	Necessary compliances to the applicable Ind AS have been made in this respect.
ii) Indian Accounting Standard 115 & 116: Accounting for supply of 100% Generation of powerto HPSEB applicable provision of Ind AS 115/116 not complied with	Necessary compliances have been made in the F.Y. 2020-21 and 2022-22.
iii) Indian Accounting Standard (Ind AS) 20 Accounting for Government Grants and Disclosure of Government Assistance. The Company has been granted the deferment of repayment of principal	Note 2.74 states that *"HPPCL has*

payment and payment of interest till FY2020-21 refer Note 2.74.No letter of deferment afterwards was shown to us till signing of this report. 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 has to 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 10 A of the IND AS. In the absence of the information we are unable to comment on same.	*requested the State Govt. to restructure the loan liabilities of the corporation. As on date, the said proposal is under active consideration at the State Govt……."* The deferment of repayment of loan and interest was allowed by Govt. of H.P till FY 2020-21. Further, a request was submitted to GoHP to defer the loan and interest thereon till 31.12.2026 which was denied by GoHP.
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 has to be accounted for on in the books of accounts. The Company has accounted for the liability on the basis of the actuarial valuation but neither any policy have ben taken nor any trust has been created t cover the liability for post employment benefits of employees.	Actuarial valuation in respect of the Post Employment Benefit: Defined Benefit Plans have been done for the FY 2022-23. Further, efforts are being made for taking up the policy w.r.t. Post Employment Defined Benefits Plans.
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.	The amount of contingent liabilities decreased from Rs. 1724.17 crore to Rs. 1011.06 crore and contingent assets increased from Rs. 409.31 crore to Rs. 541.11 croreduring the period accounts approved by the BOD (15.09.2023) and till the date of finalisation of the audit report i.e. 12.01.2025.
vi) Indian Accounting Standard (Ind AS) 10 Events After the Reporting Period The financial Statements for the year under review are provided to us on 19thJune2022 which was approved by the BOD on 18th March, 2022. The financial statements are not adjusted for the events occurred between the Balance sheet date both favourable and unfavourable till date of the finalisation of this report.	The financial Statements for the FY 2022-23 are provided to Statutory Auditors on 12.12.2023 after the approval of BoD (15.09.2023). There was no such favourable/unfavourable event occurred during 15.09.2023 to 12.01.2025, which could result in adjustment of Financial Statements.
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 2023, (Refer Note No 2.46). The same is not in line with the IND as 113 Fair Value Measurement which is mandatory applicable to the company.	The Company had adopted the carrying cost / value of all liabilities and assets as the fair value of the assets and liabilities cannot be measured accurately due to the uncertainty associated with the maturity dates of such assets and liabilities, being linked to completion of assets / commissioning of the projects.

	Further, the exact date of completion of assets / commissioning of the projects can't be predicted due to various internal/external factors. Hence Fair Value of the assets and liabilities can't be done.
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.	HPPCL has taken the majority of loan from GoHP at 10% interest, which is at par with the prevailing market rate. Hence, IND AS 109 has been complied.
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.	As the Corporation is continuously in loss, hence, calculation of deferment of tax assets and liabilities does not arise. Hence, Ind AS 12 seems not applicable.
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.	Necessary compliances to Ind AS 8 have been made in the F.Y. 2022-23. The disclosure as per Ind AS 8 i.e. Accounting Policies, Changes in Accounting Estimates and Errors was also prepared and attached with the Financial Statements.
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.	Statement of Facts, no comments required.
F. Observations on the Financial Statements **1 Property Plant and Equipment Note 2.1** I) We invite attention to Note No 2.59 wherein its 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.	The provision for lease amount of forest land has already been booked in respect of Sainj HEP, Shongtong-Karcham HEP and Sawra-Kuddu HEP. Further, the process of signing of Lease Deeds with Government authorities is in progress.
ii) As reported during previous year audit report, the company has not accounted for the cost of the Land and Buildings of HPSEB 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 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.	HPPCL vide its letter no. HPPCL/F&A/Misc.(HPSEBL)/2022-13298-13305 dated 05.12.2022 has requested to MD, HPSEBL, Shimla to convey its acceptance for payment of Rs. 45,99,50,440/- in the shape of equity Share capital. The response in this regard is still awaited.

(iii) Reported in previous audit reports, the Renukaji HEP has accounted for ₹ 44276 Lakh 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. The Renukaji HEP has paid Rs.5,364 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 Lakh 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.	As per HPERC Notification No. HPERC/SLDC/479: regulations Part V, dated 01.04.2011, vide Section 22, Clause 4 "Depreciation shall be calculated annually, based on the Straight Line Method and at the rates specified in Appendix-II, to these regulations. The Value base for the purpose of depreciation shall be original cost of the asset. Land is not a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset." and as per Appendix II, Regulation 22, Depreciation Schedule, Dep. On land owned under full ownership is 0.00%. At Renukaji HEP, HPPCL has acquired/purchased 947.57 Hectares private land and has full ownership. Hence, no depreciation is applicable on this land. Further, the trees and structures are also part of land purchased/acquired by HPPCL and as per abovementioned HPERC Notification No. HPERC/SLD/479:- regulations Part V, Section 22, Clause 4 the depreciation is not applicable for the land acquired.
(iv) Partial effect has been given by the management in the financial statements to the comments issued by CAG of India dated 23-08-2022 & Statutory Audit Reports on financial statements for the year ended 31.3.2020 nor on 31.3.2021or 31.3.22 although the management claims compliance of the same.	The necessary compliance to the CAG audit for the FY 2020-21 has already been made. The requisite information pertaining to prior period and current year has already been furnished during the conduct of audit as and when asked by the auditor.
2 Capital Work in Progress 2.2 (I) We Invite attention to Note No 2.70 where in it is stated 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.	Statement of facts. No comments required.
(ii) The Sainj Unit has paid Entry Tax amounting to Rs. 544 lakhs from September 2010 to December 2016 to HCC Limited. As per the Himachal Pradesh Entry Act 2010 the dealer paying the entry tax 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 Electro Mechanical works is overstated to the extent of ₹ 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	The matter is sub-judice, hence contingent in nature. Thus status-quo is maintained and no provision has been made.

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. 3,000 lakhs transferred from HPSEB at the 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. 1,392 lakhs has been used for construction of Transmission Lines at Kashang HEP. During the year 2010-11 the Kashang unit has transferred all cost of the 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 has 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 is recoverable 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 extant of above.	During the investigation stage, the Kashang HEP Stage-I (65MW) was under the administrative control of the HPSEB Limited. The loan agreement worth Rs. 200.00 Crores was executed between HPSEB Limited and Power Finance Corporation Limited (PFC) for the execution of civil and transmission work of the Kashang HEP Stage-I (65 MW) and the PFC released Rs. 30.00 Crores during the FY 2003-04 as advance/revolving fund to HPSEB Limited. Later on the project was transferred to HPPCL and assets and liabilities were taken over by HPPCL from KKPCL/HPSEBL along with the loan from PFC as per figures reconciled with HPSEBL on 08.11.2012. The summary of the same is as under:- Total Expenditure incurred by HPSEB on Kashang HEP Rs. 15094.36 Lakhs. Less: Expenses on Transmission Line of IKHEP Rs. 6585.48.Lakhs Net Assets Taken over by HPPCL Rs. 8508.88 Lakhs Less Loan Taken over (2850+848.70) by HPPCL Rs. 3698.70 Lakhs Net Amount Payable to HPSEBL Rs. 4810.18 Lakhs. Hence, the Transmission Line 200KV DC from Kashang to Nathpa was not taken over by HPPCL, however the outstanding loan of PFC was taken over by HPPCL at the time of merger, which was further adjusted at the time of issue of equity shares to HPSEB Limited. Therefore, the liability of loan of PFC and interest accrued thereon after the merger was to be borne by the HPPCL. The matter is also taken up with HPSEBL and HPPTCL management.
(iv) Apportionment 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	The apportionment of expenditure of Corporate and Design Wing Sunder Nagar to Renukaji Dam Project has been done as per the approval

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 Sudarnagar 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 company is also not in compliance to accounting policy of the company mentioned at Note no 1.6 (g) The Company has provided no justification for approving the percentage of 15% 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.	accorded by HPPCL management. The proportionate expenditure of Corporate office and Design Office has been allocated on the basis of expenditure being incurred by HPPCL on Renukaji HEP. As such expenditure shall form part of the total funds agreed to be provided by GoI and beneficiary states, hence prior approval of booking of every expenditure being incurred in Renukaji Dam HEP is not required.
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 comment on the recoverability of the expenditure from the participating states and central government.	As per the HP State Govt. proposal for Central Assistance as National Project it is clearly mentioned that 90% of the Cost of water component will be borne by GoI, and 10% by the beneficiary states which will be shared by them. Moreover, the 90% cost of Power component will be borne by NCT of Delhi and rest will be funded by HP State Govt. Therefore, the total expenditure to be incurred on the project will be shared by the Central Govt. and the beneficiary states as per the MoU.
3 Non-Current Investment Note 2.5 (I) We invite attention to Note No.2.5., the Company has made an investment of ₹ 337.50 Lac (previous year ₹. 337.50 Lakhs) in the equity of Himachal EMTA Power Limited (HEPL) which has been established as Company's joint venture with EMTA for setting up a (2*250 MW) 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 Steal Limited for which another Joint Venture has been made in the Name of Gourangdih Coal Limited. *"The Hon'ble Supreme Court of India (SC) 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."*	Statement of facts, requires no comments.
ii) The Company has made provision for doubtful investments amounting to Rs. 337.50 lakhs in the books of accounts.	Statement of facts, requires no comments.
(iii) The company Independent auditors of Gourangdih Coal Limited raised concern in respect of preparing the Financial Statements on the basis of Going Concern Concept and under Historical Cost Convention due to deallocation of the Coal Blocks by the decision of the Supreme Court during the year under review.	Statement of facts, requires no comments.

(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 accusing 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. At present the case is pending with the Supreme court of India.	Statement of facts, requires no comments.
4 Other Non-Current Financial Assets Note 2.10 (I) 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 (HPSEB). 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 carried forward by the unit as advance and the land is in the possession of the Corporation. The Unit has not changed the name of the 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.	The transfer of title of the land is under process.
ii) The Shongtong HEP, has paid Rs. 44.06 Lakhs (previous year 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 land owners 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 out of Rs. 44.06 lakh Rs. 33.55 lakh stands recoverable from the parties.	In compliance, an amount of Rs. 13,49,387/- has been recovered/ adjusted from 20 land owners through welfare grants. The balance amount of Rs.33,54,520/- is still outstanding against 16 beneficiaries for which the case is being pursued with the concerned land owners. Now, the balance amount of Rs. 33, 54,520/- is proposed to be recovered from the concerned against sand and aggregate (to be supplied to PAFS') and also from 100-unit free power supply. In addition to the above, the matter has also been taken up with the LAO Office and Sub-Divisional Officer (Civil), Kalpa vide letter no. HPPCL/GM/ STKHEP/R&R/Recovery/2022-53&32 dated 30.04.2022 & 06.12.2025 requesting recovery action from their end. In view of the above, since the recovery of this excess payment is in process, therefore, provision for doubtful debt has not been made.

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 Rs. 12992 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 2022 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. However ,as per management ,this matter is pending before the High Court of H.P. against the arbitration awards.	The current recoverable amount from Coastal Projects against such risk & cost as on 31.03.2022 is Rs. 129.92 crore, for which necessary provision for doubtful debts is taken in books of accounts. The Lender Banks of the Contractor had filed liquidation proceedings with Ld. National Company Law Tribunal (NCLT) and the company had filed claim of Rs.405.67 crores against the contractor. But, recently on dated 18.04.2023, Ld. NCLT at Cuttack Bench has dismissed the case and claim of Rs. 405,67,17,107/- has been rejected and Rs. 1/- alone admitted by the respondent. However, this matter is also pending before the Hon'ble High court of H.P. against the Arbitration award. Further, HPPCL had also filed an application on dated 07.01.2022 before NCLT Cuttack Bench under section 60 (5) of the Insolvency & Bankruptcy Code 2016 read with Rule 11 of the NCLT rules, 2016 to direct the Liquidator to Admit the Claim of the applicant (HPPCL) amounting to Rs. 405,67,17,108/- (Four Hundred Five Crores Sixty Seven Lakhs Seventeen Thousand One Hundred Eight). The NCLT passed an order dated 18/04/2023 and dismissed the application of HPPCL. Further, HPPCL has challenged the order passed by NCLT Cuttack Bench before the National Company Appellate Tribunal (NCLAT) on dated 30/05/2023. The proceedings are going on and the next date of hearing is on 10.04.2026.
(b) Reported by previous auditors .the unit has not charged the GST on 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.	As the amount recoverable is contingent, no GST has been levied on it. Further the GST, if leviable, shall be recovered from M/s Coastal Projects, hence is not Corporations expense. Further being part of the capital expenditure, if the amount charged to M/s Coastal Projects, does not realise, the same shall be capitalised.
(c) The Company has debited the amount of service tax payable by the company amounting to Rs. 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	As the amount recoverable is contingent, no GST has been levied on it. Further the GST, if leviable, shall be recovered from M/s Coastal Projects,

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 has to be charged on the same and a sum of Rs. 11.70 Lakh is to be paid as GST on the above. The Liability is understated to the extent of above.	hence is not Corporations expense. Further being part of the capital expenditure, if the amount charged to M/s Coastal Projects, does not realise, the same shall be capitalised.
(d) Further the Company has filed a claim of Rs. 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 not accepted the claim of the company stating the reason that the matter is pending with the Hon'ble High Court of Himachal Pradesh.	Amount recoverable from contractors includes a sum of Rs. 130.02 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. But, on dated 18.04.2023, Ld. NCLT at Cuttack Bench has dismissed the case and claim of Rs. 405,67,17,107/- has been rejected and Rs. 1/- alone admitted by the respondent. Pursuant to this, HPPCL has challenged the said order passed by Ld. NCLT Cuttack Bench before the National Company Appellate Tribunal (NCLAT), Principal Bench, New Delhi on dated 20.07.2023. The Matter was last listed on 18.07.2025 before the Ld. NCLAT on which date the Rejoinder had to be filed by HPPCL. Now, the Rejoinder has been duly filed by HPPCL and matter is listed for next hearing on 10-04-2026. Furthermore, this matter is also subjudice at the Hon'ble High Court of H.P. against the Arbitration award.
iv) We invite attention to Note No 2.61 where in it is stated that the company has not made a provision for Rs. 103.24 lakhs (Previous Year Rs.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.	The amount shown as recoverable can't be declared as doubtful as the Directorate of Energy is rigorously pursuing the matter with proponent vide latest letter dt. 11.12.2025 for re-imbursing the amount to HPPCL.

(v) The Renukaji HEP has deposited Rs. 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.	The Renukaji Dam Project assessed 3.00 MW (3.33MVA) tentative requirement of construction power for the construction of Renukaji Dam Project. The HPSEBL was requested to frame the estimate for power supply of Renukaji Dam Project. HPSEBL submitted the estimate which was checked & approved by Chief Engineer (OP) south, HPSEB Shimla amounting to Rs.186.42 lakh. The payment amounting to Rs. 186.42 lakhs was deposited with Executive Engineer, HPSEBL, Nahan, for supply of power to Renukaji Dam Project site as construction power. As per prudent utility practice, it is essential to plan a scheme in totality anticipating the total power requirement of the project. Accordingly, complete case was prepared for the full power requirement of the project during construction stage, accordingly the estimate was submitted by HPSEBL & consequently the work was executed. The work was initiated as the tenders for the diversion were floated during the year 2011. Unfortunately on 28.07.2011, The National Green Tribunal passed an interim stay on all the activities of Renukaji Dam Project, which was vacated on Oct, 2018, During this period all the Dam construction related activities were put on hold. Before NGT stay, the HPSEBL has laid the transmission line to the project site & locations for transformers have been finalized. The transformers have also been purchased by the HPSEBL, but due to NGT stay the approach road could not be constructed and also due to theft probabilities, the transformers have been kept at HPSEBL substation Dadahu. The DPR of the Project has been approved by CWC at price level 2018. The construction work is going to be started soon and these will be installed at the project. HPSEBL has submitted the utilization certificate of RS. 1, 86, 41,999/- for laying installation for providing supply of power to Renukaji Dam Project site,

	but the work is not yet completed and completion certificate is not given by the HPSEBL and thus assets has not been capitalized. The assets will be capitalized after completion of the work and assets taken over from HPSEBL.
(vi) Grant Receivable In case of GyspaHEP ,we invite attention to Note No 2.67 where in it is stated that company is showing Rs. 714 lakhs (previous year Rs. 608 lakhs) as recoverable grant from the Central Government on account DPR and Investigation Expenses. The Government of India has approved Rs. 1,250 Lakhs for survey and investigation of the project and paid Rs. 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.	Statement of facts, requires no comments.
(vii) The Shongtong 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.	The recovery of Mobilization advance as per contract agreement PCC Clause No. 14.2, wherein deduction of mobilization advance started from the IPC following the total of all IPC certified to contractor has reached to 30% of the Contract price as such the amount of Mobilization advance is recovered from M/s PEL. The balance payment will be recovered from the subsequent IPCs till the complete recovery, which shall be completely repaid prior to time when 90% of the

	contract price has been certified for payment. The advance given to M/s AHPL is adjusted/ recovered from the invoices of works executed and certified for payment to the contractor. Discounting can't be done at this stage as the actual date of 90% of the work execution is not ascertainable.
(viii) The Shongtong unit is showing advance of Rs. 28.65 Lakh (Previous Year Rs. 35.49 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 be capitalised. In our opinion the Non-Current Financial Assets are overstated to the extent of Rs. 28.65 lakhs and CWIP are understated to the extent of above.	The utilization certificate for the same has been received on dated 27-01-2026. Therefore, the corresponding entries will be taken during the FY 2025-26.
(ix) The SawraKuddu HEP is showing a sum of Rs. 440.10 lakhs (Rs. 485 lakhs) is shown as recoverable from HPPTCL out of Rs. 485 lakh paid against deposit work and converted in to recoverable from HPTCL. Efforts should be made to recover the same .	SKHEP is continuously taking up the matter for recovery of the amount.
(x) The Chanju III has not capitalised the advance to HPPTCL for design and survey work amounting to Rs. 17 lakhs for want of utilisation certificate.	The related work is still in progress. The advance will be settled after the completion of the work upon receipt of the utilization certificate.
(xi) The Deonthal Chanju has not capitalised the advance to HPPTCL for design and survey work amounting to Rs. 13.00 lakhs for want of utilisation certificate.	HPPCL is following-up the matter with HPPTCL for the utilization certificate.
(xii) The Sainj unit has shown Rs. 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 extant of above and expenditure is understated to that extant.	Necessary correspondence in this respect is being done with Directorate of Energy. The amount shall be settled accordingly.
(xiii) The Sainj unit has shown Rs. 131 Lakh (Previous year Rs. 71 Lakh) as interest recoverable from HCC on account of advance 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.	The amount stands recovered from the contractor as on 01.03.2022 and now only Rs. 6.63 lakhs stands recoverable. The amount shall be recovered from the contractor on full and final settlement. At present, the matter is subjudice in the Hon'ble High Court of H.P.
(xiv) The Sainj unit has booked advance to HPSEB amounting to Rs. 5.29 Lakh which is of non recoverable nature and should have been charged to the CWIP. Thus Current advances has been overstated to the extant of above as the amount has not been recovered and adjusted till date.	The UC has been received from Sr. Executive Engineer, Thalot and advance has been settled now.
(xv) The Sainj unit has booked advance to XEN IPH amounting to Rs. 4.65 Lakh which is of non recoverable nature and should have been charged to the CWIP. Thus Current advances has been overstated to the extant of above as the amount has not been recovered and adjusted till date.	The amount of Rs. 4.61 lakhhas been adjusted upon receiving the UC has been received from IPH. However, for balance amount of Rs. 3,760/- the

<table>
<tr><td></td><td>Executive Engineer IPH was requested to refund the same.</td></tr>
<tr><td>(xvi) The Sawara Kuddu Unit has debited Rs. 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.</td><td>The said amount is shown as recoverable from M/s PEL and now the said case of recovery is subjudice at Hon'ble High Court of HP, hence can't be shown as doubtful at this stage.</td></tr>
<tr><td>(xvii) The Chanju III has not capitalised the amount of Rs. 187 Lakhs paid to HPSEBL.as the work has not been completed.</td><td>The advance has been settled on 31.03.2023 as per the utilization certificate received.</td></tr>
<tr><td>(xviii) The Deonthal Chanju has not capitalised the amount of Rs. 187 lakh paid to HPSEBL ,as the work has not been completed.</td><td>The advance has been settled on 31.03.2023 as per the utilization certificate received.</td></tr>
<tr><td>5 Inventory Note 2.11
Reported in previous earlier years Kashang stage 1 Unit is showing the following inventories at the close of the yearunt of Rs. 187 lakh paid to HPSEBL ,as the work has not been completed.
<table>
<tr><th>S.No.</th><th>Item No.</th><th>Description</th><th>Amount</th><th>Remarks</th></tr>
<tr><td>1.</td><td>2000000751</td><td>G.I. Pipe 80 mmΦ 248.3 Rmt</td><td>1,06,140.80</td><td>Transferred from HPSEB</td></tr>
<tr><td>2.</td><td>2000000744</td><td>Portable Magzine 4 Nos.</td><td>1,55,567.00</td><td>Transferred from HPSEB</td></tr>
<tr><td>3.</td><td>2000000765</td><td>Steel Tubler Pole 10 mtr. 42 Nos</td><td>4,51,035.90</td><td>Transferred from HPSEB</td></tr>
<tr><td>4.</td><td>2000000727</td><td>Angle Iron 100x100x6mm 17.787 M</td><td>6,06,688.42</td><td>Transferred from HPSEB</td></tr>
<tr><td>5.</td><td>2000000766</td><td>ACSR Conductor 14,078 M</td><td>6,22,205.05</td><td>Transferred from HPSEB</td></tr>
<tr><td>6.</td><td>2000005637</td><td>Needle Tips & Seat Ring 1 Set</td><td>16,60,593.94</td><td>Spares for E and M work</td></tr>
<tr><td></td><td>Total</td><td></td><td>36,02,231.11</td><td></td></tr>
</table>
The Item from sr no 1 to 5 amounting to Rs. 19.41 Lakh has to be shown at Net Realisable Value and the necessary provision of obsolescence has to be made. No information in respect of the same has been provided to us.
The item at Sr no 6 is spare of the Turbine and has be shown under Property Plant and Equipment's & as such should be depreciated along with the plant.
Thus Inventory is overstated to the extant of Rs. 16.60 Lakh and property Plant and Equipment's is understated to the extent of above.</td><td>The item at Sr. No. 1 i.e. pipes shall be used in future for making provision for supply of drinking water from power house to power house stores.
For, the item at Sr. No. 2, the sale of scrap of the said item has been completed by this office and do not stand in the inventory.
The items at Sr. No. 3 i.e. 20 No. Steel Tubular Poles have already been used in the work of restoration of 22 kV power supply at intake site and the remaining are kept as spares for emergency restoration of the said supply.
The item at Sr. No. 4 stands issued and no longer stands in the inventory.
The item at Sr. No. 5 – 2000m conductor has already been used in the work of restoration of 22 kV power supply at intake site and the remaining is kept as spares for emergency restoration of the said supply.
The Needle Tips & Seat Ring i.e. item at Sr. No. 6, is a mandatory spare for Turbine of the machine and one or two set of the same are kept as extra for immediate replacement to avoid generation loss in case of the erosion of the already installed component. This spare is required to be replaced every year due to its erosion during the monsoon season resulting from heavy silt inflows. Therefore the uses period and future economic benefit derived from spare part are limited only up to</td></tr>
</table>

	one period and according to Ind AS 16, the spares parts, stand-by equipment and servicing equipment qualify as Property, Plant and Equipment when an entity expects to use them over the period of more than one year. Hence the spares available to use in store does not qualify the condition to be shown under Property, Plant and Equipment.
6 Trade Receivables Note 2.12 Trade receivables are subject to confirmation & reconciliation, concerning HPSEBL.	Reconciliation with HPSEBL regarding the amount payable and receivable in under process.
7 Other Current Assets Note 2.16 The Sawra Kuddu unit has not shown the amount recoverable from Patel Engineering on account of recovery of concrete cutting amounting to Rs. 77.50 lakh (previous year Rs. 84 lakhs). The case is reported to be in High Court .In our opinion the other Current Assets are understated to the extent of above and CWIP is overstated to the extent of above.	The said amount is shown as recoverable from M/s PEL and now the said case of recovery is sub-judice at Hon'ble High Court of HP., hence can't be shown as doubtful at this stage.
8 Non-Current Other Financial Liabilities Note 2.21 **(i) Long Term Borrowings** The Company has taken loan from the State Government for construction of Hydro projects. The Company has not paid the Installment 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% (Previous Year 39.76 %) 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.	The deferment of repayment of loan and interest was allowed by Govt. of H.P till FY 2020-21. Further, a request was submitted to GoHP to defer the loan and interest thereon till 31.12.2026 which was denied by GoHP.
(ii) The loan to 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 percent 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.	The matter for restructuring of loan was taken up with the GoHP which was not considered by GoHP. HPPCL as on date has paid Rs. 300 Crore of Principal and Rs. 964.72 Crore as interest to GoHP against their Loan.

(iii) The Long-term 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.	EMD, Retention Money and Security Deposits etc. are being released to the contractors, only after the verifications from the concerned Engineer-in-Charge (EIC).
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. In the absence of Information, we are unable to comment on the same of its impact in the balance sheet and profit and Loss Account. Neither any policy has been taken nor any trust has been made for the same.	Adequate provisions have been created as per the defined Gratuity and Leave Encashment Plans based on Actuarial valuation as per Ind AS adopted by the Corporation. Efforts are being made for taking policy w.r.t. Post Employment Defined Benefits Plans.
(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.	Calculation and booking of such provisions are based on the methodology devised by State/Central Govt. which has been accepted by both the parties.
10 Other Non-Current Liabilities Note 2.24 **a) Utilised Grant Renukaji** (I) The Company has incurred following expenditure on the Renukaji project till 31st March 2023.	The grant receivable worked out as on 31.03.2025 stands Rs. 355077.33 lacs. However, the cumulative funds/grants received from CWC and Beneficiary States up to 31.01.2026 is Rs. 318798.57 lacs. Further, Grant Rs. 1038 Cr received has already been accounted for in FY 2022-23.

(Amount in Lacs)

Particulars	as on 31st March 2023	as on 31st March 2022
Tangible Assets	1,42,421.47	97,435.05
Advances & Deposits with Court	11,427.84	10,320.35
CWIP	7.54	7.54
Incidental Expenses	16,834.03	15,268.25
Advances	186.42	186.42
	1,70,877.30	**1,23,217.61**
Grant Received	74,371.39	71,086.80
Shortfall	96,505.92	52,130.81

There is a shortfall of grants received & expenditure incurred Rs. 59946.80 (previous year shortfall of expenditure to the tune of ₹ 96505.92 Lakhs). In absence of information we are not able to comment on the same. Tangible Assets include allocated expenses of HO &Sundernagar design office @15% as reported in our audit reports every year. Grant Rs 1038 cr received on 31.03.2022 not accounted for as funds were received by Govt of H.P & transferred to company' account on 20-4-22 & 10-5-22.

(ii) We invite attention previous year audit report regarding allocation of expenses to Renukaji HEP wherein its 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	The proportionate expenditure of Corporate office and Design Office has been allocated on the basis of expenditure being incurred by HPPCL on Renukaji HEP as per approval accorded by the HPPCL higher

Renukaji HEP. The company has allocated Rs. 693.56 lakh (previous year Rs. 612.10 lakh) as share of corporate office and design wing expenses to the Renukaji HEP for current year viz. 31st March 2023.	management. As such, the expenditure shall form part of the total funds agreed to be provided by GoI and Beneficiary States.
11 Current Liabilities Other Financial Liabilities Note 2.27 (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.	Current Liabilities on account of Retention money, Contractor and Suppliers dues payable are being cleared on regular basis and Portion of Security deposits also released to vendors time to time. Confirmations of Balance payable as on 31st March 2023, were sought from respective Contractors/ Govt. Departments. All the information available with HPPCL, had been provided to the Statutory Auditors.
(ii) The different 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.	Most of the amounts under Payable and Receivable heads, pertaining to HPSEBL have been settled. Remaining reconciliation in respect of Sale of Power is under process with HPSEBL.
(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.	The liabilities against EMD, Retention Money, Security Deposit and other dues payable are released to the Contractors as per their claim. Further, time to time HPPCL transferring the Liabilities against EMD/Retention Money/SD under unclaimed liabilities and then the unclaimed liabilities are transferred/charged to revenue as per approval of competent authority.
(iv) The Other Financial Current Liabilities includes Rs. 115.61 lakhs (Previous Year Rs. 87.13lakhs) 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 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.	The unclaimed liabilities are transferred/charged to revenue as per approval of competent authority in appropriate cases.
(v) The Sawra Kuddu unit has made a provision for CAT Plan Expenses on 04th January 2016 amounting to Rs. 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.	The amount is payable immediately on receipt of Utilization certificate with the approval of competent authority.
(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	Matter of PF contributions of Unregistered Contractors liability is

contributions of Unregistered Contractors amounting to Rs. 189 Lakhs on 02nd August 2018 (refer Note 2.59). Thus, current liabilities are understated to the extent of above. Next hearing on 13.02.2025.	sub-judice in Central Government Industrial Tribunal (CGIT) Chandigarh. The case is in argument stage and next hearing is on 12.05.2026. Half of the amount i.e. Rs. 94.63 lakh has been deposited with the CGIT and the total liability amount has been shown under contingent liabilities under Note on Accounts No. 2.63.
(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.	Final project cost was approved in the 84th BoD meeting held on 15.09.2023. The LADA provisions as per the approved revised cost have been done.
(viii) Reported during earlier year auditors the Kashang Unit has not Charged GST on the Liquidation Charges amounting to Rs. 534.42 lakhs on Rs. 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 extant 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.	GST Act 2017 came into force w.e.f. 1st July 2017 and the Liquidation damages pertain to Pre-GST period and were recorded in the books of Accounts in the FY 2016-17. Even, Vide Circular No. 178/10/2022-GST dated 3rd August, 2022 issued by Government of India Ministry of Finance Department of Revenue (Tax Research Unit), it is ample clear that GST on LD will not be applicable.
(ix) The SwaraKuddhu 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 Rs. 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.	In this regard, it is submitted that the sale deed is yet to be executed.
(x) The Sainj Unit has shown a sum of Rs. 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.	The reconciliation of the accounts in respect of E&M package of Sainj HEP is at final stage. All the pending dues payable to M/s Voith Hydro shall be settled only at the time of final settlement.
12 Generation & Sale of Power (i) The company is showing only net sale instead of gross sale.	Sale of power entries have been taken into books as per instruction issued by SoP department vide letter No .HPPCL/SoP/13%FP/Kashang HEP/ 2017 -9731-38 dated 24.07.2018. As per ibid letter HPPCL is entitled for selling only 87% of the power and 13% Royalty Power of GoHP has to be

	provided in the shape of free power (free of Cost) at Bus bar of the project. Therefore, accounting of revenue generated from sale of 87% of Power including UI/DSM etc. is to be accounted for in the Books of Accounts. As the portion of free power @13% was not remitted to Corporation and non-availability of exact figure of free power given to State Govt. and to LADF, the amount booked under sale of power is net of such free power. Disclosure under Note Para 2.60 may be referred please.
The Beradol Solar Power unit while fixing the tariff 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 deprecation benefit thus Tariff rate of ₹ 4.79 per unit is applicable to the corporation. Thus Sale of power is understated to the extent of ₹ 39 Lakh for this year.	Since the corporation is incurring continuous losses, therefore, no tax is being paid by the corporation. Even if it is considered at Rs. 4.79 per unit, it would not be having any impact as there is no tax liability arising due to corporation losses.
13 Apportionment of expenditure and Income of Corporate Office and Sundarnagar- **(i) Expenditure of Corporate Office and Sundarnagar** It has been observed that 15% of total expenditure of HO & Sundernagar 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 Sundarnagar 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 Adoption of wrong method of apportionment may effect 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.	Keeping in view practicability, the expenditure allocation has been done accordingly. The methodology has been disclosed in the Notes on Accounts No. 2.60.
(ii) Income of Corporate Office and Sundarnagar 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 - Imp rest Funds for ADB 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.	The allocation of interest, earned on short term bank deposits (made out of idle funds) have been allocated on the basis of the approved practice.
(iii) Apportionment of Expenses of Corporate Office and Sundernagar Design Office	

The qualification of previous year auditors on apportionment stands for this year also.	Reply submitted above vide 14(i).
14 Provision for Income Tax We invite attention to that where in no provision has been made by the company for income tax during the year under review. 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 Rs. 7599 lakhs (Previous Year Rs. 7557 lakhs). 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.	No provision for income tax liabilities has been made, as the company has brought forward losses and unabsorbed depreciation as per Income Tax provisions. During the year also, the company is in loss.
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 2023. 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 Sawrakuddu HEP installed capacity is 111 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.	In case of Kashang HEP Stage-I (65 MW), even though all the three Units of 65 MW each have been commissioned, but for availability of water, only single machine/unit can be operated at a time. Due to water availability at present it is provisioned only for operating single machine of 65 MW at a time, as the KK Link Line in case of Kashang Stage II & III, is not yet completed/linked. However, all the machines are being run on alternate basis by project offices. Therefore, the installed capacity of this Kashang Stage-I can be considered as 65 MW only.
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.	This is as per the approved policy of the management. However, this interest income is being utilized to compensate the corresponding escalation cost and borrowing cost etc. of the period for which the funds remained idle, due to any obstruction for reasons attributable to the Corporation or none. Grant/ fund received from other beneficiary states in respect of RDP are being reverted through SNA account in which any interest earned is to be deposited into Central Govt. account, only then the next installment is released by the Central Govt.

17 Land Court Cases RenukaJi Project The Board of Directors in its 75th meeting on meeting 18th March 2022 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 its stated that the company has made contingent provision in respect of the awarded amount amounting to Rs. 76100.36-lakh. 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 RenukaJi Project is understated to the extent of above.	Consequent upon the decision of the BOD, payments on account of enhanced compensation have been booked as provisions/liabilities in the respective FY as shown below: Provision created in FY20-21 - Rs.459,73,53,702.00 Provision created in FY21-22 - Rs.909,48,73,354.00 Provision created in FY22-23 - Rs.589,53,13,090.00 Provision created in FY23-24 - Rs.732,52,61,945.00 Provision created in FY24-25 - Rs.450,41,08,088.00 Hence there is no understating of compensation.
18 Amount laying in Bank accounts of LAO has been added to the cost of land instead of showing as bank balance under current assets amount on 31.3.2023 was Rs. 28960520/- in bank accounts of LAO has not been shown as bank balance, instead it has been added to cost of land.	The LAO is separate body and is not the employee of the corporation. Moreover, the Bank Accounts are not of the corporation and are in the name of LAO. The balance in bank accounts of LAO can't be accounted for in the books of the Corporation.
Emphasis of Matter: 1 No serious efforts has been made to remove the qualification raised in earlier year audit reports and the same has not been considered in this year report also.	Most of the observations of the previous financial years have been settled.
2 We further draw attention to the following matters in the Notes to the stand alone Ind As Financial statements: (I) Balances of trade receivables, advances, deposits, trade payables are subject to reconciliation/confirmation and respective consequential adjustments.	All out efforts are being made for reconciliation of the same from respective departments.
(ii) Note No 2.62 to the Stand alone Ind AS financial statements regarding statement on State Government loan for Shontong Karcham HEP (450MW) where the ADB funding to state government has expired and stopping of funding by the KFW to the project. HPPCL has executed a loan agreement with PFC Ltd on dated 6.10.2021 for a loan amounting to 2207.63 crore for the balance works of STKHEP including IDC. Corporation has availed the disbursement amounting to Rs. 181.48 crore from the said loan as on 31.3.23& 1002.80 crore as 3.1.2025.	Disclosure/explanation to this effect has been given in the Notes on Accounts at Note No. 2.62.
(iii) Note No. 2.72 to the Stand alone Ind AS 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 .	Disclosure/explanation to this effect has been given in the Notes on Accounts at Note No. 2.72.
(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 Our Opinion is not modified in respect of these matters.	HPPCL has entered PPA with HPSEBL till the life of the projects. The necessary compliance has been made as per Ind As 115/116.
Key Audit Matters Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Stand alone financial statements of the current period. These matters were addressed in the	

context of our audit of the Stand alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, description of how our audit addressed the matter is provided in that context. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	How our audit addressed the key audit matter	
1	**Tendering:** Tendering is key audit matter & we have started scrutiny of major tenders & will be completed next year audit.	Some has been checked & found some deficiencies in works orders / contractors bills compared to tenders and reported in our audit report at appropriate places. The deficiencies noticed in tenders & execution has been reported at appropriate place	
2	**Contingent Liabilities & 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 judgment 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.	Statement of facts, comments not required.
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 assets and the use of management assumptions and estimates for the determination 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 Standalone 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 discussions with management .	Statement of facts, comments not required.
4	**Capital work-in-progress(CWIP):** 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 .	Statement of facts, comments not required.

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

The Company's Board of Directors is responsible for the other information.

Comments not required.

The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon. Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.	
Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.	Comments not required.
Auditor's Responsibility for the Audit of the Ind AS Financial Statements Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional	Comments not required.

judgment and maintain professional skepticism throughout the audit. We also: - Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. - Obtain an understanding of internal controls 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 with reference to financial statements 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation. - Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fir presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 1, 2024and 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.	

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, bases on out audit we give in the "Annexure-1" a statement on the matters specified in paragraphs 3 and 4 of the Order.	Comments not required.
2. As required by section143(3) of the Act, we report that: a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;	Comments not required.
b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;	Comments not required.
c) The Balance Sheet, Statement of Profit and Loss and statement of 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;	Comments not required.
d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;	Comments not required.
e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.	Comments not required.
f) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid vided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act (No remuneration was paid to the management.	Comments not required.
g) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:	Comments not required.
I. As informed by the Management ,the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (except as otherwise state in notes) .	Comments not required.
ii. As informed to us ,the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;	Comments not required.
iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	Comments not required.
(h) We enclose as annexure 1 as required by Companies Act2013 ,annexure 2 CAG directions & annexure 3 Report on Internal Financial Control.	Comments not required.

कार्यालय प्रधान महालेखाकार (लेखापरीक्षा)
हिमाचल प्रदेश, गॉर्टन कैसल,
शिमला-171 003

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Office of the Principal Accountant General (Audit)
Himachal Pradesh,
Gorton Castle, Shimla-171 003

क्र.- ए०एम०जी०-1 (मु०-१)/एच०पी०पी०सी० एल०/लेखे-2022-23/2025-26/608-10 दिनांक- 12/12/25

सेवा में

प्रबन्ध निदेशक,
हि०प्र० पॉवर कार्पोरेशन लिमिटेड,
हिमफैड भवन, बी०सी०एस० शिमला 09 (हि०प्र०)

विषयः- कम्पनी अधिनियम, 2013 की धारा 143 (6b) के अधीन टिप्पणियां।

महोदय,

मैं, 31 मार्च 2023 को समाप्त वर्ष के लिए हिमाचल प्रदेश पावर कार्पोरेशन लिमिटेड, के वार्षिक लेखों (standalone, consolidated) के सम्बन्ध में कम्पनी अधिनियम, 2013 की धारा 143 (6) (b) के अधीन टिप्पणियां भेज रही हूं।

कृपया पावती भेजें।

भवदीया
(हस्ताक्षर)
उप-महालेखाकार
(ए०एम०जी०-II)

संलग्नः उपरोक्त

प्रतिलिपि, प्रधान सचिव (एम०पी०पी०एण्ड पावर) हिमाचल प्रदेश सरकार शिमला-171002 को प्रेषित की जाती है। हि०प्र० पावर कार्पोरेशन लिमिटेड, के वर्ष 2022-23 के लेखों (standalone, consolidated) की प्रति भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों सहित प्रेषित की जाती है। नियन्त्रक एंव महालेखापरीक्षक (डी०पी०सी०) अधिनियम, 1971 की धारा 19 (ए) के अन्तर्गत लेखों को राज्य विधान सभा पटल पर रखा जाए तथा इसकी सूचना इस कार्यालय को भेजी जाए।

(हस्ताक्षर)
उप-महालेखाकार
(ए०एम०जी०-II)

संलग्नः उपरोक्त

प्रतिलिपि, प्रधान निदेशक (राज्य वाणिज्यिक-I) कार्यालय भारत के नियंत्रक एवं महालेखापरीक्षक 9, दीनदयाल उपाध्याय मार्ग नई दिल्ली 11.01.24 को मुख्यालय से ओ.आई.ओ.एस में दिनांक: 24.11.2025 के संदर्भ में अग्रेषित है। अनुमोदित टिप्पणियों के तथ्यों व आकड़ों की जांच कर ली गई है। कम्पनी राज्य सरकार को टिप्पणियों की प्रति संलग्न है।

(हस्ताक्षर)
उप-महालेखाकार
(ए०एम०जी०-II)

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Comments of the Comptroller and Auditor General of India under Section 143(6) (b) read with Section 129 (4) of the Companies Act, 2013 on the Consolidated Financial Statements of Himachal Pradesh Power Corporation Limited for the year ended 31 March 2023.

The preparation of Consolidated Financial Statements of Himachal Pradesh Power Corporation Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 12.01.2025.

I, on behalf of the Comptroller and Auditor General of India (CAG), have conducted a supplementary audit under Section 143 (6) (a) read with Section 129 (4) of the Act of the Consolidated Financial Statements of Himachal Pradesh Power Corporation Limited for the year ended 31 March 2023. We conducted a supplementary audit of the financial statements of Himachal Pradesh Power Corporation Limited but did not conduct supplementary audit of the financial statements of Himachal EMTA Power Limited for the year ended on that date. Further, Sections 139 (5) and 143 (6) (b) of the Act are not applicable to Himachal EMTA Power Limited being private entities, for appointment of their statutory auditors nor for conduct of supplementary audit. Accordingly, CAG has neither appointed the statutory auditors nor conducted the supplementary audit of this company. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) read with Section 129 (4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

Balance Sheet
Assets
Current Assets
Other Assets (Note 2.13)

1. **Amount Recoverable from Contractors and Suppliers: ₹191.23 crore**

   The above account head includes Rs. 15.60 crore, being shown as recoverable amount from M/s Hindustan Construction Company (HCC-14.94 crore) and M/s Andritz Hydro Power Limited, (AHPL- Rs. 0.66 crore) in respect of Integrated Kashang Hydro Electric Project- Stage-I, which were sub-judice. The company was aware of the sub-judice nature of both the claims. Therefore, instead of depicting these claims as recoverable, these should rather have been shown as Contingent Assets in accordance with the provisions of IND AS-37. This has resulted in overstatement of "Other Assets (Note 2.13)- Amount Recoverable from Contractors and Suppliers" and understatement of "Loss" by ₹15.60 crore.

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

Sd/-

Place: Shimla **Pr. Accountant General (Audit)**
Date: 12-12-2025 **Himachal Pradesh, Shimla**

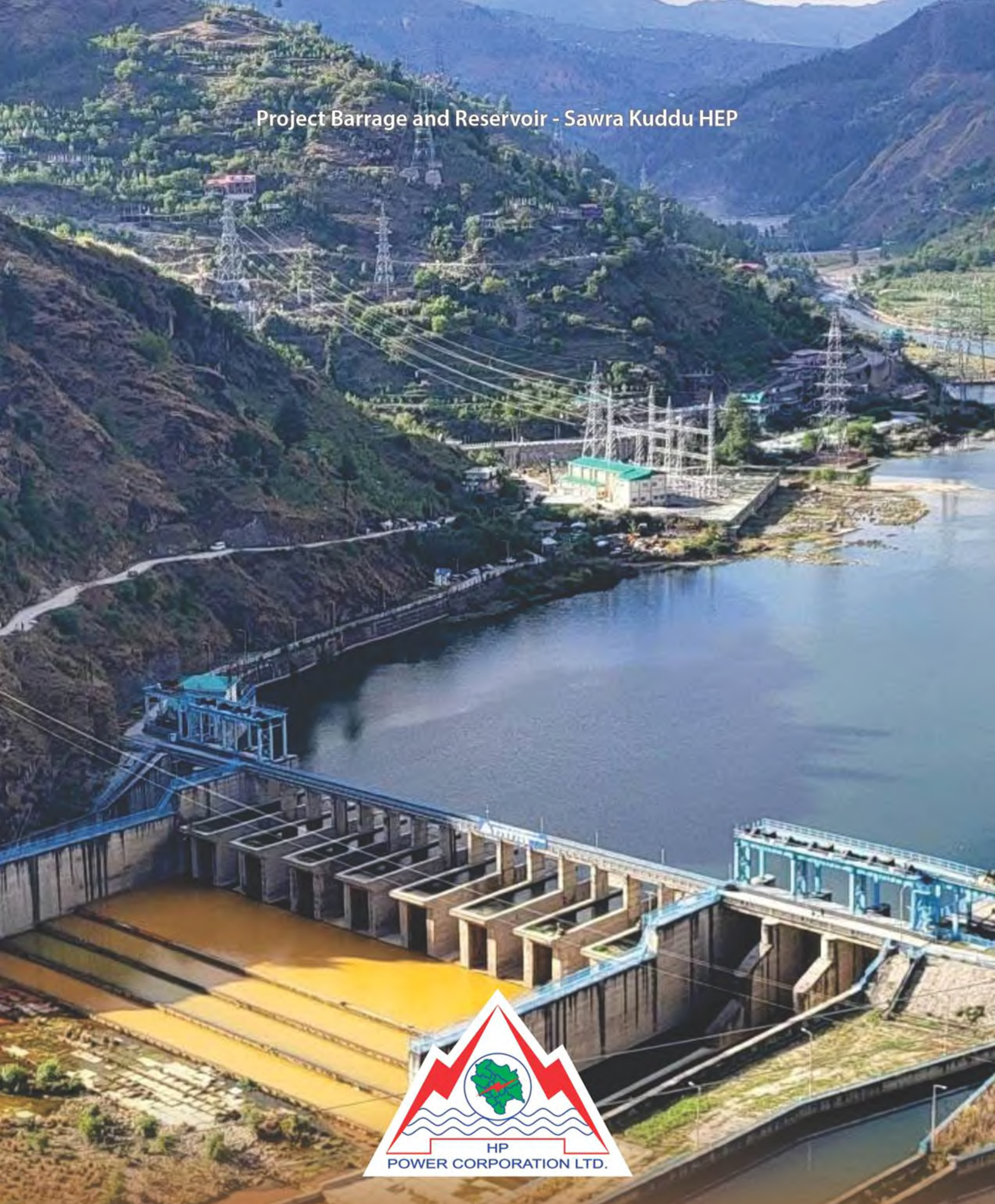
Reply to the Comments of C & AG of India on Supplementary Audit for the year ended 31st March, 2023 (Consolidated)

	Comments of C&AG	Reply by the HPPCL Management
1.	**Balance Sheet** **Assets** **Current Assets** **Other Assets (Note 2.13)** **1. Amount Recoverable from Contractors and Suppliers: Rs.191.23 crore** The above account head includes Rs. 15.60 crore, being shown as recoverable amount from M/s Hindustan Construction Company (HCC- Rs. 14.94 Crore) and M/s Andritz Hydro Private Limited (AHPL- Rs. 0.66 crore) in respect of Integrated Kashang Hydro Electric Project- Stage-1, which were sub-judice. The company was aware of the sub-judice nature of both claims. Therefore, instead of depicting these claims as recoverable, these should rather have been shown as contingent Assets in accordance with the provision of IND AS-37. This has resulted in overstatement of "Other Assets (Note 2.13) - Amount Recoverable from Contractors and suppliers" and understatement of "Loss" by ₹ 15.60 Crore.	The matter of recoverable amount Rs.15.60 crore from M/s Hindustan Construction Company (HCC- Rs. 14.94 Crore) and M/s Andritz Hydro Private Limited (AHPL- Rs. 0.66 crore). The above amount stands recoverable since March, 2017 for the HCC and March 2022 for AHPL, when no any dispute had arisen. The litigation in respect of M/s HCC and M/s AHPL come into picture in 2018 & 2024 respectively and this matter is still sub-judice. Hence, at this stage "status quo" is maintained. The Final accounting adjustment shall be carried out only upon the final outcome of the court decision, with appropriate recognition or write off as the case may be in the year of such decision along with necessary disclosures after approval of Competent Authority.

Sd/-
Director (Finance)

Aerial View of Bhanjal SPP

Aerial View of Pekhubella SPP



Project Barrage and Reservoir - Sawra Kuddu HEP

HIMACHAL PRADESH POWER CORPORATION LIMITED

(A State Govt. Undertaking)

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