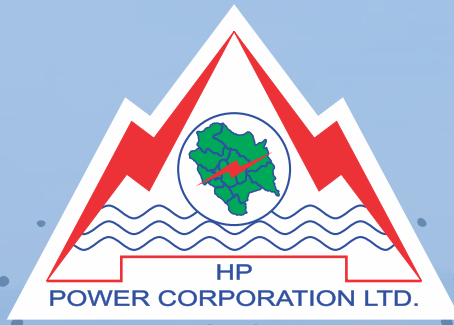




HIMACHAL PRADESH
POWER CORPORATION LTD.

ANNUAL REPORT 2021-2022





Construction work at Barrage- Shongtong Karcham HEP



Shifting of Machinery through Ropeway - Chanju 3 HEP



ANNUAL REPORT 2021-2022

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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
HDFC Bank, 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 16th Adjourned Annual General Meeting of HPPCL.

"Notice is hereby given that the 16th Adjourned Annual General Meeting of the Shareholders of Himachal Pradesh Power Corporation Limited, Shimla will be held on **20.08.2024 at 03:30 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, 2022, 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: 20.08.2024

Sd/-
Sudershan K. Sharma
Company Secretary

Note:

- 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.
- 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 the 16th Adjourned Annual General Meeting of the HPPCL on 20.08.2024 at 3:30 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 31.03.2022, the Annual General Meeting was held on 28th September, 2022 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 83rd Meeting on 18.05.2023 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. Also, the Board's Report for the FY 2021-22 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, 2022, 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: 20.08.2024

Sd/-
Director (Finance)

BOARD OF DIRECTORS



Sh. Prabodh Saxena, IAS
Chairman
Chief Secretary
Govt. of Himachal Pradesh



Sh. Sanjay Gupta, IAS
Nominee Director
Chairman
(HPSEBL)



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



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

BOARD OF DIRECTORS



Sh. Harikesh Meena, IAS
Managing Director



Sh. Shivam Pratap Singh, IAS
Director (Personnel & Finance)



Er. Surender Kumar
Director (Civil)



Er. Desh Raj
Director (Electrical)



HIMACHAL PRADESH POWER CORPORATION LIMITED

(A State Govt. Undertaking)

Registered Office : Himfed Building, BCS, New Shimla, Himachal Pradesh - 171009

CIN : U40101HP2006SGC030591

Phone Number : 0177-2670716

Website : www.hppcl.in, Email : cs_hpjvn@yahoo.com

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 16th Annual Report of the Company for the year ended 31st March, 2022 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 bring prosperity in Himachal Pradesh through development of power.
- **Aim:** To come up as a major power generating Company of India with good managerial and technical capabilities.
- **Targets:** To achieve overall hydro generating capacity of 974 MW by 2028-29 and 205 MW solar generating capacity by March 2025 and further 300 MW by March 2026.

3. IN-HAND PROJECTS AT A GLANCE

The Govt. of Himachal Pradesh had allotted 22 Hydro and 2 Solar Electric Projects to Himachal Pradesh Power Corporation Ltd. (HPPCL). Six projects were surrendered back to GoHP in 2020 as one was found unviable after detailed investigations and others had to be dropped as per directions of MoEF&CC/ongoing litigations.

Currently, there are 16 hydro projects with aggregate installed capacity of 2443 MW for development under state sector by HPPCL.

In line with the intent of the government to make Himachal Pradesh the first green state of the Country by 2026, HPPCL has been assigned target to add 500 MW of Solar capacity in the State by March 2026.

Out of the above target, one Solar Power Projects of net 32 MW capacity i.e Pexhubella SPP 32 MW in Distt. Una has completed and synchronized with the grid on 15.04.2024. The project was inaugurated by the Hon'ble Chief Minister of HP on 20.06.2024. Another solar project i.e Berra Dol SPP 5MW was already under operation and commissioned on 04.01.2019 near Sri Naina Devi Ji in District Bilaspur of HP, therefore total solar capacity has now gone to 37 MW.

HPPCL has identified suitable locations for setting up of aggregate 200 MW of Solar capacity by March 2025. This capacity has been agreed to be financed under the Himachal Pradesh Power Sector Development Program (HPPSDP) being funded by the World Bank. So, on progressive achievement of the above target, along with some other disbursement linked indicators (DLIs) funds to the tune of \$112.5 M USD shall flow to the HPPCL out of the \$250 M USD



HPPSDP program. The Program Agreement between the Bank and the State of Himachal Pradesh and the Implementing Agencies was signed on dated November 4, 2023, and Loan Agreement between India and the Bank was signed on dated November 6, 2023, with the declaration of effectiveness of loan for the Program on 29.11.2023.

Lands for the further addition of 300 MW solar capacity are also being identified and site investigations and PFR/DPR formulation activities are going on simultaneously.

Another project viz. Kishau Multipurpose Project (660 MW) is also under consideration by the Govt. of H.P. in joint venture with Govt. of Uttarakhand. Himachal Pradesh has 50% share in the project thereby making the total allotted potential of 3258 MW. HPPCL has also been entrusted with construction of Adi Badri Dam on river Somb in Distt. Sirmour, HP for rejuvenation of heritage Saraswati River and a MoU has been signed to this effect between Govt. of Himachal Pradesh and Govt. of Haryana on dated 21.01.2022. Brief status of the progress of works and loan utilization is as under.

A) PROJECTS UNDER OPERATION (313 MW)

Units III & I of Integrated Kashang HEP (195 MW) were commissioned on 03.03.2017 & 31.03.2017. The project has Generated 1197.45 MU up to 25.06.2024 and Rs. 320.91 Crore of revenue has been earned. HPPCL also commissioned Sainj HEP (100 MW) on 04.09.2017 and has generated 2641.38 MU upto 25.06.2024. Revenue of Rs. 918.45 Crore has been realized from the project. In 2021, HPPCL also commissioned its 3rd Hydro project Sawra Kuddu HEP (111MW) on 21.01.2021. The project has generated 1025.12 MU upto 25.06.2024 and earned revenue of Rs. 351.39 Crore till 25.06.2024.

Berra Dol Solar Power Project of 5 MW capacity was commissioned on 04.01.2019 that has generated 44.61 MU till 25.06.2024 and Rs.19.13 Crore of revenue has been generated. Pekhubela SPP 32 MW in Distt. Una has been synchronized with the grid on 15.04.2024 and inaugurated by the Hon'ble Chief Minister of HP on 20.06.2024.

B) PROJECTS UNDER EXECUTION (658 MW)

S. No.	Name of Project(s)	Capacity (MW)	Physical Progress (%) ending 25.06.2024	Commissioning Date	
				Scheduled	Revised
1.	Kashang HEP Stage-II & III	130	Civil & HM Works - 33.71%	Nov, 2014	Jun, 2026
2.	Shongtong-Karcham HEP	450	Overall Project - 50.90% Civil Works - 51.36% E & M Works - 58.45%	Jan, 2020	Water Availability Date- 30.11.2026
3.	Chanju III HEP	48	Overall Project - 11.25% Civil Works Package I - 4.93% Civil Works Package II - 14.50% E&M works: Tenders floated and are under evaluation. Expected to be awarded by July, 2024	Unit-1: Sept 2026 Unit-2: Oct 2026 Unit-3: Nov 2026	Water Availability Date- 13.07.2027
4.	Deothal Chanju HEP	30	As per the latest estimate, the project cost has increased from Rs. 273.91 Cr. (DPR Cost) to Rs. 740.58 Cr. The matter was appraised to the BoD and accordingly issue was taken up with the funding agency i.e. AFD w.r.to the viability of the project. Final decision on taking up the project further being taken accordingly.	Unit-1: July 2027 Unit-2: Aug 2027 Unit-3: Sept 2027	

- The above cited Hydro projects at Sr. No. 1 & 2 were financed by ADB under different tranches (Tranche-I to IV). However, HRT of Sawra Kuddu HEP and E&M works of Shongtong Karcham HEP were financed by PFC/Govt. of H.P. and KfW respectively. After closing of ADB loan on 22.10.2018 and KfW loan on 30.12.2019, funding for Shongtong Karcham HEP has been tied up with the Power Finance Corporation (PFC). The works for Kashang II & III HEP and Shongtong Karcham HEP are in full swing.
- The above cited Hydro projects at Sr. No. 3 & 4 are being financed by AFD with credit facility of EURO 80 million.
- Two SPPs are under execution viz. Aghlor Solar Power Project (10 MW) awarded on 02.12.23 to M/s BVG India Ltd and Bhanjal Solar Power Project (5 MW) awarded on 12.01.2024 to JV of M/s Ravi Steel & Renewable Pvt. Ltd. and M/s Sun Infra Energies Pvt. Ltd. The project's completion is targeted in September 2024. The foundation stone of Aghlor SPP was laid by Hon'ble CM on 28.06.2024.
- First disbursement request of USD 19.156 Million for all utilities submitted to the World Bank, from which USD 7.656 Million is to come to HPPCL, has been accepted and confirmed as achieved by the World Bank on 15.01.2024. Second Disbursement request of 5.87 MUSD for disbursement under first year of the program has been submitted by HPPCL.
- ADB financed four projects from 2009 to 2018 namely Sawra Kuddu HEP(111MW), Sainj HEP(100MW), Integrated Kashang HEP(195MW) and Shongtong Karcham HEP (450MW). ADB financing achieved its targets except for Kashang II&III HEP and Shongtong Karcham HEP which faced litigation and other hurdles. HPPCL utilized 421.37 MUSD out of the allocated 671.1 MUSD for the above projects under various tranches.
- For electro-mechanical works of Shongtong Karcham HEP (450MW), loan amounting to EURO 150 million was sanctioned by KfW and agreement with KfW was signed on 21.12.2012. The loan has closed on 30.12.2019 with final utilization of loan amounting to EURO 19.93 million.
- Various reasons such as restrictions by nearby Ammunition Depot, agitation by labourers, poor cash flow of Contractor and concerns of the lender regarding Right Bank slope stability of Barrage area have been responsible for delay of the Shongtong Karcham HEP. Now all these issues have been sorted out and project work is picking up progress. Detailed design of Barrage has been finalized and work on this component has started at site.
- Works of Kashang HEP Stage II could not be taken up because of litigations in the Hon'ble National Green Tribunal (NGT) which was ultimately decided in favour of HPPCL. There are no pending litigations now and the project work has been taken up and progressing steadily. Balancing reservoir-III referred as IKHEP Stage-III constructed parallel to balancing reservoir of Stage-I is almost complete.

Chanju III HEP (48MW) and Deothal Chanju HEP (30 MW)

Techno-Economic Clearance (TEC) by the Directorate of Energy (DoE), GoHP for Chanju-III HEP (48 MW) & Deothal Chanju HEP (30 MW) were accorded on 14.07.2015 and 22.07.2015 respectively. Environment Clearance for both the projects was accorded on 29.09.2017. Forest clearance of both projects was obtained from MoEF & CC, Govt. of India on 22.10.2019. Agence Française de Development (AFD) agreed to provide an amount of Euro 80 million (Rs.640 Crore) for funding of Chanju-III HEP (48 MW) & Deothal Chanju HEP (30 MW). Credit Facility Agreement between GoI & AFD was signed on 04.07.2017. The Project agreement and on Lending agreement between HPPCL, GoHP and AFD were signed on 02.02.2018 and 11.07.2018 respectively.

CHANJU-III (HEP)

Award of Works:

Civil & HM Works: Both the Civil & HM Packages (Package-I & Package-II) have been awarded on 07.10.2022 to M/s MFB-ACNC JV.

Awarded Amount:

Package-I (Civil & HM-Trench weir, Intake, Desilting chamber & HRT)	Rs. 189.44 Cr
Package-II (Civil & HM-Forebay, Pressure Shaft and Powerhouse)	Rs. 161.08 Cr

- Agreement for Package-II signed on 09.12.2022
- Agreement for Package-I signed on 15.12.2022
- The work on both the packages is in progress.



E&M Works: The tenders were re-floated on 12.10.2022. Technical bids were opened on 22.07.2023 and after evaluation of the same, price bids were opened on 14.11.2023. Financial bid evaluation report was shared with AfD on 19.12.2023 for approval/NOC to negotiate with L-1 bidder. AFD provided its approval to negotiate with L-1 bidder on 02.02.2024 and L-1 bidder submitted detail justifications of quoted rates on 16.02.2024. Matter is being examined by tender evaluation committee. As per the recommendation of the 4th meeting of the TEC, a high-level Power Committee was constituted, and meetings were held on 03.06.2024 & 06.06.2024. Tenders are expected to be awarded by July, 2024.

DEOTHAL CHANJU-HEP:

Award of Works:

Civil & HM Works:

- In line with Chanju-III HEP, initially 2 nos. packages for Civil & HM Works were conceived, but as per the trend of non/limited bidder's participation in respect of Chanju-III HEP, it was decided to club both the packages and to float tenders accordingly.
- After receiving NOC from AfD, the tenders were floated on 13.10.2022 with the date of opening for 08.12.2022 and further extended up to 27.12.2022.
- Pre Bid meeting in respect of Civil & HM Package of Deothal Chanju HEP was held on 28.11.2022.
- Reply to Pre Bid queries of prospective bidders has been sent to AFD on 15.12.2022, for review & AFD's consent before issuing the same to prospective bidders. AFD conveyed its comments on the draft minutes of pre-bid clarifications/meeting vide email dated 09.01.2023. The same were replied vide email dated 18.01.2023. Thereafter, AFD conveyed some additional comments vide email dated 08.02.2023 which were replied to vide email dated 17.02.2023. The response was received from AFD on 24.02.23. Accordingly, the pre-bid clarifications were uploaded on 27.02.2023. Further other queries were received from the bidders and forwarded to AFD on 01.03.2023 for which AFD conveyed approval by email dated 09.03.2023. Last date for submission of bids was extended upto 04.04.2023. The last date for submission of bids was extended up to 04.04.2023. However in view of request from some of the prospective bidders the HPPCL Management decided to further extend the bid submission deadline upto 18.04.2023. However, on the scheduled date, only one bidder submitted the requisite bid security, by the time of bid submission deadline. Therefore to ensure greater participation & fair competition HPPCL decided to amend certain evaluation criteria and accordingly a proposal was sent to AfD in this regard on 29.04.2023. Subsequently a revised proposal was sent to AfD on 15.05.2023. AFD conveyed its approval with some suggestions through email dated 01.06.2023. After incorporating the suggestions made by AFD, the amendments in this regard were issued on 03.06.2023. Bids were opened on 10.08.2023 Total two nos. bids were received and after evaluation of the same, Technical bid evaluation report (TBER) had been shared on 25.11.23 with AFD for issuance of NOC. Financial bid opening permission was received from AFD on 07.12.2023. Bid validity period has been extended by the bidder till 06.08.2024. Now, the opening of price bids/ award of bids is under consideration.
- As per the latest estimate, the project cost has increased from Rs. 273.91 Cr. (DPR Cost) to Rs. 740.58 Cr. The matter was appraised to the BoD and accordingly issue was taken up with the funding agency i.e. AFD w.r.t. the viability of the project. Final decision on taking up the project further shall be taken accordingly.

C) PROJECTS IN PRE-CONSTRUCTION CLEARANCE STAGE (40 MW)

1.	Renukaji Dam Project	40 MW
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D) PROJECTS WITH APPROVED DPR (239 MW)

1.	Surgani Sundla HEP	48 MW
2.	Thana-Plaun HEP	191 MW

E) PROJECTS UNDER INVESTIGATION

(a) DPRs in Advanced Stages (838 MW)

1.	Nakthan HEP	460 MW
2.	Kashang HEP - Stage IV	48 MW
3.	Kishau Multipurpose Project	660 MW (JV of GoHP & Govt. of Uttarakhand, with 330 MW share by HP Govt.)

(b) DPRs in Intermediate/Initial Stages (427 MW)

1.	Gyspa Dam Project	300 MW
2.	Bara Khamba HEP	45 MW
3.	Triveni Mahadev HEP	72 MW

The DPR of Thana Plaun HEP has been concurred by CEA vide office Memorandum dated 07.09.2021. The Stage-I/In Principle Forest Clearance under Van (Sanrakshan Evam Samvardhan) Adhiniyam, 1980 has been granted by Ministry of Environment Forest and Climate Change, Government of India on 11.01.2024. Compliance to conditions imposed under Stage-I/In Principle Clearance are being attended by HPPCL.

Expert Appraisal Committee has recommended Environment Clearance (EC) to MOEF&CC subject to two conditions:

- Stage-I forest clearance.
- Adherence to the conditions of cumulative EIA study of Beas Basin.

HPPCL has complied with both the conditions and requested the Ministry of Environment Forest and Climate Change; Government of India for granting Environment Clearance in favour of the project on 11.01.2024.

In Surgani Sundla HEP, Project cost was revised at July, 2017 price level which came out to be Rs.700 Crore. In view of the high cost, the project proposal has been revisited and cost brought down to Rs.581.86 Crore. TEC shall be got revalidated again from DoE shortly. Project is contemplated as tail race development of Baira Siul HEP of NHPC. In a meeting on 16-05-2023, the GoHP conveyed its concerns regarding the development of SSHEP to NHPC and requested a No Objection Certificate (NOC). Subsequently, a joint site inspection was done by NHPC and HPPCL on 13-09-2023 wherein some changes in the intake area were agreed by HPPCL. HPPCL agreed to provide revised project layout drawings and computations to NHPC, ensuring no disruption to the Baira Siul Power Station (BSPS) and addressing geological safety concerns. HPPCL submitted the revised layouts on 08-12-2023, which NHPC reviewed and raised some observations which were addressed by HPPCL. NHPC issued a conditional NOC on 19-04-2024. The Design Unit, in coordination with the Field Unit, is now updating the Detailed Project Report (DPR) to reflect the agreed changes and current price levels.

DPR of Nakthan HEP (460MW) although in advance stage of appraisal in CEA/CWC, GoI but has been withheld due to ongoing dispute in water sharing with an IPP. Matter is under consideration of GoHP for an amicable settlement between the parties.

In respect of Kashang Stage-IV HEP, the ToR for hiring a consultant for updation/preparation of Detailed Project Report of the project has been prepared. The preparation of estimate for hiring the consultant including survey & investigation works is under process.

The DPR preparation work of Kishau MPP is under preparation by KCL through consultant M/s Tractebel Engineering Pvt Ltd.

With respect to Triveni Mahadev HEP (78MW), HPPCL is in the process of preparing the ToR for hiring a consultant for preparation of Detailed Project Report of the project.

Bara Khamba HEP (45MW) has been taken up for preparation in house in tie up with HPSEBL.



F) PROJECTS UNDER PRE-INVESTIGATION STAGE (350 MW)

1.	Khab HEP	350 MW
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G) PROJECTS OF NATIONAL IMPORTANCE (340 MW)

Following 2 number Projects of National Importance are under implementation by HPPCL:-

(i) RENUKAJI DAM PROJECT (40 MW):

CWC has finalized revised cost estimate of the project on Oct, 2018 Price Level for a total amount of Rs.6946.99 Crore. (Earlier it was approved on March, 2015 Price Level for total amount of Rs. 4596.76 Crore.) TAC has also accepted the revised cost estimate in its 143rd meeting on 9.12.2019. However, the LADF amount i.e. Rs.104.20 Crore has not been included in the total cost of the project.

Cost Apportionment into two components i.e Water Supply Component (Rs. 6647.46 Crore and Power Component Rs. 299.53 Crores) has been worked out by CWC. Benefit Cost Ratio (2.82:1) & Power Tariff (Rs. 3.51/Kwh) has been approved by CWC.

Interstate Agreement has been signed by all the beneficiary states on 11.01.2019.

Investment Clearance was granted by MoJS on 07.08.2020. Cabinet Committee of Economic Affairs (CCEA) approved the Project on 15.12.2021. Hon'ble Prime Minister of India laid the foundation stone of the Project on 27.12.2021.

A sum of Rs.713.75 Crore as received from Gol/Govt. of Delhi & Govt. of Haryana up to 31.12.2021 was utilized for land acquisition. Haryana provided an amount of Rs 22.2336 Crore on 28.01.2022. Gol India sanctioned Rs 1037.92 Crore on 03.03.2022 as 'On Account' payment of Grant Component of Central Assistance under Accelerated Irrigation Benefit Programme (AIBP) Capital Assets under PMKSY for the State's Annual Plan 2021-22.

In 2022-23, Haryana provided Rs 63.5736 Crore, Rajasthan provided 31.037 Crore. The proposal for Central Assistance for financial year 2022-23 of Rs.451 Crore was submitted to Gol on 12-10-2022. Monitoring & Appraisal Directorate CWC Shimla recommended release of first installment amount to 332 Crore (i.e. 75% of total amount) as approved by IBO, CWC Chandigarh. The proposal was further recommended by CWC headquarters-Delhi. However, despite specific agreement to this effect, the DoWR did not consider the expenditure incurred before on boarding of the Project in PFMS system which led to shortfall in the matching state share and resulted in non release of CA. There were also some SNA compliance issues which led to such decision of non release of CA.

In 2023-24, Haryana provided Rs. 63.5736 Crore and Rajasthan Provided 31.037 Crore. The proposal for Central Assistance for financial year 2023-24 of Rs. 828.9 Crore (including amount proposed in CA for FY 2022-23) was submitted to Gol on 29-08-2023. Gol has released 414.46 Crore which is being used for payment of enhanced compensation for land acquired.

Till date a total amount of Rs 2458.32 Crore has been contributed by Gol and Beneficiary states except for Uttar Pradesh and Uttarakhand, out of which Rs 2168.07 Cr has been utilized for depositing in Compensatory Afforestation Fund Management and Planning Authority (CAMPA) in the account of State of Himachal Pradesh, compensation for land acquisition, Survey and Investigation, Construction & Maintenance of Buildings, Establishment and Admin Charges etc.

In 61st meeting of UYRB held on 13-12-2023, States share have been revised from earlier amount of Rs. 664.76 Cr to 1162.62 Cr. This revised amount includes Expenditure on works of Water component before on-boarding AIBP and Establishment & Administrative cost of the Water component in addition to Sate share in remaining cost of works of water component.

Stage-I Forest Clearance accorded on 15.02.2015 was valid up to 20.02.2024, before which compliances to the conditions for obtaining Forest Stage-II clearance have been submitted to Forest Department. MoEF&CC has raised some observations vide letter dated 15-03-2024. The reply to observation has been submitted to HP Forest Deptt. on 27-03-24. NoC from National Board of Wild Life (NBWL) is being pursued. Validity of EC has been extended up to October, 2025.

CWC has been engaged as Design Consultant as approved by GoHP. The scope of work includes (i) Review of DPR (ii) Detailed Design & Engineering (iii) Preparation of tender drawings. Hard and soft copy of DPR and schedule of deliverables have been supplied to CWC.

While reviewing the DPR, the CWC noted that the siltation rate for the dam design might be underestimated due to poor geology and increased upstream development. To address this, CWC proposed revising the dam design and proposed a

Hybrid dam with a Central Concrete Spillway and Earth-cum-Rock-fill at sides to facilitate silt ejection and extend the reservoir's life. Concept drawings were submitted on 17-11-2022. Further, as per request of CWC, an expert panel of Geologists (retired & serving) has been formed, to address the complex geological issues and aiding the design of dam. A site visit was conducted by Panel of Geological Experts (PoGE) along with officials of CWC, CSMRS and GSI. Some new investigations were suggested to decide type of dam. Following investigations and a review meeting on 18-08-2023, the PoGE conveyed that the rock quality at the dam site is not conducive to a concrete or hybrid dam. Consequently, CWC opted for a Rock-fill cum earthen dam with a plastic diaphragm.

CWC has submitted preliminary layouts and sections for the Main Dam and a planning-level layout for the diversion tunnels. Additional investigations in the Diversion Tunnel area have been completed. The location of the upstream cofferdam has been shifted. During field visits in February 2024 and April 2024, fresh investigations through drill holes methods have been suggested by PoGE/CWC. CSMRS/CWC at upstream cofferdam, spillway area, power house area and at the inlet portal location of the diversion tunnels for designing Landslide stabilization measures. Tenders have been floated, and the work will be awarded shortly.

Further, after the approval of GoHP to engage a Project Management Consultant (PMC), on 28-07-2022, for preparation of Cost Estimates, Tender Documents & Processing thereof, Site supervision & Quality Control etc through Competitive Bidding process, RfP document has been finalized & uploaded on e-tenders portal of HPPCL. Thereafter, pre proposal meeting was held and queries were raised by prospective bidders. Last Date of submission of bids was extended up to 22-02-2023 and technical bids opened on the same day. However, due to discrepancies in the evaluation criteria, the ongoing process was annulled and fresh bids were invited on 26-11-2023, and the technical bids have been opened on 12-01-2024 and evaluation has been completed. The work will be awarded soon.

The construction of Diversion Tunnel Arrangement is expected to start by 16-12-2024.

(ii) GYSPA DAM PROJECT (300 MW): (National Importance Project)

Project was declared as "National Project" by MoWR, Gol on 26.02.09. MoU was signed between CWC & HPPCL on 23.03.12 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 15.07.14 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 09.09.10. 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 Cr. 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.

MD, HPPCL have visited project site on two occasions and held meetings with district administration & local people including elected representatives. The last visit was made from 17.07.17 to 19.07.17; 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, Gol 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.

Fresh terms of reference (ToR) for obtaining permission for investigation works from MoEF&CC was applied. During 9th meeting of Expert Appraisal committee (EAC), River Valley Projects, MoEF&CC held on dated 25.03.2021 the proposal for grant of ToR for Gyspa Dam project has been deferred by EAC on following lines

"Since the project has been presented as a National Project and also comes under the ambit of IWT, the conceptual plan shall be submitted to CWC for prime-facia 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."

HPPCL submitted Pre-Feasibility Report (PFR) of Gyspa Dam Project to CWC vide letter dated 27.04.2021 for prime-facia



acceptance of the dam location. CWC desired that PFR containing detailed layout indicating various components, position of spillway, intake other structures etc. based upon desktop studies as well as reconnaissance survey should be submitted for review.

Meanwhile during the 76th BoD meeting of HPPCL held on 07.06.2021 it was 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. Accordingly, HPPCL vide letter dated 20.07.2021 intimated DoE, GoHP to allot the project to some other CPSU. HPPCL has requested DoE that the expenditure incurred on Gyspa Dam HEP may be got reimbursed to HPPCL by the other project allottee.

Keeping in view the emphasis laid by GoI for this National Importance project it was decided that a drone survey of the dam area will be carried out. The survey work has been completed and the deliverables/report has been received from the Contractor on 05.12.2023. The report is being examined by HPPCL. The layout of the project will be marked and a revised PFR with preliminary proposal will be submitted to CWC for approval.

H) 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 has been admitted for hearing, which is to be listed with other connected matters in 'Regular List'.

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. Income Tax Officer, Shimla, vide letter dt. 28.07.2021 gave opportunity to hear the case, for which Sh. Mukesh Sharma, Chartered Accountant (CA), appeared before the Assessing authority and apprised him about the status of HEPL's accounts. Assessing Officer assured that no coercive action will be taken till the final hearings relating to Seizure of bank accounts by the ED.

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.

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*".

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.*"

Ministry of Coal, Government of India, P&S-1 Section has released the Bank Guarantee of amount 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 (MOC):

Ministry of Coal (MoC), Govt. of India, vide letter dt. 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".

I) SOLAR POWER DEVELOPMENT

- Berra Dol SPP 5MW was successfully synchronized with the grid on 07.12.2018 and its Commercial Operation was declared with effect from 04.01.2019. The energy generated from the project is being sold to HPSEBL at Rs.4.31 per unit. The Project has been inaugurated by the Hon'ble CM of HP on 20.02.2019.

Since the commissioning of the project, total generation of 1.80 MU, 8.37 MU, 8.32 MU, 8.04 MU, 8.03 MU, 7.73 MU & 2.32 MU have been generated in the FY 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24 & 2024-25 respectively. Hence, accumulated generation as on 25.06.2024 is 44.61 MU with total revenue generation of Rs.19.13 Crore.

- As part of the larger program of GoHP assigning target of 500 MW to HPPCL, the HPPCL has identified sites of capacity of 600 MW. Further, GERMI, an institution promoted by Govt. of Gujarat has been engaged for framing of DPRs wherein 200 MW capacity to be executed and funded through the World Bank funds amounting to the tune of 900 crore.
- Regarding 200 MW of Solar Power Projects proposed under the program, works for the Pekhubella Solar Power Project (32MW) was awarded on 19.05.2023 to M/s Prozeal Green Energy Pvt Ltd., Gujarat and the project is under operation since 15-04-2024. The project has been inaugurated by the Hon'ble Chief Minister of HP on 20.06.2024.

- Aghlor Solar Power Project (10MW) have been awarded on 02.12.23 to M/s BVG India Ltd. Bhanjal SPP (5MW) has been awarded on 12.01.2024 to JV M/s Ravi Steel & Renewable Energy Pvt. Ltd. & M/s Suninfra Energies Pvt. Ltd. The foundation stone of Aghlor SPP was laid by Hon'ble CM on 28.06.2024.
- Tenders for about 51 MW of projects have been floated since 21.06.2024. Further about 54 MW of projects are in advanced stage of DPR and NoC. Process for transfer of land for rest of the identified projects and issuance of essentiality certificate is underway with revenue authorities, forest department and Himurja department.
- For remaining capacity, tenders shall be floated after finalization of Detailed Project Report (DPR).

Status of Solar Power Projects at various stages:

a) Under Construction

1.	Aghlor SPP	10 MW
2.	Bhanjal SPP	5 MW

b) Projects under tendering stage

1.	Gondpur Bula SPP	12 MW
2.	Tihra Khas SPP	6 MW
3.	Lamlehdi Uparli SPP	11 MW
4.	Dabhota-I SPP	9 MW
5.	Mazra & Dabhota-II SPP	13 MW

c) Projects with Approved DPR

1.	Pekhubela-II SPP	21 MW
2.	Saned SPP	13 MW
3.	Bhangla SPP	13 MW
4.	Plasi Kalan SPP	23 MW
5.	Bada Basot SPP	8 MW

d) Project under DPR preparation stage

1.	Ghandran SPP	20 MW
2.	Dhauhar SPP	14 MW
3.	Lamlehdi Nichli SPP	12 MW
4.	Sukhohan SPP	8 MW

e) Project Under Investigation stage

1.	Kopda-I SPP	35 MW
2.	Kopda-II SPP	16 MW
3.	Haddal SPP	29 MW
4.	Bera Dol-II SPP	10 MW
5.	Ghangar SPP	50 MW
6.	Tanda Uperla SPP	25 MW
7.	Kayariyan SPP	11.5 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 31.03.2024 is 546, out of which 145 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
31.03.2021	333	41	12.31%
31.03.2022	353	41	11.61%
31.03.2023	407	51	12.53%
31.03.2024	401	56	13.96%

Welfare Measures for Female Employees:-

Steps taken for the welfare of Female employees:-

- Maternity leaves are provided to female employees as per the provisions of Maternity Benefit Act, 1961.
- Internal Complaints Committee has been constituted to handle the grievances /complaints related to sexual harassment reported by female employees.
- Women employees have the option to declare their Parents /Parents in law as their dependents for availing the benefit of Company Medical Benefit rules.
- 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
31.03.2021	333	07	2%
31.03.2022	353	11	3%
31.03.2023	407	10	2.45%
31.03.2024	401	09	2.24%

Welfare Measures for persons with disabilities:-

Steps taken for the welfare of persons with disabilities:-

- Grievance Redressal Officers has been nominated to handle the grievances of PWD's.
- 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%

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 2020-21	Filled in 2021-22	Filled in 2022-23	Filled in 2023-24
1	Assistant Engineer (Electrical)	0	0	2	0
2	Assistant Engineer (Civil/Mech.)	0	0	30	0
3	Assistant Officer (Finance)	0	0	2	0
4	Assistant Officer (Law)	0	0	1	0
5	Assistant Officer (Personnel)	0	0	1	0
6	JE (Electrical)	0	2	3	0
7	JO (P&A)	0	1	5	0
8	JE (Civil/Mech.)	1	14	17	3
9	Electrician	1	0	0	0
10	JO (F&A)	0	6	0	0
11	JO (IT)	0	1	1	2
12	JO (Env.)	0	1	0	0
13	JOA	0	2	5	1
	TOTAL	2	27	67	6

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 timely. 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, efforts are afoot that all categories of employees are being trained in one or the other way every year, irrespective of their level.

During the year, 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	2021-22	2022-23	2023-24
Capacity Building	External Trainings	Nos of employees	63	53	117
	In-House Trainings		124	336	92
	Number of Seminars		0	0	0
	Exposure Visit (Abroad)		0	0	0
	Exposure Visit (India)		0	0	0
	TOTAL		187	389	209

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 2021-22 to 2023-24 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	23	36	5	1	5	70
SKHEP, Hatkoti	-	-	-	-	4	4
STKHEP, Kinnaur	-	-	1	-	7	8
Design Office, Sundernagar	-	-	-	-	4	4
Sainj HEP, Kullu	-	-	1	-	2	3
IKHEP, Kinnaur	-	-	2	-	9	11
RDP, Sirmour	-	-	-	-	9	9
Bera Dol	-	-	-	-	-	-
Solar Power Project	-	-	-	-	1	1
RCP, Dadahu, Chamba	-	-	-	-	1	1
TOTAL	23	36	9	1	42	111

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.

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.

5. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES TAKEN DURING THE YEAR

As per the provision envisaged in the Companies Act, 2013, HPPCL has formulated Corporate Social Responsibility (CSR) Policy. In accordance with the said Act, CSR Committee has also been constituted. For FY 2021-22, the meeting of CSR Committee was held on 20th December, 2022. During the meeting, 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 Act are not applicable.

The above recommendations of the CSR Committee were approved by the Board of Directors with the directions to incorporate these recommendations in the Board Report for the financial year 2021-22. Therefore, the policy would be implemented as per the requirement of the Act.

The requisite Performa in respect of Corporate Social Responsibility was attached in the earlier Board's Reports.

The 10th CSR Committee has also been held on 13th February, 2024 for the FY 2022-23.

6. ENVIRONMENT

Prior to start any construction activities, obtaining of statutory clearances i.e Environment Clearance (EC) and Forest Clearance (FC) from Ministry of Environment Forest & Climate Change (MoEF & CC) are prerequisite for the execution of project. The Environment Clearance (EC) obtains as per the provisions envisaged under Environment Protection Act, 1986 and Forest Clearance (FC) obtains 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 the project proponent 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 even at the cost of foregoing power generation potential. If inevitable, HPPCL goes beyond the statutory requirements to compensate the loss.

HPPCL is also committed to maintain 15% of the lean season discharge as downstream discharge from all diversion structures of the 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 of Catchment Area Treatment (CAT Plan) and Compensatory Afforestation etc. on a regular basis by other Stakeholder depts. and Govt. agencies like HP Forest department and HP State Pollution Control Board.

7. REHABILITATION AND RESETTLEMENT

Continuing with its commitment to improve the quality of lives of affected people compared to pre-project scenario, HPPCL has guided its standard Resettlement and Rehabilitation (R&R) Plan which incorporate entitlements of Project Affected Families and RR Packages with the aim to provide clarity, focus and ease of implementation. HPPCL RR Plan was considered most generous and progressive at the time it was launched. The plan had also received critical acclaim from ADB and other multilateral funding agencies. The plan has served the interests of the Corporation well and three hydro projects were commissioned with R&R part having been administered in accordance with this plan to the complete satisfaction of the affected communities.

To supplement the measures of RR 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 local youth, promote sports and encourage entrepreneurship. HPPCL is assisting in skill development through providing the vocational training to the local youth in various Industrial Training Institutes and helping in education of the wards of affected families by providing scholarships to the meritorious students.

As per HP Government policy and guidelines, contribution towards Pre-commissioning Local Area Development Fund (1.5% of the project cost) is being done regularly by the Corporation. HPPCL is also contributing Post-commissioning LADF by providing 1% of its power revenue to local communities in Project Affected Area through Directorate of Energy (DoE) as their personal income thus making them long term stakeholder in the projects. In addition to this, HPPCL has also carried out a number of developmental works in the Project Affected Areas over and above the provisions of LADF. 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. The Corporation is proud to be in the forefront of improved R&R measures and is able to accomplish with the dedicated R&R staff recruited and trained by it.

8. ACCOUNTS

The Power projects of the Corporation are in generation, construction, survey & investigation and prefeasibility 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)	01 st September 2016	Recongpeo, Distt. Kinnaur, H.P.
2	Sainj Hydro Electric Project (100MW)	04 th September 2017	Sarabai, Bhuntar, Distt. Kullu, H.P.
3	Berradol Solar Power Plant (5MW)	04 th January 2019	Near Naina Mata Ji Mandir, Distt. Bilaspur, H.P.
4	Sawra Kuddu Hydro Electric Project (111MW)	21 st January 2021	Hatkoti, Jubbal, Distt. Shimla, H.P.
5	Pekhubella Solar Power Plant (32 MW)	15 th April 2024	Distt. Una. H.P.

Sale of power being 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 2020-21, 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.214705.27 Lacs, have been received as on date in case of Renukaji Dam project from Gol, 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 Kuddu HEP from Date of Commercial Operation (COD) to Financial Year (FY) 2023-24 has been issued on 05.06.2024.

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

Project Name	Claimed Capital Cost (Cr.)	Approved Capital Cost (Cr.)	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

Sawra Kuddu HEP

1. The appeal against the Arbitral order dated 30.09.2021 passed by the Ld. Arbitral Tribunal in the Arbitration matter between M/s Patel Engineering Ltd. vs HPPCL passed against HPPCL with an awarded amount of Rs.62,71,38,588/- in respect of Sawra Kuddu HEP, was filed before the Hon'ble High Court of Himachal Pradesh on 30-12-2021. The first hearing took place on 06-01-2022 and various hearing in the matter held during 2022-23 and latest on 15.09.2023. The awarded amount along with the interest was deposited with the Hon'ble High court. The next date is yet not been given by the Hon'ble High Court.

2. The dispute between M/s Andritz Hydro Pvt. Ltd. vs HPPCL was adjudicated by the Dispute Adjudication Board on 14.09.2021 in favor of M/s Andritz Hydro Pvt. Ltd. in respect of Sawra Kuddu HEP with a majority decision wherein HPPCL was adjudicated not entitled to deduct/withheld excess entry tax of Rs.88,66,306/- & Rs.56,86,987/- and to bear partly the settlement fee of Rs. 33,96,487/-.

However, M/s Andritz Hydro Pvt. Ltd. further moved to Arbitral Tribunal to claim its payments and the Hon'ble Arbitral Tribunal vide award dated 24.02.2024/16.03.2024 passed the award in favor of M/s Andritz Hydro Pvt. Ltd. and against HPPCL with an awarded amount of Rs.2,13,46,267/-with interest. The said award was challenged by HPPCL before the Hon'ble High court and the arbitration case was filed on 27-05-2024. The first hearing took place on 20-06-2024 and second hearing on 27-06-2024 wherein the Hon'ble High Court directed HPPCL to deposit the awarded amount along with upto date interest within four weeks time. The next date of hearing is yet to be given by the Hon'ble High Court.

Shongtong Karchham HEP

Electro-mechanical Cell of STKHEP

The Ld. Sole Arbitrator had passed the final judgment & awarded the claim case in favour of the Contractor on 19.12.2019 amounting to 32,58,721/- including interest @ 12% p.a. on 26,88,000/- (awarded amount) from 01.06.2018 till the award date. Thereafter, HPPCL vide letter dated 26.02.2020 requested the empanelled advocate to file Appeal /Assail the Arbitration case in the Hon'ble High Court of HP against the judgment of Arbitrator on the terms and conditions of fee of HPPCL. The Arbitration case was listed for hearing on 17.07.2020. The Hon'ble High Court, after hearing the matter, stayed the award dated 19.12.2019 by Learned Arbitrator, subject to deposit of the entire award amount along with up-to-date interest in the Registry of HP High Court within eight weeks. Accordingly, HPPCL has deposited the requisite amount of INR 35,03,616/- with the Registrar High Court of HP vide letter dated 10.09.2020. Thereafter, hearing in the matter was held on 05.10.2020, 18.11.2020, 23.11.2020, 27.03.2023, 17.05.2023.

As per the judgment passed on 25.08.2023, the right to file the rejoinder was closed in terms of order dated 17.05.2023, as the learned vice counsel, appeared on the behalf of HPPCL, made a statement that "he does not intend to file rejoinder". Further, the vice counsel, appeared on the behalf of Contractor, stated that OMP No 85 of 2023 for release of amount may be taken after three weeks and request was allowed. List OMP No. 85 of 2023 on 15.09.2023. Reply, if any, be filed within the above period.

Thereafter, as per the judgment passed by the Hon'ble High court on 16.09.2023, the matter regarding ascertainment of General Power of Attorney (GPA) was taken up with M/s Jyoti Electricals (the Proprietor). In compliance with the order passed, M/s Jyoti Electricals intimated that the GPA, given to Sh. Bhim Sen Negi, is still in vogue/in force/existence and there is no change in the said GPA.

As per the latest order passed by the Hon'ble High Court of HP on 27.03.2024, the application has been disposed of by ordering the release of 50% of the deposited amount in favour of respondent on the condition that applicant shall furnish a bank guarantee to the tune of Rs.15,00,000/- to the satisfaction of learned Registrar (Judicial) within a period of four weeks.

The matter is still pending at the adjudication of Hon'ble High Court Shimla.

EPC Cell of STKHEP

The claim towards Dispute no. 3 titled **“Adjustment of Contract price due to Change in legislation relating to revision of Minimum wages”** for EPC Contract Package of Shongtong Karchham HEP was referred to Dispute Adjudication Board (DAB) by the EPC Contractor M/s PEL for a principal amount of Rs 5,50,66,719/- (Rupees Five Crore Fifty Lacs Sixty Six Thousand Seven Hundred and Nineteen only) plus interest charges @18% (w.e.f July 2017) of Rs 2,08,58,817/- (Rupees Two Crore Eight Lacs Fifty Eight Thousand Eight Hundred and Seventeen only) i.e total Rs 7,59,25,536/- (Rupees Seven Crore Fifty Nine Lacs Twenty Five Thousand Five Hundred and Thirty Six only).

The DAB recorded a split decision with 2:1 majority, (Contractor's Nominee and Chairman in favor of Contractor and HPPCL's Nominee in favor of HPPCL), in its split award on 16.12.2020 wherein, HPPCL was directed to pay Rs15,87,26,990/- (Rupees Fifteen Crore Eighty Seven Lacs Twenty Six Thousand Nine Hundred and Ninety only) to the Contractor within 90 days. It was also instructed that in case, the amount is not paid to Contractor within 90 days, interest @ SBI BPLR prevailing from date of award shall be payable for the gap period of 90 days plus actual date of payment.

The 3-Member Arbitral Tribunal for the **“Adjustment of Contract price due to Change in legislation relating to revision of Minimum wages”** has been constituted vide GM (Civil Contract), HPPCL Office Order no HPPCL/CCPC/STKHEP/Arb./Vol.04/2023-24-541-46 dated 18.08.2023. The 4th procedural meeting of the Arbitral Tribunal was held on 02.05.2024. The next date of meeting of the Arbitral Tribunal is scheduled to be held on 16.07.2024.

Kashang HEP

Information of Funds release under Arbitration Cases

S.No.	Detail of Arbitration Case	Amount deposited in the Hon'ble Court in Advance so Far (Rs.In Lakh)	Amount released to the opposite party as per final decision (Rs. In Lakh)	Amount deposited back in Govt. Exchequer as per final decision (Rs. In Lakh)	Status of Arbitration case
1	Subject:- Arbitration tribunal in the matter of arbitration between M/s HCC limited and HPPCL pertaining to Contract agreement No. Kashang/Civil-1 dated 03.03.2019 description of case:- Dispute regarding delay/disruptions in the Project consequent entitlement of the Contractor for additional time and costs & losses for period incurred from 09.01.2013 to 30.09.2013 & regarding delays/ disruptions in the Project consequent entitlement of the Contractor for additional time and costs & losses for period incurred from 01.10.2013 to 30.06.2014.	Principle amount =341,588,800.00 Interest Amount =108,575,325.88 Total amount =450,164,125.88 (Deposited in the Hon'ble Court in Advance)	As per request of the Claimant Contractor in the Court Rs.20.00 Crores stands released by the Court to the Claimant against Bank Guarantee.	NIL	Pending in Hon'ble High Court for Final decision
2	Dispute No.2 between HCC & HPPCL relating to Contract agreement No. Kashang/Civil-1 dated 03.03.2009 regarding final Extension of time and payment of costs & losses for executing the works in extended period of Contract (Period from 01.07.2014 to	NIL	NIL	NIL	Pending in Hon'ble High Court for Final decision



31.03.2016 (The net amount Awarded by Arbitral Tribunal in favour of claimant of HCC Ltd. 06.06.2023 at New Delhi 1,22,53,61,676)					
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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 Gourandgi 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 2021-22.

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, 2022, by the Comptroller & Auditor General of India. The Auditors have audited the accounts and submitted their report on 8th December, 2023, which is annexed to the Annual Accounts.

Also, the A.G., H.P. has conducted audit of the Annual Accounts for the FY 2021-22 and the comments of the CAG of India have been received on 27th June, 2024.

19. SHARE CAPITAL

The Authorized Share Capital (ASC) of the Company as on 31.03.2022 was Rs. 2500.00 Crore (Two thousand five hundred crore only). The issued, subscribed & paid up capital of the Company as on 31.03.2022 was Rs.2251.02 Crore and Share Application money pending allocation was Rs.2.75 crore.

As on date, the issued, subscribed & paid up capital of the Company is Rs.2342.63 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 hereunder in Annexure MGT-9 at **Annexure-A**.

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. Decisions related to Technical/Engineering Matters.

The Board in its 70th Meeting held on 3rd December, 2019 decided that henceforth all such technical/engineering issues involving technical as well as financial decisions be considered by the Committee of the Whole Time Directors and the same would be recommended and submitted to the Managing Director for approval. Thereafter, these be placed to the Board for information in the subsequent Board meeting(s).

Since then, technical/engineering issues are being placed to the Whole Time Directors for their recommendations before being placed to the Board.

b. Cost Audit Report for the FY 2022-23

The Deputy Director, Cost Audit Branch, Ministry of Corporate Affairs, B-1 Wing, 2nd Floor, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi –110 003 has issued Show Cause Notice for Non-compliance of provisions of Section 148 of the Companies Act, 2013 to the Company and all concerned Directors for Non-filing of Cost Audit Report for the FY 2022-23, which stands replied on 09.07.2024. The Notice has been received because of pending Annual Accounts for the FY 2022-23.

- c. A sum of Rs.2.75 Crore was received on account of equity contribution from the State Govt. for the fourth quarter on 3rd March, 2022, for which the Shares could not be issued because of non-holding of Board Meeting. However, immediately in the next FY the Shares to the State Govt. were issued on 19th April, 2023.
- d. As per provisions of the Contract Agreement and as decided by the Board, an amount of Rs.14.85 Crore has been shown as recoverable in the Books of Accounts for imposition of Liquidated damages of M/s HCC Limited. Now, the Corporation has filed a petition against the arbitral award in the Hon'ble High Court of HP and the matter is still sub-judice in the Hon'ble High Court.
- e. The proposal for declaring submerged area as reserve forest under Section-4 of the Indian Forest Act, 1927 in respect of Shongtong Karcham Hydel Electric Project (STKHEP) is presently under active consideration at the HP State Govt. level.

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 31.03.2022, the Board was comprised of Seven (7) Members, consisting of four (4) 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 2021-22, three (3) Board Meetings have been held and most of the Directors have attended these meetings. These meetings have been held on 07.06.2021, 23.09.2021 and 06.01.2022.

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 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 (2021-22).

S. No.	Name	Usual Address	Date of Birth	Date of Appointment	Date of Cessation (during/after closure of FY : If any)
1.	Sh. Ram Subhag Singh, IAS	House No.110, Mansa Devi Complex, Sector-4, Panchkula, Haryana- 134114	31.07.1963	05.08.2021	Ceased on 15.07.2022 being Chairman
2.	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 Director on 31.12.2022 being ACS (Finance)
3.	Sh. Ram Dass Dhiman, IAS	House No.3, Type-VI, Officers Colony Kasumpti, Shimla, HP-171009	05.12.1962	03.06.2021	Ceased as on 31.12.2022 being Chairman
4.	Sh. Devesh Kumar, IAS	Set No-18, Type-6, Kasumpti, Shimla, HP-171009	01.07.1974	25.06.2021	Ceased on 13.04.2022
5.	Smt. Priyanka Verma, IAS	Set No. 11, Type-V, IAS Colony, Kasumpti, Shimla, HP-171009	04.05.1971	28.06.2021	Ceased on 05.08.2022
6.	Sh. Shashikant Joshi	A-1, Block No. 2, Strawberry Hills, Shimla, HP-171002	31.12.1963	20.05.2020	Ceased on 13.10.2022
7.	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	Continue
8.	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 (2021-22)

S. No.	Name	Usual Address	Date of Birth	Date of Appointment	Date of Cessation (during the financial year : If any)
1.	Sh. Ram Subhag Singh, IAS	House No.110, Mansa Devi Complex, Sector-4, Panchkula, Haryana- 134114	31.07.1963	31.12.2019	Ceased on 03.06.2021
2.	Sh. Dharm Singh Thakur	126, Post Office Sunder Nagar-1, Tehsil Sundernagar, Thalla Mandi, HP-174401	11.06.1961	09.03.2018	Ceased on 10.06.2021

3.	Sh. Amit Kashyap, IAS	Prospect Villa, Chakkar, Shimla, HP- 171005	14.12.1963	02.11.2020	Ceased on 24.06.2021
4.	Sh. Manmohan Sharma, IAS	Set No.11, Type-V, IAS Colony, Kasumpti, Shimla, HP-171009	04.05.1971	10.06.2019	Ceased on 24.06.2021
5.	Sh. Anil Kumar Khachi, IAS.	Set No. II, Type-VI, Officers Colony, Kasumpti, Shimla, HP-171009	22.06.1963	31.12.2019	Ceased on 05.08.2021

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. Prabodh Saxena, IAS , Chief Secretary, GoHP	- Chairperson
Sh. Sanjay Gupta, IAS , Chairman, HPSEBL	- Director
Sh. Devesh Kumar, IAS , Principal Secretary (Finance), GoHP	- Director
Sh. Harikesh Meena, IAS	- Managing Director
Sh. Shivam Pratap Singh, IAS , Director (Personnel & Finance)	- Director
Er. Surender Kumar , Director (Civil)	- Director
Er. Desh Raj , 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 please.

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 Berradol Solar Power Plant (5MW), it is being sold to H.P. State Electricity Board Limited, as per the PPA signed between HPPCL and HPSEBL on 31.03.2017.

29. SECRETARIAL AUDIT REPORT

For the financial year 2021-22, 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 2021-22. 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:

- a) As on 31st March 2022, 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. 2251.0279 crore. The Government of Himachal Pradesh holds 93,30,991 equity shares to the extent of 41.45%; Himachal Pradesh Infrastructure Development Board holds 1,18,71,507 equity shares to the extent of 52.74% and Himachal Pradesh State Electricity Board Limited holds 13,07,731 equity shares to the extent of 5.81%. As a result, the Company is not a Government Company as per the definition of Section 2(45) of the Companies Act 2013.
- b) As per provisions of Section 134 and 137 of the Companies Act, 2013, the Company should have secured the approval of the financial statements for FY 2021-22 by the Board, secured audit report including C&AG comments and held the Annual General Meeting for adoption of FS thereof or on before 30th September 2022. As against the due dates, the Company submits that the Financial Statements for 2021-22 were approved by the Board in its 83rd Meeting held on 18th May 2023 and the same are under Audit. Pending filing of due returns, the Company, however, filed MGT-7 for Financial Year 2021-22 on 05th November 2022.
- c) On perusal, filing of resolutions in connection with the approvals of Financial Statements, Directors Report etc., through MGT-14 are pending for filing. Similarly, filing of Returns PAS-6 and DPT-3 were also not filed. The Company maintains that these Returns are not applicable being a Government Company.
- d) During the financial year 2021-22, the Company held only 3 Board Meetings as against 4 Meetings.

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 2021-22, 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, the Company requested the Government of Himachal Pradesh for deferment of unsecured loan and interest. The proposal, as explained by the Management, is under consideration of the Government.

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, including the Ind. AS, of the State of Affairs (Financial Position) of the Company as at 31st March, 2022 and its Profit & Loss (financial performance including other comprehensive income) and its Cash Flows and Changes in Equity for the year ended on that date. Further, in case of Consolidated Financial Statements, Statutory Auditors have not given their report stating that- 'we have audited the attached consolidated financial statements of Himachal Pradesh Power Corporation and report that these statements are actually standalone statements no accounts of any subsidiary has been incorporated in them. The management has written on the face of it as consolidated statement. We cannot not issue any report on them as consolidated statements'.

Replies to the Statutory Auditors' Report have been given in the Annexures to the Financial Statements (Annual Accounts) for the FY 2021-22.

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 2021-22 is given in the Form MGT-9 enclosed to this report.

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 had been targeting to increase renewable capacity to 175GW by 2022 and had achieved 174.53 GW by Feb 2023. Further India has further set an ambitious target of 500 GW of renewable by 2030 and as on March, 2024 190 GW stands achieved.

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 in May 2024, the installed capacity of hydroelectric power plants in the country is 51933 MW which is 11.67% 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 under:

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.

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 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---

Shivam Pratap Singh, IAS
Director (Finance & Personnel)

---Sd---

Harikesh Meena, IAS
Managing Director

Place: Shimla

Date:

**ANNEXURE-"A"****Form No. MGT-9****EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH, 2022**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U40101HP2006SGC030591
ii.	Registration Date	18.12.2006
iii.	Name of the Company	HIMACHAL PRADESH POWER CORPORATION LIMITED
iv.	Category / Sub-Category of the Company	Company Limited by shares State Govt. Company
v.	Address of the Registered office and contact details	Himfed Building, BCS, New Shimla Shimla, Himachal Pradesh-171009
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Electricity, gas, steam and air condition supply	40101	100 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	HIMACHAL EMTA POWER LIMITED	U40102HP2007PLC030601	Joint Venture	50	2(46)

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year(+/-)
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1. Indian	0	0	0	0	0	0	0	0	-
a. Individual/ HUF	0	0	0	0	0	0	0	0	-
b. Central Govt	0	0	0	0	0	0	0	0	-
c. State Govt(s)	8,697,845			39.75	9,330,991			41.45	1.7
d. Bodies Corp/Govt. companies	1,307,731			5.98	1,307,731			5.81	-0.17
e. Banks / FI	0	0	0	0	0	0	0	0	-
f. Any Other (Shares in the name of Himachal Pradesh Infrastructure Development Board (Board of Govt. of H.P.) & 50 Shares in the name of 4 Sr. Officers of the State Govt. i.e. 30 Shares of State Govt. Nominees and 20 Shares of HPSEBL Nominees).	11,871,557			54.27	11,871,557			52.74	-1.53
Sub-total(A)(1):-	21,877,133			100	22,510,279			100	-
2. Foreign	0	0	0	0	0	0	0	0	-
g. NRIs-Individuals	0	0	0	0	0	0	0	0	-
h. Other-Individuals									
i. Bodies Corp.	0	0	0	0	0	0	0	0	-
j. Banks / FI	0	0	0	0	0	0	0	0	-
k. Any Other....	0	0	0	0	0	0	0	0	-
Sub-total (A)(2):-	21,877,133			100	22,510,279			100	-
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	0	0	0	0	0	0	0	0	-
b. Banks / FI	0	0	0	0	0	0	0	0	-
c. Central Govt	0	0	0	0	0	0	0	0	-



d. State Govt(s)	0	0	0	0	0	0	0	0	-
e. Venture Capital Funds	0	0	0	0	0	0	0	0	-
f. Insurance Companies	0	0	0	0	0	0	0	0	-
g. FIs	0	0	0	0	0	0	0	0	-
h. Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	-
i. Others (specify)	0	0	0	0	0	0	0	0	-
Sub-total (B)(1)	0	0	0	0	0	0	0	0	-
2. Non Institutions									
a. Bodies Corp. (i) Indian (ii) Overseas	0	0	0	0	0	0	0	0	-
b. Individuals (i) individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0	0	0	0	0	-
c. Others (specify)	0	0	0	0	0	0	0	0	-
Sub-total (B)(2)	0	0	0	0	0	0	0	0	-
Total Public Shareholding (B)= (B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	-
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	-
Grand Total (A+B+C)	21,877,133			100	22,510,279			100	-

ii. Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year (+/-)
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Governor of Himachal Pradesh	8,697,845	39.75	-	9,330,991	41.45	-	1.7
2.	Himachal Pradesh State Electricity Board Limited	1,307,731	5.98	-	1,307,731	5.81	-	-0.17

3.	Himachal Pradesh Infra-structure Development Board (was not Promoter at the time of incorporation of Company)	11,871,507	54.27	-	11,871,507	52.74	-	-1.53
4.	Sh. Prabodh Saxena, IAS	10	-	-	10	0.00	-	0.00
5.	Sh. Anil Kumar Khachi, IAS	10	-	-	0	0.00	-	0.00
6.	Sh. Ram Subhag Singh, IAS	30	-	-	10	0.00	-	0.00
7.	Sh. R.D. Dhiman, IAS	0	-	-	30	0.00	-	0.00
	Total	21,877,133	100		22,510,279	100		

iii. Change in Promoters' Shareholding:

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	21,877,133	100	22,510,279	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	As per details given below	-	-	-
	ALLOTMENT	DATE	NO. OF SHARES	TO WHOM ISSUED	REASON
		07.06.2021	550,646	The Governor of H. P. through ACS/Pr. Secretary (Power) to the Govt. of H.P.	Allotment to existing Shareholders
		23.09.2021	49,500	-do-	-do-
		06.01.2022	33,000	-do-	-do-
	TRANSFER	DATE	NO. OF SHARES	Transferor's & Transferee's Name	REASON
		23.09.2021	10	Sh. Ram Subhag Singh, IAS To Sh. Ram Dass Dhiman, IAS	As per Orders of State Government & subsequent approval of BOD



		23.09.2021	10	Sh. Anil Kumar Khachi, IAS To Sh. Ram Subhag Singh, IAS	-do-
		23.09.2021	20	Sh. Ram Subhag Singh, IAS To Sh. Ram Dass Dhiman, IAS	-do-
	At the end of the year Total Shareholdings=	At the beginning of the year = 21,877,133	100% @ Rs.1000/- each	At the end of the year = 22,510,279	100% @ Rs.1000/- each

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(In Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (2021-22)				
i) Principal Amount	0	26938209014	0	26938209014
ii) Interest due but not paid	0	16574330706	0	16574330706
iii) Interest accrued but not due	0	599077953	0	599077953
Total (i+ii+iii)	0	44111617673	0	44111617673
Change in Indebtedness during the financial year				
- Addition	0	307425301	0	307425301
- Reduction	0	0	0	0
- Interest	0	0	0	0
- Interest accrued but not due	0	2429593921	0	2429593921
Net Change	0	2737019222	0	2737019222
Indebtedness at the end of the financial year (2021-22)				
i) Principal Amount	0	27245634315	0	27245634315
ii) Interest due but not paid	0	16574330706	0	16574330706
iii) Interest accrued but not due	0	3028671874	0	3028671874
Total (i+ii+iii)	0	46848636895	0	46848636895

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S.No.	Particulars of Remuneration	Designation	Total Amount (in Rs.)
1.	Name of MD/WTD/Manager: Sh. Amit Kashyap, IAS: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	(Managing Director) (01.04.2021 to 24.06.2021)	7,71,638 - -
	Sh. Devesh Kumar, IAS: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	(Managing Director on Additional charge) (25.06.2021 to 31.03.2022)	0 - -
2.	Sh. Manmohan Sharma, IAS: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Director (Personnel & Finance) (01.04.2021 to 24.06.2021)	5,10,009 - -
	Ms. Priyanka Verma, IAS: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Director (Personnel & Finance) (28.06.2021 to 31.03.2022)	9,91,768 - -
3.	Sh. Dharam Singh Thakur: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Director (Civil) (01.04.2021 to 10.06.2021)	4,30,053 54,833 -



	Sh. Surender Kumar: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Director (Civil) (22.07.2021 to 31.03.2022)	12,80,096 - -
4.	Sh. Shashi Kant Joshi: Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Director (Electrical) (01.04.2021 to 31.03.2022)	25,81,140 1,87,344 -
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others, please specify	-	-
	Total (A)	-	68,06,881
	Ceiling as per the Act	-	-

B. Remuneration to other directors:

S.No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount (in Rs.)
	<u>Independent Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify	-				-
	Total (1)					-
	<u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify	-				-
	Total (2)					-
	Total (B)=(1+2)					-
	Total Managerial Remuneration					-
	Overall Ceiling as per the Act					

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

S.No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Sh. Sudershan Kumar Sharma Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	23,24,833 NIL -	-	23,24,833
2.	Stock Option	-	-	-	
3.	Sweat Equity	-	-	-	
4.	Commission - as % of profit - others, specify...	-	-	-	
5.	Others, please specify	-	-	-	
	Total		23,24,833		23,24,833

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type		Section of the companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD /NCLT/ Court]	Appeal made. If any (give details)
A. Company	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
	Compounding	-	-	-	-	-
B. Directors	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
	Compounding	-	-	-	-	-
C. Other Officers In Default	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
	Compounding	-	-	-	-	-

Sd/-
Director (Finance & Personnel)

Sd/-
Managing Director



Head Race Tunnel Face-III Drilling - Shongtong Karcham HEP



Construction at Power House - Shongtong Karcham HEP



Unit -II Spiral Casing Welding - Shongtong Karcham HEP



Construction of road - Chanju III HEP

**STANDALONE BALANCE SHEET AS AT MARCH 31,2022**

(Rs. in Lacs)

Particulars	Note No.	As at Mar 31,2022	As at Mar 31,2021	As at Mar 31,2020
ASSETS				
(1) Non-Current Assets:				
(a) Property, Plant and Equipment	2.1	5,56,612	5,30,885	3,02,613
(b) Capital Work-in-Progress	2.2	2,20,497	1,92,904	3,29,527
(c) Investment Property	2.3	27	28	30
(d) Goodwill		0	0	0
(e) Other Intangible Assets	2.4	16	21	8
(f) Intangible Assets under development		0	0	0
(g) Biological Assets other than bearer plants		0	0	0
(h) Financial Assets:				
(i) Investments	2.5	0	0	0
(ii) Trade receivables				
(iii) Loans	2.6	89	148	143
(i) Deferred Tax Assets (Net)				
(j) Other Non-Current Assets	2.9	99,548	55,464	26,964
(2) Current Assets				
(a) Inventories	2.10	874	843	553
(b) Financial Assets				
(i) Investments				
(ii) Trade Receivables	2.11	509	486	102
(iii) Cash and Cash Equivalents	2.12	1,609	1,157	5,618
(iv) Bank Balance other than above	2.13	3,320	2,284	2,348
(v) Loans	2.14	63	7	14
(vi) Others	2.15	19,577	19,113	18,213
(c) Other Current Assets	2.16	26,606	16,207	14,787
Total Assets		9,29,347	8,19,546	7,00,919
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.17	2,25,103	2,18,771	2,18,056
(b) Other Equity		(68,557)	(57,698)	(3,68,95)
(1) Liabilities				
Non-Current Liabilities:				
(a) Financial Liabilities				
(i) Borrowings	2.18	64,379	1,17,109	2,55,505
(ia) Lease Liabilities	2.19	683	49	138
(ii) Trade Payables				
(A) total outstanding dues of micro enterprises and small enterprises; and				
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.				
(iii) Other Financial Liabilities	2.20	4,384	12,588	1,57,698
(b) Provisions	2.21	6,695	5,600	3,919
(c) Deferred Tax Liabilities (Net)	2.22	0	0	0
(d) Other Non-Current Liabilities	2.23	1,71,781	1,24,152	77,073
(2) Current Liabilities:				
(a) Financial Liabilities				
(i) Borrowings	2.24	2,08,077	1,52,273	10,577
(ia) Lease Liabilities	2.25	167	111	192
(ii) Trade Payables	2.26	0	0	0
(A) total outstanding dues of micro enterprises and small enterprises; and				
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.				
(iii) Other Financial Liabilities	2.27	3,16,635	2,46,496	14,656
(b) Other Current Liabilities				
(c) Provisions	2.28	0	95	0
(d) Current Tax Liabilities (Net)				
Inter Unit Transfer				
Zero Balance Clr				
Total Equity and Liabilities		9,29,347	8,19,546	7,00,919

See accompanying notes to the financial statements.

Note : The figures for the year ended 31st March 2021 and 1st April 2020 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/-
(Dr. Amit Kumar Sharma)
Director (Finance)
DIN No. 10071204

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

Place: Shimla
Date: 08/12/2023

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

**STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDING MARCH 31, 2022**

(Rs. in Lacs)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I Revenue from Operations	2.29	40,056	12,208
II Other Income	2.30	114	490
III Total Income (I+II)		40,170	12,698
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	2.31	2,998	1,744
Finance Costs	2.32	20,278	14,277
Depreciation and Amortization Expense	2.33	20,589	12,535
Other Expenses	2.34	7,269	2,945
Total Expenses (IV)		51,133	31,501
V Profit/(Loss) before exceptional items and tax (I-IV)		(10,963)	(1,88,04)
VI Exceptional Items		0	0
VII Profit/ (Loss) before exceptions items and tax (V-VI)		(10,963)	(1,88,04)
VIII Tax Expense:			
(1) Current tax		0	0
(2) Deferred tax		0	0
IX Profit/(Loss) for the period from continuing operations (VII-VIII)		(10,963)	(1,88,04)
X Profit/(Loss) from Discontinued operations		0	0
XI Tax expenses of discontinued operations		0	0
XII Profit/(Loss) from Discontinued operations (after tax) (X-XI)		0	0
XIII Profit/(Loss) for the period (IX+XII)		(10,963)	(1,88,04)
XIV Other comprehensive income			
A. (i) Items that will not be reclassified to profit or loss	2.35	(171)	(12,69)
(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)		(11,134)	(20,073)
XVI Earnings per equity share (for continuing operation):			
(1) Basic	2.36	(50.17)	(91.90)
(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	2.36	(50.17)	(91.90)
(2) Diluted			

See accompanying notes to the financial statements

For and on behalf of the Board of DirectorsSd/-
(B.L. Verma)
A.G.M. (Finance)Sd/-
(Sudershan K. Sharma)
Consultant
Company SecretarySd/-
(Dr. Amit Kumar Sharma)
Director (Finance)
DIN No. 10071204Sd/-
(Harikesh Meena)
Managing Director
DIN No. 09333558For Soni Gulati & Co., Chartered Accountants
FRN No. 008770N
Sd/-**(CA Suresh Chand Soni), Partner,
Membership No. 083106**Place: Shimla
Date: 08/12/2023



STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

(in Rs.)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax (A)	(1,11,34)	(2,00,73)
Change in Other Equity as per Restated Balance Sheet (B)		(2,491)
Adjustment for:		
Depreciation and Amortization	20,589	12,579
Finance Cost	-	-
Loss on Disposal/Write Off of Fixed Assets	60	9
Profit on Sale of Fixed Assets	-	-
Total Adjustment (C)	(2,06,48)	12,589
Adjustment for Assets and Liabilities		
Inventories	(32)	(290)
Trade Receivable and Unbilled Revenue	(22)	(384)
Loans, Other Financial Assets and Other Assets	(1,19,54)	(2,244)
Other Financial Liabilities and Other Liabilities	70,683	91,965
Other Current Liabilities	-	-
Provisions	1,000	1,776
Total Adjustment (D)	59,675	90,824
Cash generated from Operating Activities (E)=(A+B+C+D)	69,189	80,849
Less: Income Tax Paid	-	-
Net Cash generated from Operating Activities (F)	69,189	80,849
CASH FLOW FROM INVESTING ACTIVITIES		
Net Expenditure on Property, Plant & Equipment and CWIP	(7,39,63)	(1,04,256)
Term Deposits with Banks (having maturity more than 3 months)	-	-
Interest on Term Deposits/ Sweep Deposits	59	(5)
Investment in Subsidiary/Associate/Joint Venture	-	-
Other Non Current Asset	(4,40,85)	(28,500)
Loss of Fixed/ CWIP Assets from Torrential Rain & Flood	-	-
Net Cash used in Investing Activities (G)	(11,79,89)	(1,32,761)
CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	825	715
Share Money Pending Allotment	275	-
Proceeds from Borrowings	-	-
Repayment of Borrowings	(1,68)	(207)
Other Non Current Liabilities	47,629	47,079
Payment of Lease Liabilities	690	(137)
Interest and Finance Charges	-	-
Net Cash used for Financing Activities (H)	49,252	47,451
Net increase in cash and cash equivalents (I)=(F+G+H)	452	(4,462)
Cash & Cash Equivalents at the beginning of the year	1,157	5,618
Cash & Cash Equivalents at the end of the year	1,609	1,157
Restricted Cash Balance		
Earmarked Balance (Unpaid Dividend)	-	-
Margin Money for BG/ Letter of Credit and Pledged Deposits	3,320	2,284
Total	3,320	2,284

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

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

Sd/-
(Dr. Amit Kumar Sharma)
Director (Finance)
DIN No. 10071204

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

Place: Shimla
Date: 08/12/2023

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

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital :

1) For FY 2021-22

(Rs. in Lacs)

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	-	2,18,771	6,331	2,25,103

2) For FY 2020-21

Balance as at 1st April, 2020	Changes in equity shares capital due to prior period errors	Restated balance as at 1st April, 2020	Changes in equity shares capital during the year	Balance as at 31st March, 2021
2,18,056	-	2,18,056	715	2,18,771

B. Other Equity

1) 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	-	-	-	-	-	(56,968)	(56,968)
Changes in accounting policy or prior period errors	-	-	-	-	-	(730)	(730)
Restated balance at the beginning of the current reporting period	-	-	-	-	-	(57,698)	(57,698)
Total comprehensive Income for the current year	-	-	-	-	-	(171)	(171)
Dividends	-	-	-	-	-	0	0
Transfer to retained earnings	-	-	-	-	-	(10,963)	(10,963)
Any other change	275	-	-	-	-	0	275
Balance as on 31st March, 2022	275	-	-	-	-	(68,832)	(68,557)

2) For FY 2020-21

	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, 2020	-	-	-	-	-	(35,134)	(35,134)
Changes in accounting policy or prior period errors	-	-	-	-	-	(1,761)	(1,761)
Restated balance at the beginning of the current reporting period	-	-	-	-	-	(36,895)	(36,895)
Total comprehensive Income for the current year	-	-	-	-	-	(1,269)	(1,269)
Dividends	-	-	-	-	-	0	0
Transfer to retained earnings	-	-	-	-	-	(18,804)	(18,804)
Any other change	-	-	-	-	-	0	0
Balance as on 31st March, 2021	-	-	-	-	-	(56,968)	(56,968)

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/-
(Dr. Amit Kumar Sharma)
Director (Finance)
DIN No. 10071204

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

Place: Shimla
Date: 08/12/2023

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



HIMACHAL PRADESH POWER CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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 relating 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 withdrawn 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 or 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

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

- a) Depreciation is charged on Straight Line method following the rate & methodology notified by the H.P State Electricity Regulatory Commission (HPERC) for the purpose of fixation of tariff as amended from time to time, **except in case of:**
 - b) Mobile Phones are depreciated fully @ 25% P.A. in 4 years.
 - c) Kitchen items and small office items are depreciated over the period of 3 years, keeping 10% residual value.
 - d) Assets costing Rs. 5000/- or less are depreciated fully in the year of procurement.
 - e) Expenditure on software is recognised as "Intangible Asset" and amortised fully over three years on SLM or over a period of its legal rights to use, whichever is less.
 - f) Infrastructural development construction power depreciated @5.28% SLM under the head any other assets not covered in the HPERC Schedule.
 - g) Depreciation is provided on pro-rata basis from the month in which the asset becomes obsolete is provided till the end of the month in which such declaration is made.
- ii) Expenditure on catchment area treatment (CAT) Plan during construction is capitalised along with Dam/Civil works. Such expenditure during O & M stage is charged to revenue in the year of incurrence of such expenditure
- iii) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, change in duties or similar factors, the revised unamortised balance of such assets is depreciated prospectively over the residual life.
- iv) Depreciation on increase/decrease in the value of existing assets on account of settlement of disputes is charged retrospectively.
- v) Depreciation on assets till start of commercial production has been shown under 'Incidental Expenditure during construction' under capital work in progress.
- vi) Depreciation on addition/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date, when the asset is available for use/disposal.
- (vii) Leasehold land is amortized pro-rata through depreciation over the period of lease or 40 years, whichever is lower.
- viii) Depreciation on assets till start of commercial production has been shown under 'Incidental Expenditure during construction' under capital work in progress.
- ix) Depreciation on addition/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date, when the asset is available for use/disposal.
- (x) Leasehold land is amortized pro-rata through depreciation over the period of lease or 40 years, whichever is lower.
- xi) Tangible Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land from the date such asset is available for use or at the applicable depreciation rates & methodology notified by HPERC tariff regulations for such assets, whichever is higher.
- xii) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, settlement of arbitration/court cases, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life of such asset determined following the applicable accounting policies relating to depreciation/ amortization.
- xiii) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life determined by technical assessment.
- xiv) Spare parts procured along with the Plant & Machinery or subsequently which are capitalized and added in the carrying amount of such item are depreciated over the residual useful life of the related plant and machinery at the rates and methodology notified by the HPERC.
- xv) Temporary erections are depreciated fully (100%) in the year of acquisition /capitalization.
- xvi) Expenditure on software recognized as 'Intangible Asset' and is amortized fully on straight line method over a period of legal right to use or three years, whichever is less. Other intangible assets with a finite useful life are amortized on a systematic basis over its useful life. The amortisation period and the amortisation method of intangible assets with a finite useful life is reviewed at each financial year end.
- xvii) Right-of-use land and buildings relating to generation of electricity business governed by CERC Tariff Regulations are fully amortized over lease period or life of the related plant whichever is lower following the rates and



methodology notified by the CERC Tariff Regulations.

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

1.22 INCOME TAXES

Income tax expense comprises current tax and deferred tax.

Current Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the tax is also recognised directly in equity or in other comprehensive income.

a) Current Income Tax

Current tax is expected tax payable on taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustments to tax payable in respect of previous years.

b) Deferred Tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.23 EARNINGS PER SHARE

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

1.24 STATEMENT OF CASH FLOWS

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

1.25 MATERIAL PRIOR PERIOD ERRORS

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

1.26 SEGMENT REPORTING

- i) Segments have been identified taking into account nature of product and differential risk and returns of the segment. These business segments are reviewed by the Management.
- ii) Electricity generation is the principal business activity of the company. Other operations viz., Consultancy works etc. do not form a reportable segment as per the Ind AS-108 - 'Operating Segments'.
- iii) The company is having a single geographical segment as all its Power Stations are located within the Country.

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, 2022	Amount as at March 31, 2021
2.1 Property Plant and Equipment	2.1.1	5,56,612	5,30,885
2.2 Capital Work In progress	2.2.1	2,20,497	1,92,904
2.3 Investment Property	2.3.1	27	28
2.4 Right-of-use Assets	2.4.1	16	21
TOTAL		7,77,153	7,23,838

2.5 INVESTMENTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
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	-	-



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 01.04.2021	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 31.03.2021
Land - Lease Hold	-2	10	0	8	-3	0	0	-3	11
Land - Free Hold	1,55,500	46,215	2,225	1,99,489	0	0	0	0	1,99,489
Residential Buildings	2,617	17	0	2,635	605	91	0	696	1,939
Non-Residential Buildings	1,780	0	44	1,736	370	53	13	416	1,319
Temporary Sheds / Erections	10	0	0	10	6	4	0	10	0
Project Civil Works	2,99,565	652	0	3,00,217	30,734	14,302	0	44,998	2,55,219
Roads, Bridges & Traffic Tunnels	0	0	0	(0)	0	0	0	0	(0)
Project Electro Mechanical Works	1,08,201	222	0	1,08,423	12,332	5,186	0	17,506	90,917
Plant (currently for Water Treatment)	21	45	0	67	3	3	0	6	61
Office Machinery (like lab, fire, safety)	137	9	0	146	55	7	0	62	84
Electronics & Electrical Items	444	18	0	462	161	24	0	184	278
Furnitures & Fixtures	399	17	0	417	166	27	0	193	224
Computers & Data Processing Machines	169	101	0	270	80	14	1	93	178
Vehicles	144	0	6	138	53	20	15	58	80
Kitchen Items	3	0	0	3	2	0	0	2	1
Fire Fight Equipment	0	0	0	0	0	0	0	0	0
Small Office Items	0	0	0	1	0	0	0	0	0
Helipad	23	0	0	23	7	1	0	7	16
Bridges & Culverts	580	0	0	580	144	19	0	162	417
Server and Networks	899	0	0	899	750	0	0	750	149
Roads	4,991	0	34	4,957	1,236	162	11	1,386	3,571
Assets not owned by Company (Roads)	0	0	0	0	0	0	0	0	0
Assets not owned by Company (Others)	0	0	0	0	0	0	0	0	0
Infrastructure Dev. Construction Power	2,620	0	0	2,620	688	124	0	813	1,931
Total (A)	5,78,101	47,308	2,309	6,23,100	47,389	20,036	40	67,339	5,55,761

B) Right of Use:

Building	141	915	0	1,026	0	206	0	206	821	141
Land	31	0	0	31	0	0	0	0	31	31
Total (B)	172	915	0	1,058	0	206	0	206	852	172
Grand Total (A+B)	5,78,274	48,223	2,309	6,24,157	47,389	20,242	40	67,545	5,56,612	5,30,885

Note No. 2.2.1

CAPITAL WORK-IN-PROGRESS

(Rs. in Lacs)

Particulars	Note No.	Amount As at 31.03.2021	Addition during FY 2021-22	Deletion during FY 2021-22	Net Adj. during FY 2021-22	Amount As at 31.03.2022
Residential Buildings	2.2.1.1	0	0	0	0	0
Non Residential Buildings	2.2.1.1	179	6	0	6	184
Roads, Bridges & Culverts	2.2.1.1	465	216	6	210	675
Civil Works	2.2.1.1	66,800	8,611	151	8,456	75,261
Electro-Mechanical Works	2.2.1.1	30,428	3,522	3	3,520	33,948
Construction Power	2.2.1.1	0	2	0	2	2
Plant & Machinery	2.2.1.1	8	0	0	0	8
Land Submerged Area	2.2.1.1	0	0	0	0	0
Investigation & Survey	2.2.1.1	0	4	4	0	0
Environment and R&R Expenses	2.2.1.1	0	6	6	0	0
AUC Office Item	2.2.1.1	0	1	0	0	1
G.Total		97,879	12,368	169	12,193	1,10,078
Expenditure During Construction	2.2.2	95,021	20,605	(5,210)	15,395	1,10,417
IND AS adjustment		3	0	0	0	3
Total Carried forward to Balance Sheet		1,92,904	32,973	5,379	27,588	2,20,497

Note No. 2.2.1.1

CAPITAL WORK IN PROGRESS (PROJECT WISE)

(Rs. in Lacs)

Particulars	Residential Buildings as at 31.03.2022	Non Residential Buildings as at 31.03.2022	Roads, Bridges & Culverts as at 31.03.2022	Civil Works as at 31.03.2022	Electro- Mechanical Works as at 31.03.2022	Construction Power as at 31.03.2022	Plant & Machinery as at 31.03.2022	Land Submerged Area as at 31.03.2022	Investigation & Survey as at 31.03.2022	Environment Expenses as at 31.03.2022	Office Item as at 31.03. 2022	G.Total
Sundernagar	-	-	-	-	-	-	-	-	-	-	-	-
Sawra Kuddu HEP	-	-	20	38	-	-	-	-	-	-	-	58
Kashang HEP Stage-I	-	-	58	-	-	-	-	-	-	-	-	58
Sainj HEP	-	184	308	101	-	-	-	-	-	-	-	593
Renuka Dam Project	-	-	-	-	-	-	8	-	-	-	-	8
Shongtong HEP	-	-	-	58,759	33,948	1	-	-	-	-	-	92,708
Triveni HEP	-	-	-	-	-	-	-	-	-	-	-	-
Thana Plaun HEP	-	-	-	-	-	-	-	-	-	-	-	-
Nakthan HEP	-	-	-	-	-	-	-	-	-	-	1	1
Gyspa HEP	-	-	-	-	-	-	-	-	-	-	-	-
Surgani Sundla HEP	-	-	-	-	-	-	-	-	-	-	-	-
Deothal Chanju	-	-	10	-	-	-	-	-	-	-	-	10
Chanju-III	-	-	19	-	-	-	-	-	-	-	-	19
Berra-Dol Solar Power Project	-	-	-	-	-	-	-	-	-	-	-	-
Kashang HEP Stage-II	-	-	261	16,363	-	1	-	-	-	-	-	16,624
G.Total	-	184	675	75,261	33,948	2	8	-	-	-	1	1,10,078

Note 2.3.1 INVESTMENT PROPERTY**Asat 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	47	-	-	47	18	1	-	20	27	28
Total	47	-	-	47	18	1	-	20	27	28

Asat 31-3-21

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2020	Addition during the year	Deductions/ Adjustments	As at 31.03.2021	As at 01.04.2020	Addition during the year	Deductions/ Adjustments	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020
Building-Investment	47	-	-	47	17	1	-	18	28	30
Total	47	-	-	47	17	1	-	18	28	30

Note 2.4.1 OTHER INTANGIBLE ASSETS

(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	-	-	69	48	4	-	53	16	21
Total	69	-	-	69	48	4	-	53	16	21

2.6 LOANS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Security Deposits		
- Secured Considered Good	-	-
- Unsecured Considered Good	89	148
- Doubtful	-	-
Total (A)	89	148
Loans to other employess		
- Secured Considered Good	-	-
- Unsecured Considered Good	-	-
- Doubtful	-	-
Total (B)	-	-
Total (C) =(A+B)	89	148

2.7 OTHERS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Other Deposits	-	-
Bank Deposit with more than 12 months maturity	-	-
TOTAL	-	-

2.8 REGULATORY DEFERRAL ACCOUNTS-DEBIT BALANCE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Regulatory Deferral Accounts- Debit Balance	-	-
TOTAL	-	-

2.9 NON - CURRENT ASSETS OTHER NON CURRENT ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Capital Advances:		
Advances to Suppliers and Contractors		
Covered by Bank Guarantee	-	-
Unsecured Considered Good	5,781	5,718
Others	-	381
Loans and Advances to Related Parties	-	-
Unsecured Considered Good	61	61
Less: Provision for Doubtful Advances	(61)	(61)
Advances to Govt Departments	-	-
Advances to Others	-	-
Others- Secured Considered Good	46	29
Others- Unsecured Considered Good	383	229
Total Advances (A)	6,211	6,357
Others		
Recoverable from Contractors		
Others- Secured Considered Good	-	-
Others- Unsecured Considered Good	1,560	1,545
Recoverable from staff	-	-
Deposits with Income Tax Authorities	7,599	7,557
Other Recoverable	19	147
Less: Provision for Doubtful Recoverable	(13,034)	(12,969)
Capital Stores at Cost	-	-
Other Items	-	1
Grant Receivables- Non Current	97,190	52,821
Prepaid Expenses	3	5
Deferred Employee Benefits Expense	-	-
Total - Others (B)	93,337	49,107
Total Other Non- Current Assets (C)=(A+B)	99,548	55,464



CURRENT ASSETS

2.10 INVENTORIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Inventories	40	34
Loose Tools	90	74
Stores and Spares	744	735
Less: Provision for Shortage of store and Obsolescence		-
TOTAL	874	843

2.11 TRADE RECEIVABLES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Secured considered good		
Unsecured considered good		
Sale of Power	485	462
Others(HPTCL)	24	24
TOTAL	509	486

2.12 CASH AND CASH EQUIVALENTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Term Deposits (having original maturity of upto 3 months)	-	-
Cash and Bank Balances	-	-
Cash in Hand	-	-
Stamps in Hand	-	-
Balances with Banks	-	-
Current Deposits	1,608	1,156
Term Deposits with maturity period up o 3 months	-	-
TOTAL	1,609	1,157

2.13 BANK BALANCE - OTHER THAN ABOVE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
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	3,320	2,284
TOTAL	3,320	2,284

2.14 LOANS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Security Deposit		
Secured Considered Good	-	-
Unsecured Considered Good	61	2
Doubtful	-	-
Recoverable from Staff	2	5
Advances to Employees	-	-
Secured considered good	-	-
Unsecured Considered Good	0	1
Doubtful	-	-
TOTAL	63	7

2.15 OTHER ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Interest Accrued but not due on Deposits with Banks	36	159
Interest Recoverable	19	185
Amount Receivable from Others	229	100
Amount Recoverable from Contractor & Suppliers	19,294	18,670
Others- Secured Considered Good	-	-
Others- Unsecured Considered Good	-	-
TOTAL	19,577	19,113

2.16 OTHER CURRENT ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Advances Others		
Secured Considered Good	-	-
Unsecured Considered Good	22	-
Advances to Suppliers & Contractors	-	-
Secured Considered Good	-	-
Unsecured Considered Good	4,417	2,592
Advances to Govt Department	-	-
Secured Considered Good	-	-
Unsecured Considered Good	635	462
Others	-	-
Prepaid Expenses	313	187
Amount Recoverable from tax authorities	10	10
Deposit with Courts	21,180	12,956
Other Recoverable	0	0
Recv from Rent	30	-
TOTAL	26,606	16,207



2.17 EQUITY SHARE CAPITAL

Particulars	as at March 31, 2022		as at March 31, 2021	
	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	2,25,10,279	2,25,103	2,18,77,133	2,18,771
TOTAL		2,25,103		2,18,771

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

Particulars	as at March 31, 2022		as at March 31, 2021	
	No. of Shares	%	No. of Shares	%
Government of Himachal Pradesh (GoHP)	93,30,991	41.45	86,97,845	39.76
Himachal Pradesh Infrastructure Development Board	1,18,71,507	52.74	1,18,71,507	54.26
Himachal Pradesh Electricity Board Limited	13,07,751	5.81	13,07,731	5.98
TOTAL	2,25,10,229	100.00	2,18,77,083	100.00

2.17.2 THE RECONCILIATION OF SHARES OUTSTANDING IS SET OUT BELOW:

(Rs. in Lacs)

Particulars	as at March 31, 2022		as at March 31, 2021	
	No. of Shares	Share Capital	No. of Shares	Share Capital
No. of shares at the beginning	2,18,77,133	2,18,771	2,18,05,633	2,18,056
No. of shares issued during the year	6,33,146	6,331	71,500	715
No. of shares bought Back during the year	-	-	-	-
No. of shares at the end	2,25,10,279	2,25,103	2,18,77,133	2,18,771

NON CURRENT LIABILITIES

2.18 BORROWINGS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Term Loans		
From Banks:	-	-
A. Secured		
UCO Bank	-	1,807
Total (A)		1,807
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)	5,162	7,227
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)	4,959	4,959
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)	-	15,407

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)	5,544	11,088
Government of Himachal Pradesh Loan (Trench 3) (Rate of Interest 10% pa payable in yearly instalments of principal & interest from April 18 to January 2026)	31,580	52,633
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)	17,134	23,988
Government of Himachal Pradesh Loan (SEC.TRM.LOAN HP Govt)		
Total (B)	64,379	1,15,302
Total Term Loans from Banks (A+B)	64,379	1,17,109

2.19 LEASE LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Lease Liabilities -Non Current	683	49
Total	683	49

2.20 OTHER FINANCIAL LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Deposits, Retention Money from Contractors and Others	1,279	7,618
Liabilities For Contractors & Suppliers	0	686
Provision for Expenses	3,105	4,283
Deferred Repayment of Interest of GoHP Loan	-	-
Total	4,384	12,588

2.21 PROVISIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Unfunded Employee benefit		
Pension Contribution	1,241	1,121
Gratuity	1,621	1,333
Leave Encashment	3,833	3,146
TOTAL	6,695	5,600

2.22 DEFERRED TAX LIABILITIES (NET)

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Deferred Tax Liabilities	-	-
TOTAL	-	-



2.23 OTHER NON-CURRENT LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Capital Grant government of India		
(A) Utilised Grant		
Renuka		
Opening Balance	1,23,157	76,201
Addition during the year	47,631	46,956
Less: Accumulated Depreciation on Fixed Assets	240	220
Less: Accumulated Depreciation on Fixed Assets write-off during the year	0	0
Closing Balance	1,70,548	1,22,937
Gyspa		
Opening Balance	1,251	1,104
Addition during the year	22	147
Less: Accumulated Depreciation on Fixed Assets	40	36
Closing Balance	1,233	1,214
Total Utilised Grants	1,71,781	1,24,152

CURRENT LIABILITIES

2.24 BORROWINGS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Secured		
From UCO Bank	1,639	-
From KCCBL	13,967	11,345
HPSCBL CCL	3,359	2,739
Unsecured		
Government of Himachal Pradesh Loan	1,89,112	1,38,189
TOTAL	2,08,077	1,52,273

2.27 LEASE LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Lease Liabilities -Current	167	111
TOTAL	167	111

2.28 TRADE PAYABLES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Trade Payables	-	-
TOTAL	-	-

2.27 OTHER FINANCIAL LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Liabilities for employees Remuneration and Benefit	128	133
Share Application Money pending Allotment	-	5,506
Interest Accrued and Due on Loan	1,96,030	1,71,734
Salary & Other Exps. Payable to Employees	-	0
Advance for deposit Work	0	0
Deposits, Retention Money from Contractors and Others	8,814	2,109
Liabilities for Government Departments	98,629	56,675
Liabilities For Contractors & Suppliers	2,580	4,188
Provision for Expenses	10,317	6,014
Taxes and Duties Payable	136	136
Other Liabilities	-	0
TOTAL	3,16,635	2,46,496

2.28 PROVISIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Unfunded Employee benefit		
Gratuity	-	47
Leave Encashment	-	48
TOTAL	-	95

2.29 REVENUE FROM OPERATIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Sales		
Energy Sales	40,034	12,166
Less: Purchase of Power (RTM)	(18)	(3)
Total Energy Sale(A)	40,016	12,163
Sale of Services		
Rent from Property	40	45
Total Sale of Services (B)	40	45
Total Revenue from Operations(C)=(A+B)	40,056	12,208

**2.30 OTHER INCOME**

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Miscellaneous Income	114	490
TOTAL	114	490
#Miscellaneous Income		
	0	1
Income for providing Design works/Lab Receipt		
Interest from Banks	8	5
Late Payment Surcharge	5	-
Rebate NRLDC Fee Chg	2	0
Interest on Bank Deposit - FDR's	25	11
Others	74	472
TOTAL	114	490

2.31 EMPLOYEE BENEFITS EXPENSES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Salaries, Wages, Allowances and Benefits	2,291	1,432
Contribution to Provident and Other Funds	96	76
Leave Salary and Pension Contribution	335	127
Welfare Expenses	277	110
TOTAL	2,998	1,744

2.32 FINANCE COSTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Bank Charges/LC Charges	0	0
Interest on Term Loans	19,653	14,274
Interest on Other Loan	624	3
TOTAL	20,278	14,277

2.33 DEPRECIATION AND AMORTIZATION EXPENSE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Depreciation for the Year	20,589	12,535
Depreciation charged to Statement of Profit & Loss	20,589	12,535

2.34 OTHER EXPENSES

OFFICE AND ADMINISTRATIVE EXPENDITURE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Repair and Maintenance		
Buildings	75	73
Roads	120	41
Plant & Machinery	854	1,113
Office Equipments & Furnitures	1	1
Civil Works	340	194
Vehicles	0	1
	1,390	1,423
Rent, rates and Taxes	3	33
Insurance - Other Assets	331	117
Electricity & Water Charges	36	40
Travelling & Conveyance	1	3
Training Expenses	0	20
Legal and Professional Charges	74	95
Communication Expenses	11	13
Printing & Stationery	5	6
Statutory Audit Fees	8	8
Consultancy fees	3	1
Publicity and Advertisement Expenses	16	3
Expenses in relation to sale of power	4,389	816
Free Power	62	47
Hiring of Vehicles	138	117
Vehicle Running Charges and Insurance Charges	4	2
Annual Technical Support- SAP	1	1
Fees and subscription	5	5
Expenses on Transit Camps	0	0
Books & Periodicals	1	1
Hospitality and Entertainment Expense	2	1
Freight and Labour Charges	0	0
Postage and Telegram Expenses	0	0
Raising Day Expense	11	0
Rebate to Customers	37	38
Meeting Expenses	0	0
Environment & Ecology Expenses	(25)	43
Office Expenses	23	42
Interest & penalties under I.Tax	0	1
Loss on Sale of Fixed Assets	60	9
Miscellaneous Expenses	199	61
Training Expense O&M	-	-



Contribution to IIIT	480	-
Intt../Penalty- Entry	0	-
Round Off	0	-
Total	7,269	2,945

2.35 OTHER COMPREHENSIVE INCOME

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
A. Items that will not be reclassified to profit & loss		
(ii) Remeasurement of the defined benefit plans	171	1,269
TOTAL	171	1,269

2.36 EARNING PER SHARE BASIC AND DILUTED

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Net Profit after Tax	(11,134)	(20,073)
Weighted Average Number of Shares	2,25,10,749	2,18,41,383
Face Value of Share	1,000	1,000
EPS	(49.46)	(91.90)

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

(A) Restatement for the year ended 31st March 2021 and as at 1st April 2020

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 2021 and 1st April 2020 (beginning of the preceding period) and Statement of Profit and Loss and Statement of Cash Flows for the year ended 31st March 2021 for the reasons as stated in the notes below.

Reconciliation of Restated items of Balance Sheet as at 31st March 2021 & 1st April 2020:

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2021				As at March 31, 2020			
		As Previously Reported	IND AS 8 Adjustment	IND AS 40 Adjustment	IND AS 116 Adjustment	As Restated	As Previously Reported	IND AS 8 Adjustment	IND AS 40 Adjustment
Property, plant and equipment	(i)	5,30,758	-	-	-	5,30,758	3,02,301	-	-
Accumulated Depreciation	(i)	-	-	-	-	-	-	-	-
DEP NON RES-BUILDING	(i)	376	1	-	-	375	320	5	-
ACC DEP PRJ. CIVIL WRK	(i)	30,696	(13)	-	-	30,708	22,001	(26)	-
ACC DEP PRJ. E&M WRK	(i)	12,319	(6)	-	-	12,326	8,799	(7)	-
Capital Work-in-Progress		1,92,901	3	-	-	1,92,904	3,29,527	0	-
Right-of-use asset		142	-	-	30	172	305	-	-
Other Current Assets	(i)	16,231	(17)	-	-	16,213	14,793	(6)	-
Extract Total		-	(32)	-	30	-	-	(34)	35
Other Equity	(i)	(55,207)	(729)	-	0	(55,934)	(35,134)	(1,763)	2
Other Non current financial liabilities-		-	-	-	-	-	-	-	-
Lease Liabilities	(i)	23	-	-	26	49	108	-	30
Other Current financial liabilities-	(i)	-	-	-	-	-	-	-	-
Provision for expenses	(i)	6,014	0	-	-	6,014	4,712	-	-
Taxes and Duties Payable		133	3	-	-	136	177	0	-
Liabilities For Contractors & Suppliers		1,741	694	-	-	2,435	2,300	1,753	-
Lease Liabilities		107	-	-	-	111	188	-	4
Other Financial Liabilities		-	-	-	4	-	2,093	(25)	-
Extract Total		-	(32)	-	30	-	-	(34)	35

Reconciliation of Restated items of Statement of Profit and Loss for the year ended 31st March 2021

(Rs. in Lacs)

Finance Costs	(i)	14,277	-	-	3	14,280	13,013	-	-
Depreciation & Amortization Expense	(i)	12,535	17.41	-	5	12,556	10,824	28	5
Other Expenses	(i)	2,945	711.54	-	(7)	3,651	2,913	1,759	(7)
Profit after Tax		-	-	-	-	-	0	25	-

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



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, 2022	As at March 31, 2021
		Amortised Cost	Amortised Cost
Financial Assets			
Non Current Financial Assets			
(i) Investments	2.5	-	-
(ii) Loans	2.6	89	148
(iii) Others	2.7	-	-
Bank Deposits with more than 12 Months Maturity			
Current Financial Assets			
(i) Trade Receivables	2.11	509	486
(ii) Cash and Cash Equivalents	2.12	2,651	1,157
(iii) Bank Balance other than above	2.13	2,277	2,284
(iv) Loans	2.14	63	7
(v) Other Assets			
Interest Accrued	2.15	36	159
Other Recoverable	2.15	19,542	18,954
Total Financial Assets		25,166	23,195
Financial Liabilities			
(i) Long Term Borrowings			
a) Term Loans Financial Institutions	2.18	-	1,807
b) Term Loans from Others	2.18 & 2.20	64,379	1,15,302
(ii) Deposits / retention non current	2.20	4,384	12,588
Current Financial Liabilities			
(iii) Other Financial Liabilities			
a) Current Maturity of Term Loans Financial Institutions	2.27	-	1,38,189
b) Current Maturity of Term Loans other	2.27	-	-
c) Deposit/Retention Money	2.27	8,814	2,134
d) Liability against Capital Works	2.27	2,580	1,741
e) Other Payables	2.24 & 2.27	3,24,205	2,54,280
Total Financial Liabilities		4,04,363	5,26,041

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, 2022			As at March 31, 2021		
		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, 2022			As at March 31, 2021		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets							
(i) Loans to employees & Others	2.6 & 2.14		152			155	
(ii) Other		-	-	-	-	-	-
Bank deposits with more than 12 months maturity		-	-	-	-	-	-
Total Assets		-	152	-	-	155	-
Financial Liabilities							
(i) Long term Borrowings (incl. current Maturity & Interest)	2.18 & 2.27		2,60,409			2,88,843	
(ii) Deposit / Retention Money (Including Current)	2.19 & 2.27	-	-	-	-	14,722	-
Total Liabilities		-	2,60,409	-	-	3,03,565	-
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, 2022		As at March 31, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
(I) Loans to employees & Others	2.6 & 2.14	152		155	155
(ii) Other		-		-	-
Bank deposits with more than 12 months maturity		-		-	-
Total Assets		152		155	155
Financial Liabilities					
(I) Long term Borrowings (incl. current Maturity & Interest)	2.18 & 2.27	2,60,409		2,88,843	2,88,843
(ii) Deposit / Retention Money (Including Current)	2.19 & 2.27	13,162		14,722	14,722
Total Liabilities		2,73,571		3,03,565	3,03,565

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 .

(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 financier

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, 2022 and 31st March, 2021. 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 2.18, 2.20, 2.24 & 2.27)

(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	-	-

(Rs. in Lacs)

As at 31st March, 2021						
Contractual maturities of financial liabilities	Note No.	Outstanding Debt on 31.03.2021	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)	2.20, 2.22 2.26 & 2.29	2,55,298	1,39,996	33,736	36,989	44,578
2. Other current & financial liabilities	2.22 & 2.29	2,70,742	2,69,702	1,040	-	-

(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 31 st March 2022	As At 31 st March 2021
Fixed Rate Borrowings	64,379	1,15,302

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 2022			As At 31st March 2021		
Foreign Currency	USD	Euro	CHF	USD	Euro	CHF
Financial Assets						
Net Exposure to foreign currency risk (asset)	7.92	0	0	7.92	0.84	0
Financial Liabilities						
Retention Money	0	0	0	0	1.32	0
Other Payables	0	0	0	0	0	0
Net Exposure to foreign currency risk-Liabilities(B)	7.92	0	0	7.92	(1.32)	0
Net Exposure to foreign currency risk (A-B)	7.92	0	0	7.92	(0.48)	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, 2021.

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 31 st March 2022	As At 31 st March 2021
a) Loans and Borrowings	2,72,456.00	1,31,193.09
b) Trade and Other Payables	4,99,495.00	5,24,694.35
b) Less: Cash and Cash Equivalents	2,651.00	1,157.00
c) Net Debt	7,69,300.00	6,54,730.00
d) Total Capital	1,56,546.00	1,63,564.72
e) Capital and Net Debt	9,25,846.00	8,18,294.72
f) Gearing Ratio (%age)	83.09	80.00

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 2016-17 and total cumulative loss as on 31.03.2022 is Rs. 68557 Lakhs, 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 31.3.2022, aggregating to approx. Rs. 77378.51 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 31 st March 2022	As At 31 st March 2021
Capital Works	77,378.51	80,166.75
Land Compensation	79,245.46	1,68,618.40
Others	457.52	5,489.65
TOTAL	1,57,081.49	2,54,274.80

(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.10443.79 Lacs as on 31.03.2022, 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 31.03.2022, amounting to Rs. 457.52 Lacs, mainly on account of claims for EPF, Data Centre & building etc.

The above is summarized below as at 31.03.2021:

(Rs. in Lacs)

Particulars	Claims as on 31.03.2021	Provision Against the Claims	Contingent Liability as on 31.03.2022	Contingent Liability as on 31.03.2021	Addition of Contingent 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

The above is summarized as at 31.03.2021 below

(Rs. in Lacs)

Particulars	Claims as on 31.03.2021	Provision Against the Claims	Contingent Liability as on 31.03.2021	Contingent Liability as on 31.03.2020	Addition of Contingent Liability for the period
Capital Works	80,166.75	0	80,166.75	62,680.45	17,486.30
Land Compensation	1,68,618.40	0	1,68,618.40	18,579.44	1,50,038.96
Others	5,489.65	0	5,489.65	787.98	4,701.67

(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 31 st March 2022	As At 31 st March 2021
Civil Work	60,816.73	59,306.60

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

(In Lacs)

Particulars		As At 31 st March 2022	As At 31 st March 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for	INR	82,322.38	74,896.71
	Euro	702.58	8.30
	US\$	41,32.78	82.18

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

(Rs. in Lacs)

S.No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Amount Charged to Statement of Profit and Loss Account excluding depreciation	21.91 (Net)	-39.30 (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 in the Company's financial statements as at balance sheet date:

(Amount in Rs.)

Assets / Liability	31.03.2021	31.03.2022
a. Present value of obligation	137,986,302	162,078,774
b. Fair value of plan assets	-	-
c. Net assets / (liability) recognized in balance sheet as provision	(137,986,302)	(162,078,774)

Plan Liability:-

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

(Amount in Rs.)

Date Ending	31.03.2021	31.03.2022
Present value of obligation as at the end of the period	137,986,302	162,078,774

(Amount in Rs.)

Service Cost	31.03.2021	31.03.2022
a. Current Service Cost	13,421,186	14,994,017
b. Past Service Cost including curtailment Gains/Losses	-	-
c. Gains or Losses on Non routine settlements	-	-
d. Total Service Cost	13,421,186	14,994,017

(Amount in Rs.)

Net Interest Cost	31.03.2021	31.03.2022
a. Interest Cost on Defined Benefit Obligation	-	9,383,069
b. Interest Income on Plan Assets	-	-
c. Net Interest Cost (Income)	-	9,383,069

(Amount in Rs.)

Change in Benefit Obligation	31.03.2021	31.03.2022
a. Present value of obligation as at the beginning of the period	68,182,720	137,986,302
b. Acquisition adjustment	-	-
c. Interest Cost	-	9,383,069
d. Service Cost	13,421,186	14,994,017
e. Past Service Cost including curtailment Gains/Losses	-	-
f. Benefits Paid	-	(1,364,670)
g. Total Actuarial (Gain)/Loss on Obligation	56,382,396	1,080,056
h. Present value of obligation as at the End of the period	137,986,302	162,078,774

(Amount in Rs.)

Bifurcation of Actuarial Gain/Loss on Obligation	31.03.2021	31.03.2021
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)
c. Actuarial (Gain)/Loss on arising from Experience Adjustment	56,382,396	9,138,556

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	31.03.2021	31.03.2022
a. Present Value of the obligation at end	137,986,302	162,078,774
b. Fair value of plan assets	-	-
c. Unfunded Liability/provision in Balance Sheet	(137,986,302)	(162,078,774)

(Amount in Rs.)

The amounts recognized in the income statement	31.03.2021	31.03.2022
a. Total Service Cost	13,421,186	14,994,017
b. Net Interest Cost	-	9,383,069
c. Expense recognized in the Income Statement	13,421,186	24,377,086

(Amount in Rs.)

Other Comprehensive Income (OCI)	31.03.2021	31.03.2022
a. Net cumulative unrecognized actuarial gain/(loss) opening	-	-
b. Actuarial gain / (loss) for the year on PBO	(56,382,396)	(1,080,056)
c. Actuarial gain / (loss) for the year on Asset	-	-
d. Unrecognized actuarial gain/(loss) at the end of the year	(56,382,396)	(1,080,056)

(Amount in Rs.)

Change in Net Defined Benefit Obligation	31.03.2021	31.03.2022
a. Net defined benefit liability at the start of the period	68,182,720	137,986,302
b. Acquisition adjustment	-	-
c. Total Service Cost	13,421,186	14,994,017
d. Net Interest cost (Income)	-	9,383,069
e. Re-measurements	56,382,396	1,080,056
f. Contribution paid to the Fund	-	-
g. Benefit paid directly by the enterprise	-	(1,364,670)
h. Net defined benefit liability at the end of the period	137,986,302	162,078,774

(Amount in Rs.)

Bifurcation of PBO at the end of year in current and non current	31.03.2021	31.03.2022
a. Current liability (Amount due within one year)	4,710,990	10,008,744
b. Non-Current liability (Amount due over one year)	133,275,312	152,070,030
Total PBO at the end of year	137,986,302	162,078,774

(Amount in Rs.)

Expected contribution for the next Annual reporting period	31.03.2021	31.03.2022
a. Service Cost	14,179,125	15,848,713
b. Net Interest Cost	9,383,069	11,702,087
c. Expected Expense for the next annual reporting period	23,562,194	27,550,800



(Amount in Rs.)

Sensitivity Analysis of the defined benefit obligation	31.03.2022
a. Impact of the change in discount rate	
Present Value of Obligation at the end of the period	162,078,774
a. Impact due to increase of 0.50%	(8,892,302)
b. Impact due to decrease of 0.50%	9,670,946
b. Impact of the change in salary increase	
Present Value of Obligation at the end of the period	162,078,774
a. Impact due to increase of 0.50%	3,819,706
b. Impact due to decrease of 0.50%	(3,990,620)

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 in the Company's financial statements as at balance sheet date:

(Amount in Rs.)

Assets / Liability	31.03.2021	31.03.2022
a. Present value of obligation	158,817,866	206,910,761
b. Fair value of plan assets	-	-
c. Net assets / (liability) recognized in balance sheet as provision	(158,817,866)	(206,910,761)

Plan Liability

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

(Amount in Rs.)

Date Ending	31.03.2021	31.03.2021
Present value of obligation as at the end of the period	158,817,866	206,910,761

(Amount in Rs.)

Service Cost	31.03.2021	31.03.2021
a. Current Service Cost	15,308,664	18,755,314
b. Past Service Cost including curtailment Gains/Losses	-	-
c. Gains or Losses on Non routine settlements	-	-
d. Total Service Cost	15,308,664	18,755,314

(Amount in Rs.)

Net Interest Cost	31.03.2021	31.03.2022
a. Interest Cost on Defined Benefit Obligation	-	10,799,615
b. Interest Income on Plan Assets	-	-
c. Net Interest Cost (Income)	-	10,799,615

(Amount in Rs.)

Change in Benefit Obligation	31.03.2021	31.03.2022
a. Present value of obligation as at the beginning of the period	73,400,288	158,817,866
b. Acquisition adjustment	-	-
c. Interest Cost	-	10,799,615
d. Service Cost	15,308,664	18,755,314
e. Past Service Cost including curtailment Gains/Losses	-	-
f. Benefits Paid	(409,101)	(925,922)
g. Total Actuarial (Gain)/Loss on Obligation	70,518,015	19,463,888
h. Present value of obligation as at the End of the period	158,817,866	206,910,761

(Amount in Rs.)

Actuarial Gain/Loss on Obligation	31.03.2021	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	-	(11,614,198)
c. Actuarial (Gain)/Loss on arising from Experience Adjustment	70,518,015	31,078,086

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	31.03.2021	31.03.2022
a. Present Value of the obligation at end	158,817,866	206,910,761
b. Fair value of plan assets	-	-
c. Unfunded Liability/provision in Balance Sheet	(158,817,866)	(206,910,761)

(Amount in Rs.)

The amounts recognized in the income statement	31.03.2021	31.03.2022
a. Total Service Cost	15,308,664	18,755,314
b. Net Interest Cost	-	10,799,615
c. Net actuarial (gain) / loss recognized in the period	70,518,015	19,463,888
d. Expense recognized in the Income Statement	85,826,679	49,018,817

(Amount in Rs.)

Change in Net Defined Benefit Obligation	31.03.2021	31.03.2022
a. Net defined benefit liability at the start of the period	73,400,288	158,817,866
b. Acquisition adjustment	-	-
c. Total Service Cost	15,308,664	18,755,314
d. Net Interest cost (Income)	-	10,799,615
e. Re-measurements	70,518,015	19,463,888
f. Contribution paid to the Fund	-	-
g. Benefit paid directly by the enterprise	(409,101)	(925,922)
h. Net defined benefit liability at the end of the period	158,817,866	206,910,761

(Amount in Rs.)

Bifurcation of PBO at the end of year in current and non current	31.03.2021	31.03.2022
a. Current liability (Amount due within one year)	4,785,248	10,341,464
b. Non-Current liability (Amount due over one year)	154,032,618	196,569,297
Total PBO at the end of year	158,817,866	206,910,761



(Amount in Rs.)

Expected contribution for the next Annual reporting period	31.03.2021	31.03.2022
a. Service Cost	16,110,090	19,772,704
b. Net Interest Cost	10,799,615	14,938,957
c. Expected Expense for the next annual reporting period	26,909,705	34,711,661

(Amount in Rs.)

Sensitivity Analysis of the defined benefit obligation	31.03.2022
a. Impact of the change in discount rate	
Present Value of Obligation at the end of the period	206,910,761
a. Impact due to increase of 0.50%	(12,771,403)
b. Impact due to decrease of 0.50%	13,924,613
b. Impact of the change in salary increase	
Present Value of Obligation at the end of the period	206,910,761
a. Impact due to increase of 0.50%	13,752,892
b. Impact due to decrease of 0.50%	(12,739,417)

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:

- 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.
- 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'.
- 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	
		2021-22	2020-21	2021-22	2020-21
1.	HPSEB Limited	349.18	356.04	0.87%	2.93%
2.	M/s TPTCL	35204.63	11351.44	87.94%	93.33%
3.	M/s PTC	4480.10	455.24	11.19%	3.74%

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. Amit Kashyap, IAS	Managing Director	02.11.2020 to 24.06.2021
Sh. Devesh Kumar, IAS		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. Manmohan Sharma, IAS	Director (Personnel & Finance)	10.06.2019 to 24.06.2021
Ms. Priyanka Verma, IAS		28.06.2021 to 05.08.2022
Sh. Mukesh Repaswal, IAS		06.08.2022 to 19.01.2023
Dr. Amit Kumar Sharma		19.01.2023 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		19.01.2023 till date
Sh. Dharam Singh Thakur	Director (Civil)	09.03.2018 to 10.06.2021
Sh. Surender Kumar		22.07.2021 till date
Sh. Sudershan Kumar Sharma	Company Secretary	07.08.2008 till date

(ii) Joint Ventures:

Name of Entity	Principal Place of operation	Principal Activities	Percentage of Shareholding/ voting Power	
			As At 31st March 2022	As At 31st March 2021
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	2021-22	2020-21
Investment in Share Capital	-	-
Share Application Money	-	-
Amount Recoverable	-	-

2.48 REMUNERATION TO DIRECTORS & KEY MANAGERIAL PERSONNEL

(Rs. in Lacs)

Particulars	Year ended on 2021-22	Year ended on 2020-21
i) Short Term Employee Benefits	91.32	104.02
ii) Post Employment Benefits	6.17	Nil
iii) Other Long Term Benefits	Nil	Nil
iv) Termination Benefits	Nil	Nil
TOTAL	97.49	104.02

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, 2022 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 2022	31st March 2021	31st March 2022	31st March 2021
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 2022 using the Equity Method:

Himachal EMTA Power Limited

(Rs. in Lacs)

Particulars	As At 31 st March 2022	As At 31 st March 2021
Current Assets		
Cash and Cash Equivalents	16.33	15.57
Other Assets	0.73	0.66
Total Current Assets	17.06	16.23
Total Non Current Assets	339.06	230.14
Current Liabilities		
Financial Liabilities	0.71	0.51
Current Liabilities	1.66	2.02
Total Current Liabilities	2.37	2.53
Non Current Liabilities		
Financial Liabilities	121.00	121.00
Other Liabilities	45.83	40.87
Total Non Current Liabilities	166.83	161.87
Net Assets	186.92	81.97

Summarised statement of Profit and Loss using Equity Method:

(Rs. in Lacs)

Particulars	As At 31 st March 2022	As At 31 st March 2021
Revenue	0.00	0.00
Interest Income	1.23	0.59
Other Expenses	1.01	0.92
Depreciation and Amortisation	0.00	0.00
Profit Before Tax	0.24	-0.33
Tax Expense	0.04	0.00
Total Comprehensive Income for the Year	0.21	-0.33

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 2021-22	Year ended on 2020-21
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 2021-22	Year ended on 2020-21
1)	Licensed Capacity	281MW	281MW
2)	Installed Capacity	281MW	281MW
3)	Actual Generation (million Units)	959.90MUs	463.32MUs

2.54 PAYMENT TO AUDITORS INCLUDES:

(Rs. in Lacs)

Particulars	Year ended on 2021-22	Year ended on 2020-21
As Auditors		
Statutory Auditors (includes revision of fee from the F.Y. 2015-16)	5.62	0.00
Tax Audit	1.00	0.00
Other services (Certification fee)	0.20	0.00
Reimbursement of Expenses	0.00	1.17
Reimbursement of Service Tax/GST	1.05	0.00
TOTAL	7.87	1.17

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 2018 AS REQUIRED BY MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

(Rs. in Lacs)

Particulars	Year ended on 2021-22	Year ended on 2020-21
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 yet to be completed by the Assessing Officer.

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 01 September 2016 to 31st March 2021 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 2022 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. Disbursements for this loan facility have also been started.

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.126.08 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 company has shown the liability as contingent and no accounting entry has been passed in the books of accounts. The hearing of this case is going on and next date of the hearing has been scheduled on 17.03.2023.

2.64 COMMISSIONING OF A NEW PROJECT:

No new project is commissioned in the F.Y. 2021-22.

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



25.08.2021 under 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 18.10.2022 has been again requested to recover the total expenditure i/c 10% interest liability till September, 2022 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 SJVN 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. $\pm 2538\text{m}$ to El. $\pm 2325\text{m}$, after considering the requirement of MoEF guidelines. Accordingly vide HPPCL letter dated 16.05.2018, informed SJVN that the PFR of Khab HEP prepared by SJVN 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 SJVN. After receiving the above response from HPPCL, SJVN 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. 1899.23 Crore has been utilized till 31-12-2022, The amount of Rs. 1812.68 Cr. contributed by GoI, Govt. of NCT Delhi, Govt. of Haryana, GoHP. However, Out of HP Govt. Share of Rs. 50.94 crores, HPPCL has already contributed Rs. 86.55 crores from its own funds. The fund flow for the Project from Govt. of India has started. GoI has released Rs. 1037.92 Crore as Central Assistance for financial year 2021-22, for the payment of enhanced compensation to land owners for land acquisition for depositing required amount in CAMPA account for Stage-II Forest Clearance. An amount of Rs. 1037.77 Cr out of Rs. 1037.9246 Cr has been utilized up to 17.02.2023.

In case of Gyspa HEP, Company has shown Rs. 7.14 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 could not be awarded to L1 due to the non-working season, however, the willingness for the validity of rates have been extended for another one year by the L1.

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 is still pending with NCLT and next hearing is scheduled on 21.02.2023.

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. Forest Clearance case is being pursued; however, the same has been pending for past some time. Forest right claims have been filed by both Nakthan and Tosh ward. 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 appraised 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" is being terminated. The other pre-construction stage activities such as demarcation of wild life sanctuary, FRA case and forest clearance shall be taken up once the project domain is clear.

A meeting was held on 29-01-2021, in DoE under the chairmanship of worthy Director (Energy). It was discussed in the meeting that standalone Hydroelectric schemes on River Parbati and Tosh Nalla would be explored subject to condition that Expert Appraisal Committee of MoEF&CC has no objection for maintaining the condition of Riparian gap between the cascading projects on Tosh Nalla. Hence, DoE is to ascertain the "No objection" of the MoEF&CC and intimate domain of Projects to HPPCL for further progress in the matter.



2.73 POWER SALE ARRANGEMENTS

In case of Kashang HEP Stage-I, the PPA agreement was in force with HPSEB and expired on 06th May 2018. After that the Company has made arrangement to sell the power in Energy Exchange by signing PPA on dated 24.11.2021 through Power Trader, M/s PTC India Limited valid from 01.09.2021 to 30.04.2022. Now, PPA has been signed on dt. 28.04.2022 between HPPCL and HPSEBL @ Rs. 3.40/unit valid from 01.05.2022 to 31.03.2023.

In case of Sawra Kuddu HEP, the PPA was signed on dt. 04.11.2020 for sale of Power at IEX between HPPCL and TPTCL after 21.01.2021. Further, PPA was signed on dt. 24.11.2021 for sale of Power at IEX between HPPCL and TPTCL. Now, PPA has been signed on dt. 28.04.2022 between 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.

2.74 GoHP vide letter No. 1837 dated 30.04.2022 has been requested to defer the loan dues upto 31.03.2022. Parallely, HPPCL has also submitted a separate proposal to the State Government for restructuring of 'Debt /loan from GoHP'. As on date, both of these proposals are under active consideration of the State Government and the reply in this regard is awaited.

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 almost ready for the roads to the component of the project. HPPWD has completed survey works of roads to be widened/ excavated by it and the DPRs are 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 has carried out review of DPR and intends 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. To affect such changes in design, formation of a panel of geological experts is proposed which is under process. For the Project Management Consultant (PMC) online proposals/bid has been invited through Open-tendering on National Competitive Bidding (NCB) route on 28.09.2022. Pre-bid meeting was held on 14.10.2022 and queries have been replied. Date of receipt of bids has been extended upto 22.02.2023. PMC will be onboard by May 2023. Work on preparation of mining plan is underway. Diversion arrangement works are expected to start by January 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.
- Amendment to contract sub-clause 13.8 of PCC and Attachment –III of the contract executed between M/S PEL and HPPCL in respect of Shongtong Karchham HEP on dated 17.09.2021 to the extent that w.e.f. September, 2020, the Linking Factor=2.88 will be used for conversion of CPI number of new CPI-IW series 2016.
- Enhancement No. 2 to Change Order Variation -03 with respect to cover the cost of Haulage and dumping of muck beyond project area due to non-availability of dumping sites in the Shongtong Karchham project.
- Change Order/ variation Order no.05 with respect to cover the additional cost for the work of Installation of In-place Inclinometer.
- Change Order/ variation Order no.06 with respect to cover the additional cost for carrying out the work of Odex Drilling.
- Change Order/ variation Order no.07 with respect to cover the extra cost for carrying out additional hydraulic model study of Barrage and Power Intake.
- Change Order/ variation Order no.08 in respect of consultancy services rendered by M/s PEL for Design of additional hydraulic model study of Barrage, Intake and river training works etc.
- Change Order/ variation Order no.09 with respect to Design of niches in Power House and Transformer Hall cavern of Shongtong Karchham HEP.
- Change Order/ variation Order no.10 with respect to construction of benches/ platforms for installation of 2 no's 220/4 KV distribution Transformers near Adit –II to HRT.
- Amendment to contract sub-clause 13.8 of GCC of the contract executed between M/S PEL and HPPCL in respect of Kashang HEP II & III on dated 06.04.2022 to the extent that w.e.f. September, 2020, the Linking Factor=2.46 will be used for conversion of CPI number of new CPI-IW series 2016.

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 ₹ 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. As on 17.02.2023, total limit exhausted /utilized against CCLs stands at Rs. 9942.20 and Rs. 14821.40 respectively.

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 - 1200
- Sainj - 1400
- Kashang I - 1300
- Kashang II & III - 2700 & 2800
- Shongtong - 1600

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 HIMURJA vide its letter dt. 24.05.2022 intimated that, the proposal for setting solar projects of 153-162 MW capacity at different locations have been accepted by State Level Empowered Committee (SLEC) as per Swarn Jayanti Energy Policy, 2021 for installation of 150 MWac solar power plants. However the allotment will be subject to the conditions that, HPPCL will apply separately (project wise) in the prescribed application form. Application for 4 projects of 16 MW capacity have been got allotted from HIMURJA. Four new solar power projects have been assigned by HIMURJA to HPPCL in the financial year 2022-23 i.e. a) Mata Hateshwari SPP (5MW), hatkoti, teh Rohru, Shimla b) Shiv Nagar SPP (3.40 MW), Village Dib, Tehsil Jaisinghpur, Distt. Kangra c) Nadoli SPP, Gram Panchayat Dol, sub teh. Kotla, teh Jawali, at 3 locations (3.85 MW) d) Dol SPP, Gram Panchayat Dol, sub teh. Kotla, teh Jawali, at 3 locations (3.80 MW). Himachal Pradesh Power Corporation Limited is in process of identifying suitable lands to set up a 150 to 200 MW Solar Power Capacity in the State. Funds for the same have been designated under the Himachal Pradesh Power Sector Development Program.

2.84 HIMURJA vide its letter dated 04.02.2023 has intimated that the proposal for setting 9 more solar projects at different locations have been accepted by State Level Empowered Committee (SLEC) for installation of 150 MWac solar power plants. However the allotment will be subject to the conditions that, HPPCL will apply separately (project wise) in the application format along with processing with HIMURJA as per Swarn Jayanti Energy Policy 2021. The application form for registration and approval for setting of Solar Projects up to 5MW by State Level Empowered Committee (SLEC) where Govt. land is required wholly or partly for the Solar Project has been prepared on the basis of HPERC guidelines, land and revenue papers as available.

The list of applications filed with HIMURJA is as under:-

S.No.	Name of proposed Project/ Proposed site	Revenue paper collected by HPPCL (Hectare)	Tentative capacity (MW)	Proposed Project name for official correspondence	Remarks
1.	Tihra Khas, Sub-Teh Bihru Kalan, District Una	44.7179	22	Tihra Khas Solar Photovoltaic Project-II	In-principally approved by HIMURJA on 04.02.2023
2.	Laam, Tehsil Una, District Una	71.1886	36	Laam, Solar Photovoltaic Project	In-principally approved by HIMURJA on 04.02.2023

3.	Lamlehdi Nichli, Tehsil Una, District Una	106.4628	54	Lamlehdi Nichli Solar Photovoltaic Project	In-principally approved by HIMURJA on 04.02.2023.
4.	Pekhubella, Sub-Tehsil Bihru Kalan District Una.	112.48	65	Pekhubella Solar Photovoltaic Project	Provisional application submitted with HIMURJA
5.	Aghlor, Sub Tehsil Bihru Kalan, District Una	34.04	17	Aghlor Solar Photovoltaic Project	Application for approval of provisional allotment already submitted to HIMURJA
6.	Kayarian, Tehsil Bangana, District Una	22.1005	11	Kayarian Solar Photovoltaic Project	Application for approval of provisional allotment already submitted to HIMURJA
7.	Lamlehdi Uparli, Tehsil Una, District Una	94.71	47.10	Lamlehdi Uparli Solar Photovoltaic Project	Application for approval of provisional allotment already submitted to HIMURJA
8.	Gondpur Vulla Uparla, Sub-Tehsil Dulehad, District Una	27.2689	13.5	Gondpur Vulla Solar Photovoltaic Project	Application for approval of provisional allotment already submitted to HIMURJA
9.	Santoshgarh Swan Up Mohal, Sub-Tehsil, Mehatpur Basdehra, District Una	10.7500	5.5	Santoshgarh Swan Solar Photovoltaic Project	Application for approval of provisional allotment already submitted to HIMURJA.

2.85 HPPCL is in process of identifying suitable locations for setting up of aggregate 150-200MW of Solar capacity by March 2028. Setting up of said 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. So, on progressive achievement of the above target, along with some other indicators funds to the tune of net \$112.5 M USD shall flow to the HPPCL out of the \$250 M USD HPPSDP program of which \$200 M USD shall come from the World Bank and \$50 M USD from GoHP. 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 have been received vide Bank's letter dated 31.10.2022. Pre-Loan Negotiations meeting is to be held on 17th Feb 2023 and final negotiations shall be completed by February, 2023. Further, loan signing with World Bank shall be done by March 2023.

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

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

Subsequently, Legal Cell of HPPCL opined that the Managing Director, M/s HEPL, may be requested to deposit the fine imposed on Accused No. 1 i.e. M/s HEPL till 21.09.2022 as ordered by the Court and also, to assail the order of



the CBI Court by way of filing appeal before the concerned High Court. Accordingly, Managing Director, M/s HEPL, was requested vide letter dated 13.09.2022, in response of which M/s HEPL vide letter dated 17.09.2022 intimated that "...we need to pay a total amount of Rs. 32 Lakhs for the Company itself, its' two Directors and Ex-CGM (Power) and fund be provided by the partners of the Joint Venture, EMTA and HPPCL in the ratio of 50:50 basis." Further, it was intimated by M/s HEPL that they have made the payment regarding the aforesaid amount of Rs. 32 Lakhs and requested HPPCL to remit its share of Rs. 16 Lakhs in favour of EMTA Coal Limited. In this regard, legal aspects in the matter are being looked into. 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 for 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.

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/-
(Dr. Amit Kumar Sharma)
Director (Finance)
DIN No. 10071204

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

For Soni Gulati & Co.
Chartered Accountants
FRN No. 008770N

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

Place: Shimla
Date: 08/12/2023



AIDS Day Awareness camp at Thana Plaun HEP



School Competition at Renukaji Dam Project Distt. Sirmaur



Soni Gulati & Co. Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To

The Members of HIMACHAL PRADESH POWER CORPORATION Limited

Report on the Standalone Ind AS Financial Statements

Qualified Opinion

We have audited the accompanying Stand alone Ind AS financial statements of **HIMACHAL PRADESH POWER CORPORATION LIMITED** ("the Company"), which comprise the Standalone Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Stand alone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the **Basis for Qualified Opinion** section of our report the aforesaid Stand alone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2022, and its profit/loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 previous year audit report) at Kashang HOP are doubtful for material misstatements, no proof of seepage was made available to us on our visit this year also but were assured to supply the same during next year audit.

- 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 payment, actual excess amount or otherwise will be checked & calculated during next year audit.

D. Consolidation of subsidiary financial statements

The company has approved consolidated statements although these are stand alone statement. The management reply was, "the subsidiary company is incurring losses & provision has been created against the investment, but in reality the losses has not been wiped off the proportionate share of investing company. In our opinion, the results should have been consolidated to the extent of its proportionate share.

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

(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 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.

(iv) 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.

(v) 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 June 2022 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.

(vi) 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 2022, (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.

(vii) 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.

(viii) 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.

ix) 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 Key Managerial Personnel 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 Sawra Kuddu and tentative provision has been made as the amount of lease has not been ascertained. In the absence of information, we are unable to comment on the same. This observation was also reported in previous year report.
- 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) 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.
- iv) 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
- v) No effect has been given by the management in the financial statements to the comments issued by CAG of India dated 23-08-22022 on financial statements for the year ended 31.3.2020 nor on 31.3.2021 although the management claims compliance of the same.
Same is the status of statutory audit reports. In addition the management claims that these pertains to prior period and current auditors has to do nothing on this.

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 extent 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 Sundarnagar expenditure to Renukaji HEP.

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

We Would further like to submit that no confirmations from the participating states and the central government has been provided to us for the inclusion of above expenditure towards the cost of the project. In the absence of confirmations we are unable 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 Steel 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 Gourangdih 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 2.67 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 doubtful 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 2.37. 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 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.

(vii) The Shongtong unit is showing following 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 SawraKuddu 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.

(ix) 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.



- (x) 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.
- (xi) 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 extent of above and expenditure is understated to that extent.
- (xii) 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 extent of above and expenditure is understated to that extent.
- (xiii) 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 extent of above as the amount has not been recovered and adjusted till date.
- (xiv) 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 extent 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 extent.
- (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 Magazine 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 extent 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 Renukaji

- (i) The Company has incurred following expenditure on the Renukaji project till 31st March 2022.

(Amount in Lacs)

Particulars	as on 31st March 2022	as on 31st March 2021
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 to previous year audit report regarding allocation of expenses to Renukaji HEP wherein it 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. 168.34 crore (previous year Rs. 152.68 crore) as share of Corporate Office and Design Wing expenses to the Renukaji HEP for current year viz. 31st March 2022.

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. 87.13 lakhs (Previous Year Rs. 80.07 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 15.12.2023
- (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 extent. Claim of management that this pertains 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) Note no. 2.56. 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 depreciation benefit thus Tariff rate of Rs. 4.79 per unit is applicable to the corporation. Thus Sale of power as well debtors is understated to the extent of Rs. 39.89 Lakh for this year.

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

- (i) Expenditure of Corporate Office and Sundarnagar

It has been observed that (refer Significant Accounting Policy no. 1.6 g & 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.

- (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.

14. Provision for Income Tax

We invite attention to Note no. 2.79 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. 7,557 lakhs. In view of the uncertainty 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 2022. 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 file Regular First Appeal in the Hon'ble High Court against the awards passed by the Lower Courts and against the decision of the Hon'ble High Court. Refer Note 2.41 Notes where in it is 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 31.3.2022 was Rs. 3,17,31,982/-

Emphasis of Matter

1. No serious efforts have 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.
 - (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

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 & rest will be checked & accessed as to controls during next year audit.
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 of significance. (Refer Note No. 2.1 to the Standalone Financial Statements, read with the Significant Accounting Policy No. 1.5)	Due to corona epidemic, none of the units where property plant & equipment are kept could not be visited. Actual Controls will be assessed during next year audit as these were not practicable at HO in the absence of information. However, we have reviewed the same through discussions with management at HO.



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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained during the course of our 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 Companies Act, 2013 ("the Act") with respect to the preparation of these Stand alone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued there under.

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

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the Stand alone 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 Stand alone 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 Stand alone financial statements, including the disclosures, and whether the Stand alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the Annexure-2 on the directions issued by Comptroller and Auditor General of India.



3. As required by section 143(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) Except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph above, 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 Cash Flows and Statement of changes in equity dealt with by this report are in agreement with the books of account;
 - d) Except for the effects of the matter described in the Basis of Qualified Opinion paragraph above, in our opinion, the aforesaid Stand alone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act,
 - e) The Matter described in the Basis for Qualified Opinion paragraph above, in our opinion may have adverse effect on the functioning of the company.
 - f) In view of the exemptions given vide Notification No. G.S.R. 463 (E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164 (2) of the Companies Act, 2013 regarding disqualification of directors, are not applicable to the company.
 - g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
 - h) With respect to adequacy of Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-3" in our opinion the internal financial controls system is adequate but the operating effectiveness of such controls need be improved.
 - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 2.41 to the Standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts as at 31.03.2023 which were required to be transferred to the Investor Education and Protection Fund by the Company.

For
Chartered Accountants
Firm Regn. No. 008770N

Sd/-
(CA Suresh Chand Soni)
Partner
M.No.083106
Place: Shimla
Date: 08 /12/2023
UDIN23083106BGTDEG3924



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 2022.

- (I) (a) The company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets. except that identification, location etc need be mentioned.
- (b) As explained to us all the assets were got physically verified by the management during the year under review. We were informed that no material discrepancies were noticed on such verification. However ,verification reports of HO, Transit Camp, Shongtong-Karcham HEP, Thana Plaun HEP, Renukaji Dam Project, Sainj HEP, Triveni Mahadev HEP and Bera Dol Solar Power Project were shown to us, but no report of, land, Plant machinery, stores & spares of any unit was shown to us.
- (c) Title deed of immovable properties are in the name of the company except in cases of Renukaji HEP, Sainj HEP Shongtong HEP and Chirgaon HEP where the land has not been transferred in the name of the Company.
- (ii) The inventory of the company consisting of Capital Stores, stores, spare parts and other Items. We were informed that these have been physically verified by the management during the year under review. But no reports were made available to us.
- (iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In view of above, the clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) The Company has not given any loan, made investments and issued guarantees under section 185 and 186 of the Companies Act, 2013.
- (v) The company has not accepted any deposits from the public in terms of section 73 to 76 or any provisions of the Companies Act, 2013 and rules there under.
- (vi) The company has made and maintained cost accounts and records as specified by the Central Government under section 148 (1) of the Companies Act 2013. However, we have not made a detailed examination of these accounts and records with a view to determine whether they are accurate and complete. The companies cost accounting records has been audited by the Cost Auditors M/s Balwinder and Associates and they have submitted the report on 30/09/2022.
- (vii) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and other statutory dues applicable to it, and there are no undisputed dues outstanding as on 31st March 2022 for a period of more than six months from the date they became payable. However the Liability on account of Goods and Service Tax can not be quantified as GST audit is under progress till the finalisation of this report. We are informed that the provisions of Employees' State Insurance Act are not applicable to the company.
- (viii) The Company has not made any default in any repayment of loans or borrowing to any financial institution or bank or dues to debenture holders. However, the Government of Himachal Pradesh has given the sanction to the deferment of repayment Loan and interest up to 31-03- 2021. No Deferment has been given by the State Govt after that and the request for the same has been given by the company for further deferment. and company has not paid the amount of instalment of loan and interest after January 2017 till the finalisation of the report. The State Government has not given deferment for the year 2021-22.
- (ix) No money was raised by way of initial public offer or further public offer during the year. The amount raised by the term loans from the Government of Himachal Pradesh has been utilised for the purpose it was raised during the year under review. The company had raised CC limit of Rs. 200 Lakh for working capital from KCCB, secured by charge on Plant & Machinery. However, we could not get any evidence of utilisation of limit, so cannot comment, whether it has been used for the intended purpose.



- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information/explanation given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we have been informed of any such cases by the management except in the year 2015 at Renukaji HEP and the same is pending with State Vigilance.
- (xi) This being a government company Section 197 of the Act is not applicable.
- (xii) Company is not a Nidhi Company.
- (xiii) As per information available to us all transactions with related parties are in compliance with Section 177 & 188 of the Companies act 2013, wherever applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable Accounting Standards.
- (xiv) As informed by the management, the company has not made any preferential allotment to private placement of shares or fully convertible debentures during the year under review.
- (xv) As informed to us the company has not entered in to any non-cash transaction with directors or persons connected with him.
- (xvi) Section 45-IA of the Reserve Bank of India Act, 1934 is not applicable to the company.

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

Sd/-
(CA Suresh Chand Soni)
Partner
M. No. 083106
Place: Shimla
Date: 08/12/2023
UDIN23083106BGTDEG3924



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 2022.

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.	According to the information and explanations given to us and based on our audit, the Company has a system in place to process the accounting transactions through M M Module , Project System , Human Capital Module and Financial and Controlling Module through IT system and for this purpose SAP-ERP has been implemented by the Company. Period end Financial Statements are compiled offline based on balances and transactions generated from such SAP-ERP system for the purpose of preparing The Accounting transactions for sale of power is not generated though Sales and distribution Module and being directly posted in FI Module. We have neither been informed nor have we come across during the course of our audit any accounting transactions which have been processed outside the IT system having impact on the integrity of the accounts. The company has maintained separate Data Centre but does not have Disaster Recovery Centre. Also ,the cost of land in balance sheet is different in SAP and balance sheet due to uploading of deposits with Court to Cost of land in Balance sheet.	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 State Government Loans has been restructured for repayment of loan and interest up to Jan 2017 till the year 2018-19. The Company had requested the State Government for further deferment in the month of September 2022. The State Government has deferred only the dues for the year FY 2022-21 till FY 2022-22.	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.	The Funds received for Renukaji Project and Gyspa Project has been properly accounted for except the interest earned on the short term deposit from the surplus fund has been accounted for as the income of the corporation instead of the crediting the	The Amount payable to the Central / state is understated to the extent of interest earned on the short term investment.



		same to the amount payable to the central / State Government. Refer Para C 14(ii) of the main audit . No information in respect of interest earned on the short term investment has been provided to us. As there is significant difference in expenditure incurred as per last year report & this year report, matter will be examined during next year audit at unit level.	
4.	Whether land acquisition is involved in setting up the new projects report whether settlement of dues done expeditiously and in transparent manner?	The land has been acquired at Renukaji Dam. All the payments on account of settlement has been transferred to the LAO However a sum of Rs. 188.49 crores has not been paid till the close of the year and provision for the same has been made in the books of accounts. Which has been reversed this year.	Rectified in current year accounts.
5.	How much cost has been incurred on abandoned projects and of this how much cost has been written off?	Reported by last year auditors, the Corporation has abandoned the Tidong HEP and Sunni Project. The Amount incurred on Tidong project is being shown as recoverable from the Directorate of energy and the amount has not being written off the by the Management. The Corporation has written off Rs. 41.26Lakh as amount recoverable from SJVNL on account of cost of the Sunni Project.	Nil
6.	Indicate whether the company has efficient system for monitoring and adjusting advances to contractors / supplier. Highlight the Significant instances of failure of the System, if any	The company has proper system of adjusting the advances to suppliers, except in following cases:- 1 - Patel Engineering Due to non completion of the percentage of the work completed by the Contractor 2 - HCC Limited Due court case involved 3 - Costal Projects Company in Liquidation at NCLT	Nil
7.	Is there any system to evaluate the reasonableness of Plant Load factor?	Yes	Nil



Soni Gulati & Co. Chartered Accountants

ANNEXURE 3

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

We have audited the internal financial controls over financial reporting of **HIMACHAL PRADESH POWER CORPORATION LIMITED** ("the Company") as of 31 March 2022 in conjunction with our audit of the Stand alone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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, 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 March 2022, except in the areas given below 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.

However, company needs to further strengthen in the control system in the following areas:

- Making preparation of financial statements on SAP instead of Excel sheets.
- Implementation and Compliance of Indian AS at unit level to ensure the compliance of the Indian AS on the company as a whole.
- Classification of account heads in SAP according to the disclosure and classification requirements of the Schedule II of the companies act 2013 and requirements of the Ind AS
- Harmonisation in creation of account heads at Corporate Level in relation to advances, liabilities and vendors according to the nature of expenditure so that no duplication of account code exists and only single account code is allotted to individual vendors in the company as a whole.
- Payment to contractors strictly on the basis of authorisation of the BOD.
- Option of marking of clearing entries in the SAP should be followed by all the accounting units in respect of current as well as old accounting entries.
- Scrutiny of old Earnest Money Deposits, security deposits, Retention money and other payables to contractors.
- Capitalisation of Capital Work in Progress in timely and efficient manner.
- Reconciliation of retro entries in SAP for CPT Module.
- Payment to Contractors of Additional Advance/ Advance Against Retention Money and its accounting treatment.
- Recovery of delay damages from the contractors and accounting thereof
- Provision of Expenses should be made on realistic basis and the payment in subsequent financial year should be adjusted from the provision only.
- Long Term Advances and Deposit Work should be regularly reviewed and accounted for where the significant work has been completed.
- Accounting of Provision in respect of doubtful advances and other recoverable.
- Review of Negative Balances in liabilities and assets heads.
- Accounting of EMD in the nature of FDR in the books of accounts.
- Recording of financial entries in foreign exchange also where the advances, retention money and suppliers dues are payable in other currency also.
- Investing of idle funds at HEP in SWEAP Bank accounts to earn bank interest.
- Reversing the Cheques/ Neft Entries for which the Limitation period is over.
- Accounting of Inventories in hand at project site at the close of the year.
- Liability on account of GST should be as per the requirements of the Goods and Service Tax Act.
- Accounting Staff/ Officers at Unit Level should be regularly trained in respect of the Indian Accounting Standards and other Accounting concepts and conventions while preparing the Financial Statements.
- Entry in SAP to be made only upon a transaction is executed not at the time supply order is placed, as we have noticed such instance. This will reduce chances of expenses being booked twice.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 Stand alone financial statements of the Company. However, these areas of improvement do not affect our opinion on the Stand alone financial statements of the Company.

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

Sd/-
(CA Suresh Chand Soni)
Partner, M. No. 083106
Place: Shimla
Date: 08/12/2023
UDIN23083106BGTDEG3924

Replies to the Auditor's Report on the Standalone Ind AS Financial Statements (Annual Accounts) for the F.Y. ended 31st March, 2022

Qualified Opinion:

We have audited the accompanying Stand alone Ind AS financial statements of HIMACHAL PRADESH POWER CORPORATION LIMITED ("the Company"), which comprise the Stand alone Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Stand alone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report the aforesaid Stand alone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2022, and its profit/loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for 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 only and none of the auditors have raised any such observations. In all cases along with vouchers hard copies of the supportings are attached and kept under safe custody in folders at respective Projects and Design Wing Sunder Nagar Accounting office and Corporate office as well. Now, the management has given instructions to the projects / units to upload all the documents on SAP. Furthermore, SAP software has provided additional facilities related to accounting and drawing of periodical reports.



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.	Project wise Balance Sheets for the commissioned projects for the FY 2022-23 were prepared and submitted. The financial statements for the FY 2020-21 have been prepared after complying with the Ind ASs as applicable to the Corporation, to the extent possible.
C. Preparation of the Financial Statements: i) The expenses on repair maintenance booked Rs 2.58 crore (reported during previous year audit report) at Kashang HOP are doubtful for material misstatements, no proof of seepage was made available to us on our visit this year also but were assured to supply the same during next year audit.	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 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 payment, actual excess amount or otherwise will be checked & calculated during next year audit.	The opinion of the Chartered Accountant w.r.t rates to material as well as procedure for releasing payment of GST to the contractor i.r.o pre-GST contracts has been provided during the course of audit. Further, undertaking-cum Indemnity bond has also been taken from the contractor to Indemnify the employer in the event of recovery or may be pointed out by the audit authorities at later stage due to over payment/fault in the procedure followed to arrive at the difference of cost. Furthermore, contractor shall not be entitled to ask employer to establish its claim or claims under their identity but, will pay the same without raising any quarry/objection.
D. Consolidation of subsidiary financial statements: The company has approved consolidated statements although these are stand alone statement. The management reply was," the subsidiary company is incurring losses & provision has been created against the investment, but in reality the losses has not been wiped off the proportionate share of investing company .In our opinion, the results should have been consolidated to the extent of its proportionate share.	The financial statements for the FY 2021-22 have been prepared after complying with the Ind ASs as applicable to the Corporation, to the extent possible. For example Ind AS 1,2,7,8,10,12,16,19,21,24,27,28,33,36,37,38,40,105,107,108,110,113,115 and 116 have been complied with. <i>As per sub-section 2 of section 129 of</i>



companies act 2013, further substituted by the Companies (Amendment) Act, 2017 :- Amendment Effective from 7th May 2018. "Where a company has one or more subsidiaries or associate companies, it shall, in addition to financial statements provided under sub-section (2), prepare a consolidated financial statement of the company and of all the subsidiaries and associate companies in the same form and manner as that of its own and in accordance with applicable accounting standards, which shall also be laid before the annual general meeting of the company along with the laying of its financial statement under sub-section (2)"

Applicable accounting standard in case of joint venture is Ind AS 28 "Investments in Associates and Joint Ventures" which states equity method for consolidation in case of Joint venture.

As per Para 38 of Ind AS 28 - If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognising its share of further losses. The interest in an associate or a joint venture is the carrying amount of the investment in the associate or joint venture determined using the equity method together with any long-term interests that, in substance, form part of the entity's net investment in the associate or joint venture.

As per Para 39 of Ind AS 28 - After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

HPPCL had initially recognised the investment at cost of Rs. 3.38 crores (no. of shares 33,80,000 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 up till now. Thus, considering these factors, HPPCL reduced its value of its investment to zero by recording provision in the FY 2016-17 duly approved by management in this favour. Since, the book value of investment is zero and the joint venture "Himachal EMTA Power Ltd." is incurring losses and our share in profit/loss in EMTA is 50% due to which our share of loss in the joint venture exceeds our investment value. Thus, in pursuance to para 38 of Ind AS 28, HPPCL can discontinue recognition of investment. As HPPCL has already provided for the loss, because of non-realizable value of the total investment therefore, there is no requirement of recognising further losses. Hence the consolidated financial statement and standalone financial statement will remain the same.
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 power to HPSEB applicable provision of Ind AS 115/116 not complied with	Necessary compliances have been made in the F.Y. 2020-21 and 2021-22.
(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 payment and payment of interest till FY 2020-21 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.	The management had apprised during statutory audit that the deferment of loan has been granted by GoHP vide letter dated 30.10.2021 up to F.Y. 2020-21. Since, the process of restructuring of loan and interest into equity is under consideration of the HP State Govt. Therefore, HPPCL cannot consider the same at market rate.
(iv) 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 have been	The compliance to the Ind AS wherever required, shall be made in the FY 2022-

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.	23, if allowed.
(v) 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 June 2022 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.	Necessary compliances have been made in the F.Y. 2020-21 and 2021-22.
(vi) 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 2022, (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 on 1st April 2015 and also on 1st April 2022, 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.
(vii) 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 not recognized the Interest on delay of repayment of principal and interest amount due to the terms and conditions of loan agreement entered between State of Himachal Pradesh and the Corporation and further deferment of the same by HP Govt. time to time.
(viii) 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 future income is not probable in case of Corporation, therefore, deferred tax assets on the provisions and taxable losses will not be created. Hence, this Ind AS is not applicable to the corporation.
(ix) 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	Necessary compliances to Ind AS 8 have been made in the F.Y. 2021-22.



Significant Accounting Policies of the company. Balance Sheet at the close of the year.	
F. Full Time Management: In our opinion the Company should have full time Key Managerial Personnel including the including the Managing Director. Compliance with requirements of Section 203 of The Companies Act 2013 should be done.	Statement of Facts, no comments required.
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 Sawra Kuddu and no provision has been made as the amount of lease has not been ascertained. In the absence of information, we are unable to comment on the same. This observation was also reported in previous year report.	The provision for lease amount of forest land has been booked on 31.03.2022 in respect of Sainj HEP, Shongtong-Karcham HEP and Sawra-Kuddu HEP.
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 Rs. 44,276 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.	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, it is opined that no depreciation is applicable on this land. As far as depreciation @ 3.34% is concerned, it is applicable in case of Land under lease for (a) Investment in land and (b) for cost of clearing site. Further, if the depreciation @ 3.34% under straight line method is to be charged on the submerged land (both

	under full ownership and under leasehold), in this context, it is submitted that, it is not clear whether depreciation is to be charged from the date of purchase/diversion of such lands or from the date when it will be submerged i.e. from date of commissioning of the project. It is, further informed that the cost of land which shall get submerged is not finalised/ceased till date due to pending enhancement related litigations before the Hon'ble Courts.
(iv) 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 ₹ 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.	In this regard it is submitted that the trees and structures are also part of land purchased/acquired by HPPCL and as per abovementioned HPERC Notification No. HPERC/SLDC/479:- regulations Part V, Section 22, Clause 4 the depreciation is not applicable for the land acquired.
(v) No effect has been given by the management in the financial statements to the comments issued by CAG of India dated 23-08-22022 on financial statements for the year ended 31.3.2020 nor on 31.3.2021 although the management claims compliance of the same. Same is the status of statutory audit reports. In addition the management Claims that these pertains to prior period and current auditors has to do nothing on this.	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 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.	The amount shall be recovered, if any, from the dues payable to the contractor on final settlement of payables & receivables of the contractor, as the final settlement is still pending.



(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 ₹ 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 extent 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. 15,094.36 Lakhs. Less: Expenses on Transmission Line of IKHEP Rs. 6,585.48.Lakhs Net Assets Taken over by HPPCL Rs.8,508.88 Lakhs Less Loan Taken over (2850+848.70) by HPPCL Rs. 3,698.70 Lakhs Net Amount Payable to HPSEBL Rs. 4,810.18 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 vide this office letter dated 09.03.2023.
(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 Sudarnagar and rest has been allocated to the other	The apportionment of expenditure of Corporate and Design Wing Sunder Nagar to Renukaji Dam Project has been done as per the approval 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

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 & Sawrakuddu 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.	shall form part of the total funds agreed to be provided by Gol and beneficiary States, hence prior approval of booking of every expenditure being incurred in Renuka Ji DAM is not required. 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 Gol, 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 Rs. 337.50 Lac (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 Steel 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."	HPPCL had initially recognised the investment at cost of Rs. 3.38 Crores (no. of shares 33,80,000 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 up till now. Thus, considering these factors, HPPCL reduced its value of its investment to zero by using Equity method for consolidation in case of Joint Venture as per Ind AS 28. Since, the book value of investment is zero and the joint venture "Himachal EMTA Power Ltd." is incurring losses and our share in profit/loss in EMTA is 50% due to which our share of loss in the joint venture exceeds our investment value. Thus, in pursuance to para 38 of Ind AS 28, HPPCL can discontinue recognition of investment.
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 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.	The disclosure of the same has been made in notes to the accounts.
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.	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.	The amount paid is being recovered from the welfare grants and R&R benefits accruing to land holders against the Welfare and R&R Schemes. Out of Rs. 44.07 lakhs, Rs. 33,54,520/- stands recoverable from the parties as on date.
(iii)(a) We invite attention to Note No 2.67 where in it is stated that the amount recoverable from contractors includes a sum of Rs. 12,992 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 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/-

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.	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 20.07.2024.
(b) Reported by previous auditors, the unit has not charged the GST on the amount of Rs. 3,287 Lakh charged to the Coastal Projects on account of Risk and Award Cost charged to the contractor. Thus GST amounting to Rs. 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 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.	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.
(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 2.37. The Official Liquidator has not accepted the claim of the company stating the reason that the matter is pending with the Hon'ble	HPPCL has 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



High Court of Himachal Pradesh	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 National Company Law Tribunal passed an order dated 18/04/2023 and dismissed the application of HPPCL. (Copy attached). Further, HPPCL has challenged the order passed by NCLT Cuttack Bench before the National Company Appellate Tribunal (NCLAT) on dated 30/05/2023. The next date of hearing in this case is scheduled to be on 20.07.2024.
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. 08.06.2024 for reimbursing 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.	Against the total advance of Rs.186.42 Lacs, (given in two instalments) to HPSEBL, for laying construction power and transmission lines, has been fully utilised by the HPSEBL for various works assigned to them, as per the Utilisation Certificate submitted to that effect by HPSEBL. Adjustment of advance is pending in Books of Accounts due to works executed are still being verified by project authorities (as intimated vide UC).The assets will be capitalized after the verification 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 ₹ 714 lakhs (previous year ₹ 608 lakhs) as recoverable grant from the Central Government on account DPR and Investigation Expenses. The Government of India has approved ₹ 1,250 Lakhs for survey and investigation of the project and paid ₹ 500 Lakhs as advance and the rest of the amount is to be paid on the submission of the DPR. The work of the DPR is not completed since 2012 due to sustained opposition to the project by local people. The Central Government has stayed the further payment of the grant until the submission of the DPR. The grant recoverable shown is not as per para 7 and 8 of the Indian Accounting Standard (Ind as) 20 Accounting for Government Grants and Disclosures thereof which states that:- "7 Government grants, including non-monetary grants at fair value, shall	Statement of facts, requires no comments.

<i>not be recognised until there is reasonable assurance that:</i> <i>(a) the entity will comply with the conditions attaching to them; and</i> <i>(b) the grants will be received.</i> 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 following 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 are 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 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.	The amount of Rs. 440.10 lakh is recoverable from HPPTCL and has already been transferred to the recoverable account and will be adjusted accordingly. The remaining amount will be adjusted after the receipt of utilisation certificates.
ix) 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.



x) 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.	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 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 extent of above and expenditure is understated to that extent.	Necessary correspondence in this respect is being done with Directorate of Energy. The amount shall be settled accordingly. Further the amount pertains to infirm sale and shall affect the capital value of assets, hence does not affect Profit & Loss Account.
xii) 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 extent of above and expenditure is understated to that extent.	The amount stands recovered from the contractor as on 01.03.2022 and now only Rs. 6.63 lakhs stands recoverable. Now, the matter is subjudice in the Hon'ble High Court of H.P.
xiii) 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 extent of above as the amount has not been recovered and adjusted till date.	HPPCL has requested Sr. Executive Engineer Division HPSEBL, Thalout to submit the utilization certificate of deposited fund (Rs. 5.29 Lakh Only) vide this office letter No. HPPCL/ SHEP/ SM(B/HM)/Gen/2020-21-338-339 dated 11.09.2020 followed by a reminder of even No. 458-59 dated 17.10.2020 and letter No. 296-98 dt. 29.08.2022. It will be settled on the receipt of the UC.
xiv) 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 extent of above as the amount has not been recovered and adjusted till date.	The work is completed now and the UC amounting to Rs. 4.61 lakh has been received from IPH. Executive Engineer IPH was requested to refund the balance amount.
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 extent.	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.
xvi) The Chanju III has not capitalised the amount of Rs. 187 Lakh paid to HPSEBL, as the work has not been completed.	The advance has been settled on 31.03.2023 as per the utilization certificate received.
xvii) The Deonthal Chanju has not capitalised the amount of Rs. 187 lakh paid to HPSEB, as the work has not been completed.	The advance has been settled on 31.03.2023 as per the utilization certificate received.
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	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.

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 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.

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 to IKHEP Stage-II & III upon their request 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 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

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



of above and CWIP is overstated to the extent of above.	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 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	The Govt. of H.P has allowed deferment of repayment of loan and interest till 2020-21 vide GoHP letter dated 30.10.2021. Further, the GoHP has also been requested to defer the loan and interest thereon till 31.12.2026 as per letter dated 10.07.2024.
(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 has already been taken up with the GoHP vide letter no. HPPCL/F&A/GoHP Loan / 2022-7023 dated 28.07.2022, 30.08.2022, 02.11.2022, 27.02.2023, 01.05.2023, 15.06.2023, and 04.09.2023, which is under consideration of GoHP.
(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 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	Calculation and booking of such provisions are based on the methodology devised by State/Central

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.			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 31stMarch 2022. (Amount in Lacs) <table><tr><th>Particulars</th><th>as on 31st March 2022</th><th>as on 31st March 2021</th></tr><tr><td>Tangible Assets</td><td>1,42,421.47</td><td>97,435.05</td></tr><tr><td>Advances & Deposits with Court</td><td>11,427.84</td><td>10,320.35</td></tr><tr><td>CWIP</td><td>7.54</td><td>7.54</td></tr><tr><td>Incidental Expenses</td><td>16,834.03</td><td>15,268.25</td></tr><tr><td>Advances</td><td>186.42</td><td>186.42</td></tr><tr><td></td><td>1,70,877.30</td><td>1,23,217.61</td></tr><tr><td>Grant Received</td><td>74,371.39</td><td>71,086.80</td></tr><tr><td>Shortfall</td><td>96,505.92</td><td>52,130.81</td></tr></table> There is a shortfall of grants received & expenditure incurred Rs96505.92lakh (previous year shortfall of expenditure to the tune of ₹ 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 1038cr 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.			Particulars	as on 31st March 2022	as on 31st March 2021	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	Funds/grants receivable as on 31.03.2022 as worked out are Rs.1705.48 crore and entry in this regard has been made in the books of account. The cumulative funds/grants received from CWC and Beneficiary States up to 31.03.2024 is Rs. 2178.09crores.
Particulars	as on 31st March 2022	as on 31st March 2021																												
Tangible Assets	1,42,421.47	97,435.05																												
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Grant Received	74,371.39	71,086.80																												
Shortfall	96,505.92	52,130.81																												
(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 Renukaji HEP. The company has allocated Rs. 168.34 crore(previous year Rs. 152.68 crore) as share of corporate office and design wing expenses to the Renukaji HEP for current year viz 31st March 2022.			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 management. As such expenditure shall form part of the total funds agreed to be provided by Gol 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 2022, were sought from respective Contractors/ Govt. Departments. Based on the confirmations received/not received, the liabilities have been shown in Books of Accounts.																											
(ii) The different units of the company are showing separately the amount payable and recoverable from HPSEB Limited. No Confirmation			Most of the amounts under Payable and Receivable heads, pertaining to																											



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.	HPSEBL have been settled. In case of remaining pending entries necessary reconciliation is being done and the accounts shall be settled accordingly.
(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 only after claims are submitted to the concerned Engineering-in-charge (EIC) for its verification.
(iv) The Other Financial Current Liabilities includes Rs. 87.13 lakhs (Previous Year Rs. 80.07 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	Decision in this regard is under consideration of the Management.
(v) The Swara 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.	Till Now a sum of 6.62 Crores has been deposited with the HP State forest department. The utilization certificate of Rs. 5.30 lakh in "FORM GFR 19-A" for the funds provided under CAT Plan has been received from the Himachal Pradesh State Forest Department. Further, the balance funds shall be deposited as and when HP State forest department raises demand.
(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 15.12.2023	Matter of PF contributions of Unregistered Contractors liability is sub-judice in Central Government Industrial Tribunal (CGIT) Chandigarh. The case is in argument stage and last hearing was on 30.05.2024. Half of the amount i.e. Rs. 94.63 lakh has been deposited with the agency and the total liability amount has been shown under contingent liabilities under Note on Accounts No. 2.63. Hence, does not affect P&L Account.
(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 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	GST Act 2017 came into force w.e.f. 1st July 2017 and the Liquidation Charges pertains to Pre-GST period and were

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.	recorded in the books of Accounts in the FY 2016-17. Hence the GST was not applicable on the date of transaction and accordingly no GST was charged on LD Charges. Furthermore, this has not been reported in the GST Audit Report by the GST Auditors.
(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.	The amount received from HPPTCL is equivalent to the awarded amount and the deposits made in High Court. The rate of land will vary now, as per the latest orders of the Hon'ble High Court. Further in the absence of Sale deed / agreement, final consideration and terms and conditions of the handed over land cannot be ascertained. Hence, amount has been shown as advance from HPPTCL and shall be settled in due course of time.
(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 VHN shall be settled only at the time of final settlement.
13. Generation & Sale of Power (I) Note no 2.56 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 depreciation 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. 38.89 Lakh for this year.	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 bid 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. 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 (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 Sundarnagar Design Office The qualification of previous year auditors on apportionment stands for this year also.	Keeping in view practicability, the allocation has been done accordingly. The methodology has been disclosed in the Notes on Accounts No. 2.60.
15. Provision for Income Tax We invite attention to Note No 2.79 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. 7,599 lakhs (Previous Year Rs. 7,557 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 2022. 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 5MW was installed. However, the installed capacity	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

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.	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 constructed /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 by to Central Govt. account, only then the next installment is released by the Central Govt.
18. Land Court Cases Renuka Ji Project The Board of Directors in its 75th meeting on meeting 18th March 2022 has decided not to 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 it is 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.	As the decision taken involves long process to measure the extent of liabilities involved. Land owners who may be still aggrieved by such orders of the Hon'ble Court may delay the process of final settlements, besides, being large number of cases for which liability needs to be calculated, hence liabilities can't be accounted for at this stage. However, provision for the same has been made up to 31.08.2023.
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 31.3.2022 was Rs. 3,17,31,982/-	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 have been made to remove the qualification raised in	Most of the observations of the previous financial years have been



earlier year audit reports and the same has not been considered in this year report also.	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. (ii) Note No 2.62 to the Standalone 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. (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. Our Opinion is not modified in respect of these matters.	All out efforts are being made for reconciliation of the same from respective departments. Disclosure/explanation to this effect has been given in the Notes on Accounts at Note No.2.62. Disclosure/explanation to this effect has been given in the Notes on Accounts at Note No.2.68. The tariff petition has been filed with the Hon'ble HPERC. Further, the necessary compliance in the matter will be done after the tariff is decided.												
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. <table><tr><th>S. No.</th><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr><tr><td>1</td><td>Tendering: Tendering is key audit matter & we have started scrutiny of major tenders & will be completed next year audit.</td><td>Some has been checked & rest will be checked & accessed as to controls during next year audit.</td></tr><tr><td>2</td><td>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)</td><td>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.</td></tr><tr><td>3</td><td>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</td><td>Due to corona epidemic, none of the units where property plant & equipment are kept could not be visited. Actual Controls will be assessed during next year audit as these were not practicable at HO in the absence of information. However, we have reviewed the same through discussions with management</td></tr></table>	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 & rest will be checked & accessed as to controls during next year audit.	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	Due to corona epidemic, none of the units where property plant & equipment are kept could not be visited. Actual Controls will be assessed during next year audit as these were not practicable at HO in the absence of information. However, we have reviewed the same through discussions with management	Statement of facts, comments not required. Statement of facts, comments not required.
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 & rest will be checked & accessed as to controls during next year audit.											
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	Due to corona epidemic, none of the units where property plant & equipment are kept could not be visited. Actual Controls will be assessed during next year audit as these were not practicable at HO in the absence of information. However, we have reviewed the same through discussions with management											

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) at HO. 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 preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Stand alone financial statements and our auditor's report thereon. Our opinion on the Stand alone 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 Stand alone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Stand alone financial statements or our knowledge obtained during the course of our 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.	Comments not required.
Management's Responsibility for the Stand alone Ind AS Financial Statements The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Stand alone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued there under.	Comments not required.



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 Stand alone 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 Stand alone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.	
Auditor's Responsibility Our objectives are to obtain reasonable assurance about whether the Stand alone 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 Stand alone 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	Comments not required.

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 Stand alone financial statements, including the disclosures, and whether the Stand alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Comments not required.

2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the Annexure-2 on the directions issued by Comptroller and Auditor General of India.

Comments not required.

3. As required by section 143(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;

Comments not required.

b) Except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph above, 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 Cash Flows and Statement of changes in equity dealt with by this report are in

Comments not required.



agreement with the books of account;	
d) Except for the effects of the matter described in the Basis of Qualified Opinion paragraph above, in our opinion, the aforesaid Stand alone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.	Comments not required.
e) The Matter described in the Basis for Qualified Opinion paragraph above, in our opinion may have adverse effect on the functioning of the company.	Comments not required.
f) In view of the exemptions given vide Notification No. G.S.R. 463 (E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164 (2) of the Companies Act, 2013 regarding disqualification of directors, are not applicable to the company.	Comments not required.
g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.	Comments not required.
h) With respect to adequacy of Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-3" in our opinion the internal financial controls system is adequate but the operating effectiveness of such controls need be improved.	Comments not required.
i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	Comments not required.
i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 2.41 to the Stand alone Ind AS financial statements.	Comments not required.
ii. 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 as at 31.03.2023 which were required to be transferred to the Investor Education and Protection Fund by the Company.	Comments not required.

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 2022.

S. No.	Auditor's Report	Reply
i.	(a) The company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets. except that identification ,location etc need be mentioned. (b) As explained to us all the assets were got physically verified by the management during the year under review. We were informed that no material discrepancies were noticed on such verification. However ,verification reports of HO , Transit camp,Shongtong-Karcham HEP, Thana Plaun HEP, Renukaji Dam Project, Sainj HEP, Triveni Mahadev HEP andBeraDol Solar Power Project were shown to us ,but no report of ,land, Plant machinery ,stores & spares of any unit was shown to us. © Title deed of immovable properties are in the name of the company except in cases of Renukaji HEP, Sainj HEP Shongtong HEP and Chirgaon HEP where the land has not been transferred in the name of the Company.	a) Statement of facts, comments not required. b) Statement of facts, comments not required. c) Action for the transfer of title in the name of the Company has been initiate.
ii.	The inventory of the company consisting of Capital Stores, stores, spare parts and other Items. We were informed that these have been physically verified by the management during the year under review. But no reports were made available to us.	Statements of facts, comments not required.
iii.	According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In view of above, the clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.	Statements of facts, comments not required.
iv.	The Company has not given any loan, made investments and issued guarantees under section 185 and 186 of the Companies Act, 2013.	Statements of facts, comments not required.
v.	The company has not accepted any deposits from the public in terms of section 73 to 76 or any provisions of the Companies Act, 2013 and rules there under.	Statements of facts, comments not required.
vi.	The company has made and maintained cost accounts and records as specified by the Central Government under section 148 (1) of the Companies Act 2013. However, we have not made a detailed examination of these accounts and records with a view to determine whether they are accurate and complete. The companies cost accounting records has been audited by the Cost Auditors M/s Balwinder and Associates and they have submitted the report on 30/09/2022.	Statements of facts, comments not required.



vii.	(a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and other statutory dues applicable to it, and there are no undisputed dues outstanding as on 31st March 2022 for a period of more than six months from the date they became payable. However the Liability on account of Goods and Service Tax can not be quantified as GST audit is under progress till the finalisation of this report. We are informed that the provisions of Employees' State Insurance Act are not applicable to the company. The Company has not made any default in any repayment of loans or borrowing to any financial institution or bank or dues to debenture holders. However, the Government of Himachal Pradesh has given the sanction to the deferment of repayment Loan and interest up to 31-03- 2021. No Deferment has been given by the State Govt. after that and the request for the same has been given by the company for further deferment. and company has not paid the amount of instalment of loan and interest after January 2017 till the finalisation of the report. The State Government has not given deferment for the year 2021-22.	Statement of facts, comments not required.
viii.	No money was raised by way of initial public offer or further public offer during the year. The amount raised by the term loans from the Government of Himachal Pradesh has been utilised for the purpose it was raised during the year under review. The company had raised CC limit of Rs. 200 Lakh for working capital from KCCB, secured by charge on Plant & Machinery. However, we could not get any evidence of utilisation of limit, so cannot comment, whether it has been used for the intended purpose.	Statement of facts, comments not required.
ix.	During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information/ explanation given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we have been informed of any such cases by the management except in the year 2015 at Renukaji HEP and the same is pending with State Vigilance.	Statement of facts, comments not required.
x.	This being a government company Section 197 of the Act is not applicable.	Statement of facts, comments not required.
xi.	Company is not a Nidhi Company.	Statement of facts, comments not required.
xii.	As per information available to us all transactions with related parties are in compliance with Section 177 & 188 of the Companies act 2013, wherever applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable Accounting Standards.	Statement of facts, comments not required.
xiii.	As informed by the management, the company has not made any preferential allotment to private placement of shares or fully	Statement of facts, comments not required.



	convertible debentures during the year under review.	
xiii.	As informed to us the company has not entered in to any non-cash transaction with directors or persons connected with him.	Statement of facts, comments not required.
xiv.	Section 45-IA of the Reserve Bank of India Act, 1934 is not applicable to the company.	Statement of facts, comments not required.



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 2022.

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.	According to the information and explanations given to us and based on our audit, the Company has a system in place to process the accounting transactions through MM Module, Project System, Human Capital Module and Financial and Controlling Module through IT system and for this purpose SAP-ERP has been implemented by the Company. Period end Financial Statements are compiled offline based on balances and transactions generated from such SAP-ERP system for the purpose of preparing The Accounting transactions for sale of power is not generated through Sales and distribution Module and being directly posted in FI Module. We have neither been informed nor have we come across during the course of our audit any accounting transactions which have been processed outside the IT system having impact on the integrity of the accounts. The company has maintained separate Data Centre but does not have Disaster Recovery Centre. Also, the cost of land in balance sheet is different in SAP and balance sheet due to uploading of deposits with Court to Cost of land in Balance sheet.	Nil, Cannot be quantified.
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 State Government Loans has been restructured for repayment of loan and interest up to Jan 2017 till the year 2018-19. The Company had requested the State Government for further deferment in the month of September 2022. The State Government has deferred only the dues for the year FY 2022-21 till FY 2022-22.	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.	The Funds received for Renukaji Project and Gyspa Project has been properly accounted for except the interest earned on the short term deposit from the surplus fund has been accounted for as the income of the corporation instead of the crediting the same to the amount payable to the central / State Government. Refer Para C 14(ii) of the main audit. No information in respect of interest earned on the short term investment has been provided to us. As there is significant difference in expenditure incurred as per last year report & this year report, matter will be examined	The Amount payable to the Central / state is understated to the extent of interest earned on the short term investment

		during next year audit at unit level.	
4.	Whether land acquisition is involved in setting up the new projects report whether settlement of dues done expeditiously and in transparent manner.	The land has been acquired at Renukaji Dam. All the payments on account of settlement has been transferred to the LAO However a sum of Rs 188.49 crores has not been paid till the close of the year and provision for the same has been made in the books of accounts. Which has been reversed this year.	Rectified in current year accounts.
5.	How much cost has been incurred on abandoned projects and of this how much cost has been written off.	Reported by last year auditors, the Corporation has abandoned the Tidong HEP and Sunni Project. The Amount incurred on Tidong project is being shown as recoverable from the Directorate of energy and the amount has not being written off the by the Management. The Corporation has written off Rs. 41.26 Lakh as amount recoverable from SJVNL on account of cost of the Sunni Project.	Nil
6.	Indicate Whether the company has efficient system for monitoring and adjusting advances to contractors/supplier. Highlight the Significant instances of failure of the System if any.	The company has proper system of adjusting the advances to suppliers, except in following cases:- 1- Patel Engineering Due to non completion of the percentage of the work completed by the Contractor 2- HCC Limited Due court case involved 3- Costal Projects Company in Liquidation at NCLT	Nil
7.	Is there any system to evaluate the reasonableness of Plant Load factor	Yes	



ANNEXURE 3 TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **HIMACHAL PRADESH POWER CORPORATION LIMITED** ("the Company") as of 31 March 2022 in conjunction with our audit of the Stand alone financial statements of the Company for the year ended on that date.

S. No.	Auditor's Report	Reply
1.	Management's Responsibility for Internal Financial Controls The Company's management is responsible for establishing and maintaining internal financial controls based on the internal 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.	No comments.
2.	Auditors' Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.	No comments.
	Meaning of Internal Financial Controls over Financial Reporting A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and	Statement of facts, comments not required.

	dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.	
	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.	Statement of facts, comments not required.
	Opinion In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, except in the areas given below 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. However, company needs to further strengthen the in the control system in the following areas: - Making preparation of financial statements on SAP instead of Excel sheets. - Implementation and Compliance of Indian AS at unit level to ensure the compliance of the Indian AS on the company as a whole. - Classification of account heads in SAP according to the disclosure and classification requirements of the Schedule II of the companies act 2013 and requirements of the Ind AS - Harmonisation in creation of account heads at Corporate Level in relation to advances, liabilities and vendors according to the nature of expenditure so that no duplication of account code exists and only single account code is allotted to individual vendors in the company as a whole. - Payment to contractors strictly on the basis of authorisation of the BOD. - Option of marking of clearing entries in the SAP should be followed by all the accounting units in respect of current as well as old accounting entries. - Scrutiny of old Earnest Money Deposits, security deposits, Retention money and other payables to contractors. - Capitalisation of Capital Work in Progress in timely and efficient manner. - Reconciliation of retro entries in SAP for CPT Module. - Payment to Contractors of Additional Advance/ Advance Against Retention Money and its accounting treatment. - Recovery of delay damages from the contractors and accounting thereof - Provision of Expenses should be made on realistic basis and the payment in subsequent financial year should be adjusted from the provision only. - Long Term Advances and Deposit Work should be regularly reviewed and accounted for where the significant work has been completed. - Accounting of Provision in respect of doubtful advances and other recoverable. - Review of Negative Balances in liabilities and assets heads. - Accounting of EMD in the nature of FDR in the books of accounts.	Suggestions related to strengthening of internal control system have been noted for future compliance.



- Recording of financial entries in foreign exchange also where the advances , retention money and suppliers dues are payable in other currency also.
- Investing of idle funds at HEP in SWEAP Bank accounts to earn bank interest .
- Reversing the Cheques/ Neft Entries for which the Limitation period is over.
- Accounting of Inventories in hand at project site at the close of the year.
- Liability on account of GST should be as per the requirements of the Goods and Service Tax Act.
- Accounting Staff/ Officers at Unit Level should be regularly trained in respect of the Indian Accounting Standards and other Accounting concepts and conventions while preparing the Financial Statements.
- Entry in SAP to be made only upon a transaction is executed not at the time supply order is placed, as we have noticed such instance. This will reduce chances of expenses being booked twice.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2022 Standalone financial statements of the Company. However, these areas of improvement do not affect our opinion on the Stand alone financial statements of the Company.

Government of India
Indian Audit and Accounts Department
Principal Accountant General (Audit)
Himachal Pradesh-171003



भारत सरकार
भारतीय लेखा तथा लेखापरीक्षा विभाग
प्रधान महालेखाकार, (लेखापरीक्षा)
हिमाचल प्रदेश, शिमला-171003

क्रमांक: व0ले0प0 / ए.एम.जी-(II) / एच.पी.पी.सी.एल. / लेख-2022-23 / 2024-25 / 162-163

दिनांक: 27 / 06 / 2024

सेवा में,

प्रबन्ध निदेशक,
हिमाचल प्रदेश पावर कारपोरेशन लिमिटेड,
हिमफैड भवन, बीसीएस, न्यू शिमला-171009

विषय:- कम्पनी अधिनियम, 2013 की धारा 143(6)(b) तथा धारा 129(4) के
अधीन टिप्पणियां।

महोदय,

मैं, 31 मार्च 2022 को समाप्त वर्ष के लिए हि0 प्र0 पावर कॉर्पोरेशन लिमिटेड, के
Consolidated तथा Standalone Financial Statements के सम्बन्ध में कम्पनी अधिनियम, 2013
की धारा 143(6)(b) तथा धारा 129(4) के अधीन टिप्पणियां भेज रही हूं।
कृपया पावती भेजें।

संलग्न: उपरोक्त

भवदीया,
हस्ता/-
प्रधान महालेखाकार



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 2022.

The preparation of financial statements of the Himachal Pradesh Power Corporation Limited for the year ended 31st March, 2022 in accordance with financial reporting frame work prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139 (5) or 139(7) of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 8th December, 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of Himachal Pradesh Power Corporation Limited for the year ended 31st March 2022. 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) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the statements and the related audit report.

1. Balance Sheet

Current Assets

Property, Plant and Equipment (schedule 2.1) - Rs. 5566.12 crore

Above includes Rs. 12.13 crore (Rs. 4.09 crore for Sainj HEP, Rs. 4.78 crore and Rs. 3.26 crore for Sawra-Kuddu HEP) being the amount paid to HPSEBL for providing infrastructure for supply of construction power to the company. HPSEBL is responsible for maintenance of the infrastructure and has capitalised it in its accounts after submitting the utilization certificate to the corporation. Despite this, the corporation instead of treating these as expenses had capitalized the said amount. This has resulted in overstatement of "Property, Plant and equipment" by Rs. 12.13 crore and understatement of expenses as well as accumulated loss to the same extent.

2. Current assets

Other (schedule-2.15) Rs. 195.77 crore

Above includes Rs. 14.85 crore being amount recoverable from a contractor in respect of Integrated Kashang Hydel Electric Project a unit of HPPCL which was to be paid back to the contractor as per Arbitration award (dated 6.6. 2023). The Company has filed a petition against the arbitration award in High Court of Himachal Pradesh which was pending till finalisation of accounts. Thus, the said amount should have been kept as contingent liabilities instead of recoverable. This has resulted in overstatement of "Recoverables" and "Other Equity-Negative Balance" (as it pertains to past year P/L Account) by Rs 14.85 crore.

3. Current liabilities

Other Financial Liabilities (schedule- 2.27) Rs. 3166.35 crore

(i) Above does not include Rs. 1.85 crore being the Contractor's claims of additional storage in respect of E&M package of Shongtong Karcham HEP, approved by BoD of HPPCL in 78th meeting. This has resulted in understatement of "other financial liabilities" and "Capital work in Progress" by Rs. 1.85 crore.

(ii) Above does not include Rs. 14.40 crore being amount payable to the contractor executing the Civil and Hydro Mechanical works of Shongtong Hydel Electric Project as decided in the 19th Whole Time Directors meeting (3.4.2023). This has resulted in understatement of "other financial liabilities" and "Capital work in Progress" by Rs. 14.40 crore.

4. Accounting Policies and notes to accounts

As per Financial Statements the amount of free hold land under Shongtong Karcham Hydro Electric Project (SKHEP)



as on 31-03-2022 has been depicted at Rs. 22.26 crore but, as per record of R and R section of the project total free hold land acquired by SKHEP was 7.9706 hectares after payment of Rs. 23.61 crore. The above difference in value needs reconciliation.

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

Sd/-

**Principal Accountant General (Audit)
Himachal Pradesh, Shimla**

Place: Shimla

Date: 04-04-2023



Annexure-I to Management Letter

Accounting Policies and notes to accounts

Proposal for declaring submerged area measuring 27.0107 hac. of Shongtong Karcham Hydel Electric Project (SKHEP) as reserve forest under Section-4 of the Indian Forest Act, 1927 is presently under consideration at the State Government level. Being a significant material the same should be incorporated in the Director's Report.

Sd/-
Dy. Accountant General
AMG-II

Reply of the Comments of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the standalone financial statements of Himachal Pradesh Power Corporation Limited for the year ended 31 March 2022.

Comments of C&AG		Reply by the HPPCL Management
1.	Balance Sheet Current Assets Property, Plant and Equipment (schedule 2.1) –Rs. 5566.12 crore Above includes Rs. 12.13 crore (Rs. 4.09 crore for Sainj HEP, Rs. 4.78 crore and Rs. 3.26 crore for Sawra-Kuddu HEP) being the amount paid to HPSEBL for providing infrastructure for supply of construction power to the company. HPSEBL is responsible for maintenance of the infrastructure and has capitalised it in its accounts after submitting the utilization certificate to the company. Despite this, the corporation instead of treating these as expenses had capitalized the said amount. This has resulted in overstatement of "Property, Plant and equipment" by Rs. 12.13 crore and understatement of expenses as well as accumulated loss to the same extent.	In case of Sainj HEP, the Construction Power is the asset of project only and this asset is being maintained by Sainj HEP as on date also. Whereas, in case of SKHEP, Hatkoti, Construction Power is not the asset of project. Therefore, instead of considering it as an expense, the asset may be transferred from "CWIP construction power" to 'Assets not owned by Company (Others)', being the huge amount of cost involved therein.
2.	Current assets Other (schedule-2.15) Rs.195.77 crore Above includes Rs. 14.85 crore being amount recoverable from a contractor in respect of Integrated Kashang Hydel Electric Project a unit of HPPCL which was to be paid back to the contractor as per Arbitration award (dated 6.6. 2023). The company has filed a petition against the arbitration award in the High Court of Himachal Pradesh which was pending till finalisation of accounts. Thus, the said amount should have been kept as contingent liabilities instead of recoverable. This has resulted in overstatement of "Recoverables" and "Other Equity-Negative Balance" (as it pertains to past year P/L Account) by Rs. 14.85 crore.	The required disclosure has been given in the Director's Report annexed with the Annual Accounts for the FY 2021-22.
3.	Current liabilities Other Financial Liabilities (schedule- 2.27) Rs. 3166.35 crore (I) Above does not include Rs. 1.85 crore being the Contractor's claims of additional storage in respect of E&M package of Shongtong Karcham HEP, approved by BoD of HPPCL in 78th meeting. This has resulted in understatement of "Other financial liabilities" and "Capital work in Progress" by Rs. 1.85 crore.	The compliance of the same has already been done in the FY2021-22 only. The provision in this regard was made on dated 31.03.2021 and the payment of the same has also been released in the FY 2021-22.



	(ii) Above does not include Rs. 14.40 crore being the amount payable to the Contractor executing the Civil and Hydro Mechanical works of Shongtong Hydel Electric Project as decided in the 19th Whole Time Directors meeting (3.4.2023). This has resulted in understatement of "other financial liabilities" and "Capital work in Progress" by Rs. 14.40 crore.	The amount was shown as Contingent liabilities in the FY 2021-22. However, after the approval from Whole Time Directors on 03.04.2023, the provision of the same was kept in the FY 2022-23 on 31.03.2023 and further the payment was released on 14.04.2023 and 28.04.2023 respectively.
	(iii) Accounting Policies and notes to accounts As per Financial Statements the amount of free hold land under Shongtong Karcham Hydro Electric Project (SKHEP) as on 31-03-2022 has been depicted at Rs. 22.26 crore, but, as per record of R and R section of the project total free hold land acquired by SKHEP was 7.9706 hectares after payment of Rs. 23.61 crore. The above difference in value needs reconciliation.	The compliance of the same has been done. The necessary reconciliation by the respective sections at project level has been done.

Annexure-I to Management Letter

	Accounting Policies and notes to accounts Proposal for declaring submerged area measuring 27.0107 hec. of Shongtong Karcham Hydel Electric Project (SKHEP) as reserve forest under Section -4 of the Indian Forest Act, 1927 is presently under consideration at the State Government level. Being a significant material the same should be incorporated in the Director's Report.	The required disclosure has been given in the Director's Report annexed with the Annual Accounts for the FY 2021-22.
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Sd/-
Director (Finance)



First Stage River Diversion

River Diversion works at Intake area - Chanju III HEP



HRT Works - Chanju III HEP

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022**

(Rs. in Lacs)

Particulars		As at Mar 31, 2022	As at Mar 31, 2021	As at Mar 31, 2020
ASSETS				
(1) Non-Current Assets:				
(a) Property, Plant and Equipment	2.1	5,56,612	5,30,885	3,02,613
(b) Capital Work-in-Progress	2.2	2,20,497	1,92,904	3,29,527
(c) Investment Property	2.3	27	28	30
(d) Goodwill		0	0	0
(e) Other Intangible Assets	2.4	16	21	8
(f) Intangible Assets under development		0	0	0
(g) Biological Assets other than bearer plants		0	0	0
(h) Financial Assets:				
(i) Investments	2.5	0	0	0
(ii) Trade receivables				
(iii) Loans	2.6	89	148	143
(i) Deferred Tax Assets (Net)				
(j) Other Non-Current Assets	2.9	99,548	55,464	26,964
(2) Current Assets				
(a) Inventories	2.10	874	843	553
(b) Financial Assets				
(i) Investments				
(ii) Trade Receivables	2.11	509	486	102
(iii) Cash and Cash Equivalents	2.12	1,609	1,157	5,618
(iv) Bank Balance other than above	2.13	3,320	2,284	2,348
(v) Loans	2.14	63	7	14
(vi) Others	2.15	19,577	19,113	18,213
(c) Other Current Assets	2.16	26,606	16,207	14,787
Total Assets		9,29,347	8,19,546	7,00,919
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.17	2,25,103	2,18,771	2,18,056
(b) Other Equity		(68,557)	(57,698)	(3,68,95)
(1) Liabilities				
Non-Current Liabilities:				
(a) Financial Liabilities				
(i) Borrowings	2.18	64,379	1,17,109	2,55,505
(ia) Lease Liabilities	2.19	683	49	138
(ii) Trade Payables				
(A) total outstanding dues of micro enterprises and small enterprises; and				
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.				
(iii) Other Financial Liabilities	2.20	4,384	12,588	1,57,698
(b) Provisions	2.21	6,695	5,600	3,919
(c) Deferred Tax Liabilities (Net)	2.22	0	0	0
(d) Other Non-Current Liabilities	2.23	1,71,781	1,24,152	77,073
(2) Current Liabilities:				
(a) Financial Liabilities				
(i) Borrowings	2.24	2,08,077	1,52,273	10,577
(ia) Lease Liabilities	2.25	167	111	192
(ii) Trade Payables	2.26	0	0	0
(A) total outstanding dues of micro enterprises and small enterprises; and				
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.				
(iii) Other Financial Liabilities	2.27	3,16,635	2,46,496	14,656
(b) Other Current Liabilities				
(c) Provisions	2.28	0	95	0
(d) Current Tax Liabilities (Net)				
Inter Unit Transfer				
Zero Balance Clr				
Total Equity and Liabilities		9,29,347	8,19,546	7,00,919

See accompanying notes to the financial statements.

Note : The figures for the year ended 31st March 2021 and 1st April 2020 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/-
(Dr. Amit Kumar Sharma)
Director (Finance)
DIN No. 10071204

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

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

Place: Shimla
Date: 08/12/2023

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

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDING MARCH 31, 2022

(Rs. in Lacs)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I Revenue from Operations	2.29	40,056	12,208
II Other Income	2.30	114	490
III Total Income (I+II)		40,170	12,698
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	2.31	2,998	1,744
Finance Costs	2.32	20,278	14,277
Depreciation and Amortization Expense	2.33	20,589	12,535
Other Expenses	2.34	7,269	2,945
Total Expenses (IV)		51,133	31,501
V Profit/(Loss) before exceptional items and tax (I-IV)		(10,963)	(1,88,04)
VI Exceptional Items		0	0
VII Profit/ (Loss) before exceptions items and tax (V-VI)		(10,963)	(1,88,04)
VIII Tax Expense:			
(1) Current tax		0	0
(2) Deferred tax		0	0
IX Profit/(Loss) for the period from continuing operations (VII-VIII)		(10,963)	(1,88,04)
X Profit/(Loss) from Discontinued operations		0	0
XI Tax expenses of discontinued operations		0	0
XII Profit/(Loss) from Discontinued operations (after tax) (X-XI)		0	0
XIII Profit/(Loss) for the period (IX+XII)		(10,963)	(1,88,04)
XIV Other comprehensive income			
A. (i) Items that will not be reclassified to profit or loss	2.35	(171)	(12,69)
(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)		(11,134)	(20,073)
XVI Earnings per equity share (for continuing operation):			
(1) Basic	2.36	(50.17)	(91.90)
(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	2.36	(50.17)	(91.90)
(2) Diluted			

See accompanying notes to the financial statements

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/-
(Dr. Amit Kumar Sharma)
Director (Finance)
DIN No. 10071204

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

For Soni Gulati & Co., Chartered Accountants
FRN No. 008770N
Sd/-

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

Place: Shimla
Date: 08/12/2023



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

(in Rs.)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax (A)	(1,11,34)	(2,00,73)
Change in Other Equity as per Restated Balance Sheet (B)		(2,491)
Adjustment for:		
Depreciation and Amortization	20,589	12,579
Finance Cost	-	-
Loss on Disposal/Write Off of Fixed Assets	60	9
Profit on Sale of Fixed Assets	-	-
Total Adjustment (C)	(2,06,48)	12,589
Adjustment for Assets and Liabilities		
Inventories	(32)	(290)
Trade Receivable and Unbilled Revenue	(22)	(384)
Loans, Other Financial Assets and Other Assets	(1,19,54)	(2,244)
Other Financial Liabilities and Other Liabilities	70,683	91,965
Other Current Liabilities	-	-
Provisions	1,000	1,776
Total Adjustment (D)	59,675	90,824
Cash generated from Operating Activities (E)=(A+B+C+D)	69,189	80,849
Less: Income Tax Paid	-	-
Net Cash generated from Operating Activities (F)	69,189	80,849
CASH FLOW FROM INVESTING ACTIVITIES		
Net Expenditure on Property, Plant & Equipment and CWIP	(7,39,63)	(1,04,256)
Term Deposits with Banks (having maturity more than 3 months)	-	-
Interest on Term Deposits/ Sweep Deposits	59	(5)
Investment in Subsidiary/Associate/Joint Venture	-	-
Other Non Current Asset	(4,40,85)	(28,500)
Loss of Fixed/ CWIP Assets from Torrential Rain & Flood	-	-
Net Cash used in Investing Activities (G)	(11,79,89)	(1,32,761)
CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	825	715
Share Money Pending Allotment	275	-
Proceeds from Borrowings	-	-
Repayment of Borrowings	(1,68)	(207)
Other Non Current Liabilities	47,629	47,079
Payment of Lease Liabilities	690	(137)
Interest and Finance Charges	-	-
Net Cash used for Financing Activities (H)	49,252	47,451
Net increase in cash and cash equivalents (I)=(F+G+H)	452	(4,462)
Cash & Cash Equivalents at the beginning of the year	1,157	5,618
Cash & Cash Equivalents at the end of the year	1,609	1,157
Restricted Cash Balance		
Earmarked Balance (Unpaid Dividend)	-	-
Margin Money for BG/ Letter of Credit and Pledged Deposits	3,320	2,284
Total	3,320	2,284

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

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

Sd/-
(Dr. Amit Kumar Sharma)
Director (Finance)
DIN No. 10071204

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

Place: Shimla
Date: 08/12/2023

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

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital :

1) For FY 2021-22

(Rs. in Lacs)

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	-	2,18,771	6,331	2,25,103

2) For FY 2020-21

Balance as at 1st April, 2020	Changes in equity shares capital due to prior period errors	Restated balance as at 1st April, 2020	Changes in equity shares capital during the year	Balance as at 31st March, 2021
2,18,056	-	2,18,056	715	2,18,771

B. Other Equity

1) 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	-	-	-	-	-	(56,968)	(56,968)
Changes in accounting policy or prior period errors	-	-	-	-	-	(730)	(730)
Restated balance at the beginning of the current reporting period	-	-	-	-	-	(57,698)	(57,698)
Total comprehensive Income for the current year	-	-	-	-	-	(171)	(171)
Dividends	-	-	-	-	-	0	0
Transfer to retained earnings	-	-	-	-	-	(10,963)	(10,963)
Any other change	275	-	-	-	-	0	275
Balance as on 31st March, 2022	275	-	-	-	-	(68,832)	(68,557)

2) For FY 2020-21

	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, 2020	-	-	-	-	-	(35,134)	(35,134)
Changes in accounting policy or prior period errors	-	-	-	-	-	(1,761)	(1,761)
Restated balance at the beginning of the current reporting period	-	-	-	-	-	(36,895)	(36,895)
Total comprehensive Income for the current year	-	-	-	-	-	(1,269)	(1,269)
Dividends	-	-	-	-	-	0	0
Transfer to retained earnings	-	-	-	-	-	(18,804)	(18,804)
Any other change	-	-	-	-	-	0	0
Balance as on 31st March, 2021	-	-	-	-	-	(56,968)	(56,968)

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/-
(Dr. Amit Kumar Sharma)
Director (Finance)
DIN No. 10071204

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

Place: Shimla
Date: 08/12/2023

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



HIMACHAL PRADESH POWER CORPORATION LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

1. GROUP INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES:

A. REPORTING ENTITY

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

B. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

These consolidated 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 Group 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 Group'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 Group 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 Group 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 Group 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 relating to land in possession are treated as cost of land.
- f) Asset created on land not belonging to the Group, where the Group 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 Group 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 Group 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 Group 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 Group. 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 Group 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 withdrawn 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 Group 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 Group'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 Group. 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 Group'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 Group. A financial asset is recognized when and only when the Group becomes party to the contractual provisions of the instrument. Financial assets of the Group comprise cash and cash equivalents, Bank Balances, Advances to employees/ contractors, security deposit, claims recoverable etc.

Measurement:

The Group 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 Group 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 Group. The Group'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 or 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 Group 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 Group has adopted Ind AS 116-Leases effective 1st April, 2019, using the modified retrospective method. The Group 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 Group 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 Group 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 Group 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 Group 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 Group's incremental borrowing rate. Generally, the Group 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 Group 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 Group 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 Group. 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 Group. 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

Group'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 Group 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

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

- a) Depreciation is charged on Straight Line method following the rate & methodology notified by the H.P State Electricity Regulatory Commission (HPERC) for the purpose of fixation of tariff as amended from time to time, **except in case of:**
 - b) Mobile Phones are depreciated fully @ 25% P.A. in 4 years.
 - c) Kitchen items and small office items are depreciated over the period of 3 years, keeping 10% residual value.
 - d) Assets costing Rs. 5000/- or less are depreciated fully in the year of procurement.
 - e) Expenditure on software is recognised as "Intangible Asset" and amortised fully over three years on SLM or over a period of its legal rights to use, whichever is less.
 - f) Infrastructural development construction power depreciated @5.28% SLM under the head any other assets not covered in the HPERC Schedule.
 - g) Depreciation is provided on pro-rata basis from the month in which the asset becomes obsolete is provided till the end of the month in which such declaration is made.
- ii) Expenditure on catchment area treatment (CAT) Plan during construction is capitalised along with Dam/Civil works. Such expenditure during O & M stage is charged to revenue in the year of incurrence of such expenditure
- iii) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, change in duties or similar factors, the revised unamortised balance of such assets is depreciated prospectively over the residual life.
- iv) Depreciation on increase/decrease in the value of existing assets on account of settlement of disputes is charged retrospectively.
- v) Depreciation on assets till start of commercial production has been shown under 'Incidental Expenditure during construction" under capital work in progress.
- vi) Depreciation on addition/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date, when the asset is available for use/disposal.
- (vii) Leasehold land is amortized pro-rata through depreciation over the period of lease or 40 years, whichever is lower.
- viii) Depreciation on assets till start of commercial production has been shown under 'Incidental Expenditure during construction" under capital work in progress.
- ix) Depreciation on addition/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date, when the asset is available for use/disposal.
- (x) Leasehold land is amortized pro-rata through depreciation over the period of lease or 40 years, whichever is lower.
- xi) Tangible Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land from the date such asset is available for use or at the applicable depreciation rates & methodology notified by HPERC tariff regulations for such assets, whichever is higher.
- xii) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, settlement of arbitration/court cases, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life of such asset determined following the applicable accounting policies relating to depreciation/ amortization.
- xiii) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life determined by technical assessment.
- xiv) Spare parts procured along with the Plant & Machinery or subsequently which are capitalized and added in the carrying amount of such item are depreciated over the residual useful life of the related plant and machinery at the rates and methodology notified by the HPERC.
- xv) Temporary erections are depreciated fully (100%) in the year of acquisition /capitalization.
- xvi) Expenditure on software recognized as 'Intangible Asset' and is amortized fully on straight line method over a period of legal right to use or three years, whichever is less. Other intangible assets with a finite useful life are amortized on a systematic basis over its useful life. The amortisation period and the amortisation method of intangible assets with a finite useful life is reviewed at each financial year end.
- xvii) Right-of-use land and buildings relating to generation of electricity business governed by CERC Tariff Regulations are fully amortized over lease period or life of the related plant whichever is lower following the rates and



methodology notified by the CERC Tariff Regulations.

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

1.22 INCOME TAXES

Income tax expense comprises current tax and deferred tax.

Current Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the tax is also recognised directly in equity or in other comprehensive income.

a) Current Income Tax

Current tax is expected tax payable on taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustments to tax payable in respect of previous years.

b) Deferred Tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.23 EARNINGS PER SHARE

Basic earning equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group 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 Group. Other operations viz., Consultancy works etc. do not form a reportable segment as per the Ind AS -108 - 'Operating Segments'.
- iii) The Group is having a single geographical segment as all its Power Stations are located within the Country.

2 CONSOLIDATED NOTES TO ACCOUNTS

Non Current Assets

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, 2022	Amount as at March 31, 2021
2.1 Property Plant and Equipment	2.1.1	5,56,612	5,30,885
2.2 Capital Work In progress	2.2.1	2,20,497	1,92,904
2.3 Investment Property	2.3.1	27	28
2.4 Right-of-use Assets	2.4.1	16	21
TOTAL		7,77,153	7,23,838

2.5 INVESTMENTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Investment in Equity Instruments		
Non Trade - Unquoted (at Cost)		
(a) Subsidiary Companies		
(b) Joint Venture Companies		
3375000 (P.Y. 3375000) Equity Shares of Rs. 10/- in Himachal EMTA Power Ltd	337.50	337.50
	-	-
Less: Provision for doubtful investments	(337.50)	(337.50)
Total Investment in Equity Instruments	-	-
Other Investment	-	-
Total Other Investment	-	-
Total Investments	-	-

As per para 38 and 39 of Ind AS 28, Investments in Associates and Joint Ventures

Para 38 - If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognising its share of further losses. The interest in an associate or a joint venture is the carrying amount of the investment in the associate or joint venture determined using the equity method together with any long-term interests that, in substance, form part of the entity's net investment in the associate or joint venture.

Para 39 - After the entity's interest is reduced to zero. additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.



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 01.04.2021	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 31.03.2021
Land - Lease Hold	-2	10	0	8	-3	0	0	-3	11
Land - Free Hold	1,55,500	46,215	2,225	1,99,489	0	0	0	0	1,99,489
Residential Buildings	2,617	17	0	2,635	605	91	0	696	1,939
Non-Residential Buildings	1,780	0	44	1,736	370	53	13	416	1,319
Temporary Sheds / Erections	10	0	0	10	6	4	0	10	0
Project Civil Works	2,99,565	652	0	3,00,217	30,734	14,302	0	44,998	2,55,219
Roads, Bridges & Traffic Tunnels	0	0	0	(0)	0	0	0	0	(0)
Project Electro Mechanical Works	1,08,201	222	0	1,08,423	12,332	5,186	0	17,506	90,917
Plant (currently for Water Treatment)	21	45	0	67	3	3	0	6	61
Office Machinery (like lab, fire, safety)	137	9	0	146	55	7	0	62	84
Electronics & Electrical Items	444	18	0	462	161	24	0	184	278
Furnitures & Fixtures	399	17	0	417	166	27	0	193	224
Computers & Data Processing Machines	169	101	0	270	80	14	1	93	178
Vehicles	144	0	6	138	53	20	15	58	80
Kitchen Items	3	0	0	3	2	0	0	2	1
Fire Fight Equipment	0	0	0	0	0	0	0	0	0
Small Office Items	0	0	0	1	0	0	0	0	0
Helipad	23	0	0	23	7	1	0	7	16
Bridges & Culverts	580	0	0	580	144	19	0	162	417
Server and Networks	899	0	0	899	750	0	0	750	149
Roads	4,991	0	34	4,957	1,236	162	11	1,386	3,571
Assets not owned by Group (Roads)	0	0	0	0	0	0	0	0	0
Assets not owned by Group (Others)	0	0	0	0	0	0	0	0	0
Infrastructure Dev. Construction Power	2,620	0	0	2,620	688	124	0	813	1,931
Total (A)	5,78,101	47,308	2,309	6,23,100	47,389	20,036	40	67,339	5,55,761

B) Right of Use:

Building	141	915	0	1,026	0	206	0	206	821	141
Land	31	0	0	31	0	0	0	0	31	31
Total (B)	172	915	0	1,058	0	206	0	206	852	172
Grand Total (A+B)	5,78,274	48,223	2,309	6,24,157	47,389	20,242	40	67,545	5,56,612	5,30,885

Note No. 2.2.1

CAPITAL WORK-IN-PROGRESS

(Rs. in Lacs)

Particulars	Note No.	Amount As at 31.03.2021	Addition during FY 2021-22	Deletion during FY 2021-22	Net Adj. during FY 2021-22	Amount As at 31.03.2022
Residential Buildings	2.2.1.1	0	0	0	0	0
Non Residential Buildings	2.2.1.1	179	6	0	6	184
Roads, Bridges & Culverts	2.2.1.1	465	216	6	210	675
Civil Works	2.2.1.1	66,800	8,611	151	8,456	75,261
Electro-Mechanical Works	2.2.1.1	30,428	3,522	3	3,520	33,948
Construction Power	2.2.1.1	0	2	0	2	2
Plant & Machinery	2.2.1.1	8	0	0	0	8
Land Submerged Area	2.2.1.1	0	0	0	0	0
Investigation & Survey	2.2.1.1	0	4	4	0	0
Environment and R&R Expenses	2.2.1.1	0	6	6	0	0
AUC Office Item	2.2.1.1	0	1	0	0	1
G.Total		97,879	12,368	169	12,193	1,10,078
Expenditure During Construction	2.2.2	95,021	20,605	(5,210)	15,395	1,10,417
IND AS adjustment		3	0	0	0	3
Total Carried forward to Balance Sheet		1,92,904	32,973	5,379	27,588	2,20,497

Note No. 2.2.1.1

CAPITAL WORK IN PROGRESS (PROJECT WISE)

(Rs. in Lacs)

Particulars	Residential Buildings as at 31.03.2022	Non Residential Buildings as at 31.03.2022	Roads, Bridges & Culverts as at 31.03.2022	Civil Works as at 31.03.2022	Electro- Mechanical Works as at 31.03.2022	Construction Power as at 31.03.2022	Plant & Machinery as at 31.03.2022	Land Submerged Area as at 31.03.2022	Investigation & Survey as at 31.03.2022	Environment Expenses as at 31.03.2022	Office Item as at 31.03. 2022	G.Total
Sundernagar	-	-	-	-	-	-	-	-	-	-	-	-
Sawra Kuddu HEP	-	-	20	38	-	-	-	-	-	-	-	58
Kashang HEP Stage-I	-	-	58	-	-	-	-	-	-	-	-	58
Sainj HEP	-	184	308	101	-	-	-	-	-	-	-	593
Renuka Dam Project	-	-	-	-	-	-	8	-	-	-	-	8
Shongtong HEP	-	-	-	58,759	33,948	1	-	-	-	-	-	92,708
Triveni HEP	-	-	-	-	-	-	-	-	-	-	-	-
Thana Plaun HEP	-	-	-	-	-	-	-	-	-	-	-	-
Nakthan HEP	-	-	-	-	-	-	-	-	-	-	1	1
Gyspa HEP	-	-	-	-	-	-	-	-	-	-	-	-
Surgani Sundla HEP	-	-	-	-	-	-	-	-	-	-	-	-
Deothal Chanju	-	-	10	-	-	-	-	-	-	-	-	10
Chanju-III	-	-	19	-	-	-	-	-	-	-	-	19
Berra-Dol Solar Power Project	-	-	-	-	-	-	-	-	-	-	-	-
Kashang HEP Stage-II	-	-	261	16,363	-	1	-	-	-	-	-	16,624
G.Total	-	184	675	75,261	33,948	2	8	-	-	-	1	1,10,078

**Note 2.3.1 INVESTMENT PROPERTY****Asat 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	47	-	-	47	18	1	-	20	27	28
Total	47	-	-	47	18	1	-	20	27	28

Asat 31-3-21

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2020	Addition during the year	Deductions/ Adjustments	As at 31.03.2021	As at 01.04.2020	Addition during the year	Deductions/ Adjustments	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020
Building-Investment	47	-	-	47	17	1	-	18	28	30
Total	47	-	-	47	17	1	-	18	28	30

Note 2.4.1 OTHER INTANGIBLE ASSETS

(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	-	-	69	48	4	-	53	16	21
Total	69	-	-	69	48	4	-	53	16	21

2.6 LOANS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Security Deposits		
- Secured Considered Good	-	-
- Unsecured Considered Good	89	148
- Doubtful	-	-
Total (A)	89	148
Loans to other employess		
- Secured Considered Good	-	-
- Unsecured Considered Good	-	-
- Doubtful	-	-
Total (B)	-	-
Total (C) =(A+B)	89	148

2.7 OTHERS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Other Deposits	-	-
Bank Deposit with more than 12 months maturity	-	-
TOTAL	-	-

2.8 REGULATORY DEFERRAL ACCOUNTS-DEBIT BALANCE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Regulatory Deferral Accounts- Debit Balance	-	-
TOTAL	-	-

2.9 NON - CURRENT ASSETS OTHER NON CURRENT ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Capital Advances:		
Advances to Suppliers and Contractors		
Covered by Bank Guarantee	-	-
Unsecured Considered Good	5,781	5,718
Others	-	381
Loans and Advances to Related Parties	-	-
Unsecured Considered Good	61	61
Less: Provision for Doubtful Advances	(61)	(61)
Advances to Govt Departments	-	-
Advances to Others	-	-
Others- Secured Considered Good	46	29
Others- Unsecured Considered Good	383	229
Total Advances (A)	6,211	6,357
Others		
Recoverable from Contractors		
Others- Secured Considered Good	-	-
Others- Unsecured Considered Good	1,560	1,545
Recoverable from staff	-	-
Deposits with Income Tax Authorities	7,599	7,557
Other Recoverable	19	147
Less: Provision for Doubtful Recoverable	(13,034)	(12,969)
Capital Stores at Cost	-	-
Other Items	-	1
Grant Receivables- Non Current	97,190	52,821
Prepaid Expenses	3	5
Deferred Employee Benefits Expense	-	-
Total - Others (B)	93,337	49,107
Total Other Non- Current Assets (C)=(A+B)	99,548	55,464



CURRENT ASSETS

2.10 INVENTORIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Inventories	40	34
Loose Tools	90	74
Stores and Spares	744	735
Less: Provision for Shortage of store and Obsolescence		-
TOTAL	874	843

2.11 TRADE RECEIVABLES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Secured considered good		
Unsecured considered good		
Sale of Power	485	462
Others(HPTCL)	24	24
TOTAL	509	486

2.12 CASH AND CASH EQUIVALENTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Term Deposits (having original maturity of upto 3 months)	-	-
Cash and Bank Balances	-	-
Cash in Hand	-	-
Stamps in Hand	-	-
Balances with Banks	-	-
Current Deposits	1,608	1,156
Term Deposits with maturity period up o 3 months	-	-
TOTAL	1,609	1,157

2.13 BANK BALANCE - OTHER THAN ABOVE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
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	3,320	2,284
TOTAL	3,320	2,284

2.14 LOANS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Security Deposit		
Secured Considered Good	-	-
Unsecured Considered Good	61	2
Doubtful	-	-
Recoverable from Staff	2	5
Advances to Employees	-	-
Secured considered good	-	-
Unsecured Considered Good	0	1
Doubtful	-	-
TOTAL	63	7

2.15 OTHER ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Interest Accrued but not due on Deposits with Banks	36	159
Interest Recoverable	19	185
Amount Receivable from Others	229	100
Amount Recoverable from Contractor & Suppliers	19,294	18,670
Others- Secured Considered Good	-	-
Others- Unsecured Considered Good	-	-
TOTAL	19,577	19,113

2.16 OTHER CURRENT ASSETS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Advances Others		
Secured Considered Good	-	-
Unsecured Considered Good	22	-
Advances to Suppliers & Contractors	-	-
Secured Considered Good	-	-
Unsecured Considered Good	4,417	2,592
Advances to Govt Department	-	-
Secured Considered Good	-	-
Unsecured Considered Good	635	462
Others	-	-
Prepaid Expenses	313	187
Amount Recoverable from tax authorities	10	10
Deposit with Courts	21,180	12,956
Other Recoverable	0	0
Recv from Rent	30	-
TOTAL	26,606	16,207



2.17 EQUITY SHARE CAPITAL

Particulars	as at March 31, 2022		as at March 31, 2021	
	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	2,25,10,279	2,25,103	2,18,77,133	2,18,771
TOTAL		2,25,103		2,18,771

2.17.1 DETAIL OF SHAREHOLDING HOLDING MORE THAN 5% SHARES IN THE GROUP

Particulars	as at March 31, 2022		as at March 31, 2021	
	No. of Shares	%	No. of Shares	%
Government of Himachal Pradesh (GoHP)	93,30,991	41.45	86,97,845	39.76
Himachal Pradesh Infrastructure Development Board	1,18,71,507	52.74	1,18,71,507	54.26
Himachal Pradesh Electricity Board Limited	13,07,751	5.81	13,07,731	5.98
TOTAL	2,25,10,229	100.00	2,18,77,083	100.00

2.17.2 THE RECONCILIATION OF SHARES OUTSTANDING IS SET OUT BELOW:

(Rs. in Lacs)

Particulars	as at March 31, 2022		as at March 31, 2021	
	No. of Shares	Share Capital	No. of Shares	Share Capital
No. of shares at the beginning	2,18,77,133	2,18,771	2,18,05,633	2,18,056
No. of shares issued during the year	6,33,146	6,331	71,500	715
No. of shares bought Back during the year	-	-	-	-
No. of shares at the end	2,25,10,279	2,25,103	2,18,77,133	2,18,771

NON CURRENT LIABILITIES

2.18 BORROWINGS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Term Loans		
From Banks:	-	-
A. Secured		
UCO Bank	-	1,807
Total (A)		1,807
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)	5,162	7,227
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)	4,959	4,959
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)	-	15,407

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)	5,544	11,088
Government of Himachal Pradesh Loan (Trench 3) (Rate of Interest 10% pa payable in yearly instalments of principal & interest from April 18 to January 2026)	31,580	52,633
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)	17,134	23,988
Government of Himachal Pradesh Loan (SEC.TRM.LOAN HP Govt)		
Total (B)	64,379	1,15,302
Total Term Loans from Banks (A+B)	64,379	1,17,109

2.19 LEASE LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Lease Liabilities -Non Current	683	49
Total	683	49

2.20 OTHER FINANCIAL LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Deposits, Retention Money from Contractors and Others	1,279	7,618
Liabilities For Contractors & Suppliers	0	686
Provision for Expenses	3,105	4,283
Deferred Repayment of Interest of GoHP Loan	-	-
Total	4,384	12,588

2.21 PROVISIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Unfunded Employee benefit		
Pension Contribution	1,241	1,121
Gratuity	1,621	1,333
Leave Encashment	3,833	3,146
TOTAL	6,695	5,600

2.22 DEFERRED TAX LIABILITIES (NET)

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Deferred Tax Liabilities	-	-
TOTAL	-	-



2.23 OTHER NON-CURRENT LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Capital Grant government of India		
(A) Utilised Grant		
Renuka		
Opening Balance	1,23,157	76,201
Addition during the year	47,631	46,956
Less: Accumulated Depreciation on Fixed Assets	240	220
Less: Accumulated Depreciation on Fixed Assets write-off during the year	0	0
Closing Balance	1,70,548	1,22,937
Gyspa		
Opening Balance	1,251	1,104
Addition during the year	22	147
Less: Accumulated Depreciation on Fixed Assets	40	36
Closing Balance	1,233	1,214
Total Utilised Grants	1,71,781	1,24,152

CURRENT LIABILITIES

2.24 BORROWINGS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Secured		
From UCO Bank	1,639	-
From KCCBL	13,967	11,345
HPSCBL CCL	3,359	2,739
Unsecured		
Government of Himachal Pradesh Loan	1,89,112	1,38,189
TOTAL	2,08,077	1,52,273

2.27 LEASE LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Lease Liabilities -Current	167	111
TOTAL	167	111

2.28 TRADE PAYABLES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Trade Payables	-	-
TOTAL	-	-

2.27 OTHER FINANCIAL LIABILITIES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Liabilities for employees Remuneration and Benefit	128	133
Share Application Money pending Allotment	-	5,506
Interest Accrued and Due on Loan	1,96,030	1,71,734
Salary & Other Exps. Payable to Employees	-	0
Advance for deposit Work	0	0
Deposits, Retention Money from Contractors and Others	8,814	2,109
Liabilities for Government Departments	98,629	56,675
Liabilities For Contractors & Suppliers	2,580	4,188
Provision for Expenses	10,317	6,014
Taxes and Duties Payable	136	136
Other Liabilities	-	0
TOTAL	3,16,635	2,46,496

2.28 PROVISIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Unfunded Employee benefit		
Gratuity	-	47
Leave Encashment	-	48
TOTAL	-	95

2.29 REVENUE FROM OPERATIONS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Sales		
Energy Sales	40,034	12,166
Less: Purchase of Power (RTM)	(18)	(3)
Total Energy Sale(A)	40,016	12,163
Sale of Services		
Rent from Property	40	45
Total Sale of Services (B)	40	45
Total Revenue from Operations(C)=(A+B)	40,056	12,208

**2.30 OTHER INCOME**

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Miscellaneous Income	114	490
TOTAL	114	490
#Miscellaneous Income		
	0	1
Income for providing Design works/Lab Receipt		
Interest from Banks	8	5
Late Payment Surcharge	5	-
Rebate NRLDC Fee Chg	2	0
Interest on Bank Deposit - FDR's	25	11
Others	74	472
TOTAL	114	490

2.31 EMPLOYEE BENEFITS EXPENSES

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Salaries, Wages, Allowances and Benefits	2,291	1,432
Contribution to Provident and Other Funds	96	76
Leave Salary and Pension Contribution	335	127
Welfare Expenses	277	110
TOTAL	2,998	1,744

2.32 FINANCE COSTS

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Bank Charges/LC Charges	0	0
Interest on Term Loans	19,653	14,274
Interest on Other Loan	624	3
TOTAL	20,278	14,277

2.33 DEPRECIATION AND AMORTIZATION EXPENSE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Depreciation for the Year	20,589	12,535
Depreciation charged to Statement of Profit & Loss	20,589	12,535

2.34 OTHER EXPENSES OFFICE AND ADMINISTRATIVE EXPENDITURE

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Repair and Maintenance		
Buildings	75	73
Roads	120	41
Plant & Machinery	854	1,113
Office Equipments & Furnitures	1	1
Civil Works	340	194
Vehicles	0	1
	1,390	1,423
Rent, rates and Taxes	3	33
Insurance - Other Assets	331	117
Electricity & Water Charges	36	40
Travelling & Conveyance	1	3
Training Expenses	0	20
Legal and Professional Charges	74	95
Communication Expenses	11	13
Printing & Stationery	5	6
Statutory Audit Fees	8	8
Consultancy fees	3	1
Publicity and Advertisement Expenses	16	3
Expenses in relation to sale of power	4,389	816
Free Power	62	47
Hiring of Vehicles	138	117
Vehicle Running Charges and Insurance Charges	4	2
Annual Technical Support- SAP	1	1
Fees and subscription	5	5
Expenses on Transit Camps	0	0
Books & Periodicals	1	1
Hospitality and Entertainment Expense	2	1
Freight and Labour Charges	0	0
Postage and Telegram Expenses	0	0
Raising Day Expense	11	0
Rebate to Customers	37	38
Meeting Expenses	0	0
Environment & Ecology Expenses	(25)	43
Office Expenses	23	42
Interest & penalties under I.Tax	0	1
Loss on Sale of Fixed Assets	60	9
Miscellaneous Expenses	199	61
Training Expense O&M	-	-



Contribution to IIIT	480	-
Intt../Penalty- Entry	0	-
Round Off	0	-
Total	7,269	2,945

2.35 OTHER COMPREHENSIVE INCOME

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
A. Items that will not be reclassified to profit & loss		
(ii) Remeasurement of the defined benefit plans	171	1,269
TOTAL	171	1,269

2.36 EARNING PER SHARE BASIC AND DILUTED

(Rs. in Lacs)

Particulars	Amount as at March 31, 2022	Amount as at March 31, 2021
Net Profit after Tax	(11,134)	(20,073)
Weighted Average Number of Shares	2,25,10,749	2,18,41,383
Face Value of Share	1,000	1,000
EPS	(49.46)	(91.90)

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

(A) Restatement for the year ended 31st March 2021 and as at 1st April 2020

In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Group has retrospectively restated its Balance Sheet as at 31st March 2021 and 1st April 2020 (beginning of the preceding period) and Statement of Profit and Loss and Statement of Cash Flows for the year ended 31st March 2021 for the reasons as stated in the notes below.

Reconciliation of Restated items of Balance Sheet as at 31st March 2021 & 1st April 2020:

(Rs. in Lacs)

Particulars	Note No.	As at March 31, 2021					As at March 31, 2020				
		As Previously Reported	IND AS 8 Adjustment	IND AS 40 Adjustment	IND AS 116 Adjustment	As Restated	As Previously Reported	IND AS 8 Adjustment	IND AS 40 Adjustment	IND AS 116 Adjustment	As Restated
Property, plant and equipment	(i)	5,30,758	-	-	-	5,30,758	3,02,301	-	-	-	3,02,301
Accumulated Depreciation	(i)	-	-	-	-	-	-	-	-	-	-
DEP NON RES-BUILDING	(i)	376	1	-	-	375	320	5	-	-	315
ACC DEP PRJ. CIVIL WRK	(i)	30,696	(13)	-	-	30,708	22,001	(26)	-	-	22,027
ACC DEP PRJ. E&M WRK	(i)	12,319	(6)	-	-	12,326	8,799	(7)	-	-	8,806
Capital Work-in-Progress		1,92,901	3	-	-	1,92,904	3,29,527	0	-	-	3,29,527
Right-of-use asset		142	-	-	30	172	305	-	-	35	340
Other Current Assets	(i)	16,231	(17)	-	-	16,213	14,793	(6)	-	-	14,787
Extract Total		-	(32)	-	30	-	-	(34)	-	35	-
Other Equity	(i)	(55,207)	(729)	-	0	(55,934)	(35,134)	(1,763)	-	2	(36,895)
Other Non current financial liabilities-		-	-	-	-	-	-	-	-	-	-
Lease Liabilities	(i)	23	-	-	26	49	108	-	-	30	138
Other Current financial liabilities-	(i)	-	-	-	-	-	-	-	-	-	-
Provision for expenses	(i)	6,014	0	-	-	6,014	4,712	-	-	-	4,712
Taxes and Duties Payable		133	3	-	-	136	177	0	-	-	-
Liabilities For Contractors & Suppliers		1,741	694	-	-	2,435	2,300	1,753	-	-	-
Lease Liabilities		107	-	-	-	111	188	-	-	4	192
Other Financial Liabilities		-	-	-	4	-	2,093	(25)	-	-	2,069
Extract Total		-	(32)	-	30	-	-	(34)	-	35	-

Reconciliation of Restated items of Statement of Profit and Loss for the year ended 31st March 2021

(Rs. in Lacs)

Finance Costs	(i)	14,277	-	-	3	14,280	13,013	-	-	-	13,013
Depreciation & Amortization Expense	(i)	12,535	17.41	-	5	12,556	10,824	28	-	5	10,852
Other Expenses	(i)	2,945	711.54	-	(7)	3,651	2,913	1,759	-	(7)	4,672
Profit after Tax		-	-	-	-	-	0	25	-	-	25

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



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, 2022	As at March 31, 2021
		Amortised Cost	Amortised Cost
Financial Assets			
Non Current Financial Assets			
(i) Investments	2.5	-	-
(ii) Loans	2.6	89	148
(iii) Others	2.7	-	-
Bank Deposits with more than 12 Months Maturity			
Current Financial Assets			
(i) Trade Receivables	2.11	509	486
(ii) Cash and Cash Equivalents	2.12	2,651	1,157
(iii) Bank Balance other than above	2.13	2,277	2,284
(iv) Loans	2.14	63	7
(v) Other Assets			
Interest Accrued	2.15	36	159
Other Recoverable	2.15	19,542	18,954
Total Financial Assets		25,166	23,195
Financial Liabilities			
(i) Long Term Borrowings			
a) Term Loans Financial Institutions	2.18	-	1,807
b) Term Loans from Others	2.18 & 2.20	64,379	1,15,302
(ii) Deposits / retention non current	2.20	4,384	12,588
Current Financial Liabilities			
(iii) Other Financial Liabilities			
a) Current Maturity of Term Loans Financial Institutions	2.27	-	1,38,189
b) Current Maturity of Term Loans other	2.27	-	-
c) Deposit/Retention Money	2.27	8,814	2,134
d) Liability against Capital Works	2.27	2,580	1,741
e) Other Payables	2.24 & 2.27	3,24,205	2,54,280
Total Financial Liabilities		4,04,363	5,26,041

Note :- The Group 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 Group 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 Group 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, 2022			As at March 31, 2021		
		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, 2022			As at March 31, 2021		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets							
(i) Loans to employees & Others	2.6 & 2.14		152			155	
(ii) Other		-	-	-	-	-	-
Bank deposits with more than 12 months maturity		-	-	-	-	-	-
Total Assets		-	152	-	-	155	-
Financial Liabilities							
(i) Long term Borrowings (incl. current Maturity & Interest)	2.18 & 2.27		2,60,409			2,88,843	
(ii) Deposit / Retention Money (Including Current)	2.19 & 2.27	-	-	-	-	14,722	-
Total Liabilities		-	2,60,409	-	-	3,03,565	-
Total		-		-	-		-

Valuation techniques and process used to determine fair values

The Group 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 Group 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, 2022		As at March 31, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
(I) Loans to employees & Others	2.6 & 2.14	152	152	155	155
(ii) Other		-	-	-	-
Bank deposits with more than 12 months maturity		-	-	-	-
Total Assets		152	152	155	155
Financial Liabilities					
(I) Long term Borrowings (incl. current Maturity & Interest)	2.18 & 2.27	2,60,409	2,60,409	2,88,843	2,88,843
(ii) Deposit / Retention Money (Including Current)	2.19 & 2.27	13,162	13,162	14,722	14,722
Total Liabilities		2,73,571	2,73,571	3,03,565	3,03,565

Significant Estimates:

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group 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 Group at the year end.

(ii) Financial Risk Management

Financial risk factors:

The Group's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Group's operations. The Group has advances and other receivables, trade and other receivables, investments and cash and short-term deposits that arise directly from its operations. The Group'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 Group 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 financier

b) Liquidity risk:

Liquidity risk is the risk that the Group 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, 2022 and 31st March, 2021. The Group's risk management is carried out as per policies approved by Board of Directors from time to time.

(A) Credit Risk:

The Group 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 Group extends credit to customers in normal course of business. The Group monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Group 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 Group 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 Group 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 Group 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 Group's objective is to maintain an optimum level of liquidity at all times to meet its cash and collateral requirements. The Group 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 Group 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 Group 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 Group'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 2.18, 2.20, 2.24 & 2.27)

(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	-	-

(Rs. in Lacs)

As at 31st March, 2021						
Contractual maturities of financial liabilities	Note No.	Outstanding Debt on 31.03.2021	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)	2.20, 2.22 2.26 & 2.29	2,55,298	1,39,996	33,736	36,989	44,578
2. Other current & financial liabilities	2.22 & 2.29	2,70,742	2,69,702	1,040	-	-

(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 Group'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 Group 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 31 st March 2022	As At 31 st March 2021
Fixed Rate Borrowings	64,379	1,15,302

ii) Price Risk:

Exposure:

The Group 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 Group'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 2022			As At 31st March 2021		
Foreign Currency	USD	Euro	CHF	USD	Euro	CHF
Financial Assets						
Net Exposure to foreign currency risk (asset)	7.92	0	0	7.92	0.84	0
Financial Liabilities						
Retention Money	0	0	0	0	1.32	0
Other Payables	0	0	0	0	0	0
Net Exposure to foreign currency risk-Liabilities(B)	7.92	0	0	7.92	(1.32)	0
Net Exposure to foreign currency risk (A-B)	7.92	0	0	7.92	(0.48)	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 Group, 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 Group 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 Group's capital management is to maximize the shareholder value. The Group's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Group's ability to continue as a going concern, in order to support its business and provide maximum returns for shareholders. The Group 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, 2021.

The Group 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 31 st March 2022	As At 31 st March 2021
a) Loans and Borrowings	2,72,456.00	1,31,193.09
b) Trade and Other Payables	4,99,495.00	5,24,694.35
b) Less: Cash and Cash Equivalents	2,651.00	1,157.00
c) Net Debt	7,69,300.00	6,54,730.00
d) Total Capital	1,56,546.00	1,63,564.72
e) Capital and Net Debt	9,25,846.00	8,18,294.72
f) Gearing Ratio (%age)	83.09	80.00

Note: For the purpose of the Group'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 Group 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 Group started commercial operation during the year 2016-17 and total cumulative loss as on 31.03.2022 is Rs. 68557 Lakhs, thus no dividend has been declared by the Group.

Other Explanatory Notes to Accounts:

2.41 CONTINGENT LIABILITIES

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

(i) Capital works:

Contractors have lodged claims as on 31.3.2022, aggregating to approx. Rs. 77378.51 Lacs, against the Group 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 Group 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 31 st March 2022	As At 31 st March 2021
Capital Works	77,378.51	80,166.75
Land Compensation	79,245.46	1,68,618.40
Others	457.52	5,489.65
TOTAL	1,57,081.49	2,54,274.80

(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.10443.79 Lacs as on 31.03.2022, before various authorities/courts. Group 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 31.03.2022, amounting to Rs. 457.52 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 31.03.2021	Provision Against the Claims	Contingent Liability as on 31.03.2022	Contingent Liability as on 31.03.2021	Addition of Contingent 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

The above is summarized as at 31.03.2021 below

(Rs. in Lacs)

Particulars	Claims as on 31.03.2021	Provision Against the Claims	Contingent Liability as on 31.03.2021	Contingent Liability as on 31.03.2020	Addition of Contingent Liability for the period
Capital Works	80,166.75	0	80,166.75	62,680.45	17,486.30
Land Compensation	1,68,618.40	0	1,68,618.40	18,579.44	1,50,038.96
Others	5,489.65	0	5,489.65	787.98	4,701.67

(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 Group'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 Group's results of operations or financial condition.

2.42 DETAIL OF CONTINGENT ASSETS

(Rs. in Lacs)

Particulars	As At 31 st March 2022	As At 31 st March 2021
Civil Work	60,816.73	59,306.60

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

(In Lacs)

Particulars		As At 31 st March 2022	As At 31 st March 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for	INR	82,322.38	74,896.71
	Euro	702.58	8.30
	US\$	41,32.78	82.18

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

(Rs. in Lacs)

S.No.	Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i)	Amount Charged to Statement of Profit and Loss Account excluding depreciation	21.91 (Net)	-39.30 (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 Group employees are not covered under any Government pension scheme. However, the employees of the HPSEBL who are on secondment basis with the Group 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 Group are covered under EPF Scheme with Regional Provident Commissioner and the



contribution is being paid on monthly basis to the authorities.

(ii) Gratuity:

The Group 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 Group 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 in the Group's financial statements as at balance sheet date:

(Amount in Rs.)

Assets / Liability	31.03.2021	31.03.2022
a. Present value of obligation	137,986,302	162,078,774
b. Fair value of plan assets	-	-
c. Net assets / (liability) recognized in balance sheet as provision	(137,986,302)	(162,078,774)

Plan Liability:-

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

(Amount in Rs.)

Date Ending	31.03.2021	31.03.2022
Present value of obligation as at the end of the period	137,986,302	162,078,774

(Amount in Rs.)

Service Cost	31.03.2021	31.03.2022
a. Current Service Cost	13,421,186	14,994,017
b. Past Service Cost including curtailment Gains/Losses	-	-
c. Gains or Losses on Non routine settlements	-	-
d. Total Service Cost	13,421,186	14,994,017

(Amount in Rs.)

Net Interest Cost	31.03.2021	31.03.2022
a. Interest Cost on Defined Benefit Obligation	-	9,383,069
b. Interest Income on Plan Assets	-	-
c. Net Interest Cost (Income)	-	9,383,069

(Amount in Rs.)

Change in Benefit Obligation	31.03.2021	31.03.2022
a. Present value of obligation as at the beginning of the period	68,182,720	137,986,302
b. Acquisition adjustment	-	-
c. Interest Cost	-	9,383,069
d. Service Cost	13,421,186	14,994,017
e. Past Service Cost including curtailment Gains/Losses	-	-
f. Benefits Paid	-	(1,364,670)
g. Total Actuarial (Gain)/Loss on Obligation	56,382,396	1,080,056
h. Present value of obligation as at the End of the period	137,986,302	162,078,774

(Amount in Rs.)

Bifurcation of Actuarial Gain/Loss on Obligation	31.03.2021	31.03.2021
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)
c. Actuarial (Gain)/Loss on arising from Experience Adjustment	56,382,396	9,138,556

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	31.03.2021	31.03.2022
a. Present Value of the obligation at end	137,986,302	162,078,774
b. Fair value of plan assets	-	-
c. Unfunded Liability/provision in Balance Sheet	(137,986,302)	(162,078,774)

(Amount in Rs.)

The amounts recognized in the income statement	31.03.2021	31.03.2022
a. Total Service Cost	13,421,186	14,994,017
b. Net Interest Cost	-	9,383,069
c. Expense recognized in the Income Statement	13,421,186	24,377,086

(Amount in Rs.)

Other Comprehensive Income (OCI)	31.03.2021	31.03.2022
a. Net cumulative unrecognized actuarial gain/(loss) opening	-	-
b. Actuarial gain / (loss) for the year on PBO	(56,382,396)	(1,080,056)
c. Actuarial gain / (loss) for the year on Asset	-	-
d. Unrecognized actuarial gain/(loss) at the end of the year	(56,382,396)	(1,080,056)

(Amount in Rs.)

Change in Net Defined Benefit Obligation	31.03.2021	31.03.2022
a. Net defined benefit liability at the start of the period	68,182,720	137,986,302
b. Acquisition adjustment	-	-
c. Total Service Cost	13,421,186	14,994,017
d. Net Interest cost (Income)	-	9,383,069
e. Re-measurements	56,382,396	1,080,056
f. Contribution paid to the Fund	-	-
g. Benefit paid directly by the enterprise	-	(1,364,670)
h. Net defined benefit liability at the end of the period	137,986,302	162,078,774

(Amount in Rs.)

Bifurcation of PBO at the end of year in current and non current	31.03.2021	31.03.2022
a. Current liability (Amount due within one year)	4,710,990	10,008,744
b. Non-Current liability (Amount due over one year)	133,275,312	152,070,030
Total PBO at the end of year	137,986,302	162,078,774

(Amount in Rs.)

Expected contribution for the next Annual reporting period	31.03.2021	31.03.2022
a. Service Cost	14,179,125	15,848,713
b. Net Interest Cost	9,383,069	11,702,087
c. Expected Expense for the next annual reporting period	23,562,194	27,550,800



(Amount in Rs.)

Sensitivity Analysis of the defined benefit obligation	31.03.2022
a. Impact of the change in discount rate	
Present Value of Obligation at the end of the period	162,078,774
a. Impact due to increase of 0.50%	(8,892,302)
b. Impact due to decrease of 0.50%	9,670,946
b. Impact of the change in salary increase	
Present Value of Obligation at the end of the period	162,078,774
a. Impact due to increase of 0.50%	3,819,706
b. Impact due to decrease of 0.50%	(3,990,620)

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 Group 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 Group, the leave salary contribution is payable to the HPSEBL as per the formula devised by them.

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

(Amount in Rs.)

Assets / Liability	31.03.2021	31.03.2022
a. Present value of obligation	158,817,866	206,910,761
b. Fair value of plan assets	-	-
c. Net assets / (liability) recognized in balance sheet as provision	(158,817,866)	(206,910,761)

Plan Liability

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

(Amount in Rs.)

Date Ending	31.03.2021	31.03.2021
Present value of obligation as at the end of the period	158,817,866	206,910,761

(Amount in Rs.)

Service Cost	31.03.2021	31.03.2021
a. Current Service Cost	15,308,664	18,755,314
b. Past Service Cost including curtailment Gains/Losses	-	-
c. Gains or Losses on Non routine settlements	-	-
d. Total Service Cost	15,308,664	18,755,314

(Amount in Rs.)

Net Interest Cost	31.03.2021	31.03.2022
a. Interest Cost on Defined Benefit Obligation	-	10,799,615
b. Interest Income on Plan Assets	-	-
c. Net Interest Cost (Income)	-	10,799,615

(Amount in Rs.)

Change in Benefit Obligation	31.03.2021	31.03.2022
a. Present value of obligation as at the beginning of the period	73,400,288	158,817,866
b. Acquisition adjustment	-	-
c. Interest Cost	-	10,799,615
d. Service Cost	15,308,664	18,755,314
e. Past Service Cost including curtailment Gains/Losses	-	-
f. Benefits Paid	(409,101)	(925,922)
g. Total Actuarial (Gain)/Loss on Obligation	70,518,015	19,463,888
h. Present value of obligation as at the End of the period	158,817,866	206,910,761

(Amount in Rs.)

Actuarial Gain/Loss on Obligation	31.03.2021	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	-	(11,614,198)
c. Actuarial (Gain)/Loss on arising from Experience Adjustment	70,518,015	31,078,086

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	31.03.2021	31.03.2022
a. Present Value of the obligation at end	158,817,866	206,910,761
b. Fair value of plan assets	-	-
c. Unfunded Liability/provision in Balance Sheet	(158,817,866)	(206,910,761)

(Amount in Rs.)

The amounts recognized in the income statement	31.03.2021	31.03.2022
a. Total Service Cost	15,308,664	18,755,314
b. Net Interest Cost	-	10,799,615
c. Net actuarial (gain) / loss recognized in the period	70,518,015	19,463,888
d. Expense recognized in the Income Statement	85,826,679	49,018,817

(Amount in Rs.)

Change in Net Defined Benefit Obligation	31.03.2021	31.03.2022
a. Net defined benefit liability at the start of the period	73,400,288	158,817,866
b. Acquisition adjustment	-	-
c. Total Service Cost	15,308,664	18,755,314
d. Net Interest cost (Income)	-	10,799,615
e. Re-measurements	70,518,015	19,463,888
f. Contribution paid to the Fund	-	-
g. Benefit paid directly by the enterprise	(409,101)	(925,922)
h. Net defined benefit liability at the end of the period	158,817,866	206,910,761

(Amount in Rs.)

Bifurcation of PBO at the end of year in current and non current	31.03.2021	31.03.2022
a. Current liability (Amount due within one year)	4,785,248	10,341,464
b. Non-Current liability (Amount due over one year)	154,032,618	196,569,297
Total PBO at the end of year	158,817,866	206,910,761



(Amount in Rs.)

Expected contribution for the next Annual reporting period	31.03.2021	31.03.2022
a. Service Cost	16,110,090	19,772,704
b. Net Interest Cost	10,799,615	14,938,957
c. Expected Expense for the next annual reporting period	26,909,705	34,711,661

(Amount in Rs.)

Sensitivity Analysis of the defined benefit obligation	31.03.2022
a. Impact of the change in discount rate	
Present Value of Obligation at the end of the period	206,910,761
a. Impact due to increase of 0.50%	(12,771,403)
b. Impact due to decrease of 0.50%	13,924,613
b. Impact of the change in salary increase	
Present Value of Obligation at the end of the period	206,910,761
a. Impact due to increase of 0.50%	13,752,892
b. Impact due to decrease of 0.50%	(12,739,417)

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:

- 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.
- Electricity generation is the principal business activity of the Group. Other operations viz., Lab Testing do not form a reportable segment as per the Ind AS 108 on 'Segment Reporting'.
- The Group 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	
		2021-22	2020-21	2021-22	2020-21
1.	HPSEB Limited	349.18	356.04	0.87%	2.93%
2.	M/s TPTCL	35204.63	11351.44	87.94%	93.33%
3.	M/s PTC	4480.10	455.24	11.19%	3.74%

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. Amit Kashyap, IAS	Managing Director	02.11.2020 to 24.06.2021
Sh. Devesh Kumar, IAS		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. Manmohan Sharma, IAS	Director (Personnel & Finance)	10.06.2019 to 24.06.2021
Ms. Priyanka Verma, IAS		28.06.2021 to 05.08.2022
Sh. Mukesh Repaswal, IAS		06.08.2022 to 19.01.2023
Dr. Amit Kumar Sharma		19.01.2023 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		19.01.2023 till date
Sh. Dharam Singh Thakur	Director (Civil)	09.03.2018 to 10.06.2021
Sh. Surender Kumar		22.07.2021 till date
Sh. Sudershan Kumar Sharma	Company Secretary	07.08.2008 till date

(ii) Joint Ventures:

Name of Entity	Principal Place of operation	Principal Activities	Percentage of Shareholding/ voting Power	
			As At 31st March 2022	As At 31st March 2021
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	
	2021-22	2020-21
Investment in Share Capital	-	-
Share Application Money	-	-
Amount Recoverable	-	-

2.48 REMUNERATION TO DIRECTORS & KEY MANAGERIAL PERSONNEL

(Rs. in Lacs)

Particulars	Year ended on 2021-22	Year ended on 2020-21
i) Short Term Employee Benefits	91.32	104.02
ii) Post Employment Benefits	6.17	Nil
iii) Other Long Term Benefits	Nil	Nil
iv) Termination Benefits	Nil	Nil
TOTAL	97.49	104.02

Whole Time Directors are allowed to the use of staff cars including private journeys on payment in accordance with Group 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 Group's interest in joint ventures as at 31st March, 2022 are set out below, which in the opinion of the management, are material to the Group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Group. The country of in Group 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 2022	31st March 2021	31st March 2022	31st March 2021
Himachal EMTA Power Limited	50	Joint Venture	Equity Method	*	*	*	*

- *Unlisted Entity- no quoted Price available
- **The Group has made provision of doubtful investments amounting to Rs. 338 lakhs in the F.Y. 2017-18.
- The Group 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 2022 using the Equity Method:

Himachal EMTA Power Limited

(Rs. in Lacs)

Particulars	As At 31 st March 2022	As At 31 st March 2021
Current Assets		
Cash and Cash Equivalents	16.33	15.57
Other Assets	0.73	0.66
Total Current Assets	17.06	16.23
Total Non Current Assets	339.06	230.14
Current Liabilities		
Financial Liabilities	0.71	0.51
Current Liabilities	1.66	2.02
Total Current Liabilities	2.37	2.53
Non Current Liabilities		
Financial Liabilities	121.00	121.00
Other Liabilities	45.83	40.87
Total Non Current Liabilities	166.83	161.87
Net Assets	186.92	81.97

Summarised statement of Profit and Loss using Equity Method:

(Rs. in Lacs)

Particulars	As At 31 st March 2022	As At 31 st March 2021
Revenue	0.00	0.00
Interest Income	1.23	0.59
Other Expenses	1.01	0.92
Depreciation and Amortisation	0.00	0.00
Profit Before Tax	0.24	-0.33
Tax Expense	0.04	0.00
Total Comprehensive Income for the Year	0.21	-0.33

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 Group 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 2021-22	Year ended on 2020-21
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 2021-22	Year ended on 2020-21
1)	Licensed Capacity	281MW	281MW
2)	Installed Capacity	281MW	281MW
3)	Actual Generation (million Units)	959.90MUs	463.32MUs

2.54 PAYMENT TO AUDITORS INCLUDES:

(Rs. in Lacs)

Particulars	Year ended on 2021-22	Year ended on 2020-21
As Auditors		
Statutory Auditors (includes revision of fee from the F.Y. 2015-16)	5.62	0.00
Tax Audit	1.00	0.00
Other services (Certification fee)	0.20	0.00
Reimbursement of Expenses	0.00	1.17
Reimbursement of Service Tax/GST	1.05	0.00
TOTAL	7.87	1.17

2.55 DISCLOSURE RELATED TO CORPORATE SOCIAL RESPONSIBILITY (CSR) AS PER THE COMPANIES ACT, 2013:

The Group 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 2018 AS REQUIRED BY MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

(Rs. in Lacs)

Particulars	Year ended on 2021-22	Year ended on 2020-21
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 yet to be completed by the Assessing Officer.

2.59 The Group has in possession forest land at Sainj HEP, Shongtong HEP, Kashang HEP, Sawra Kudu HEP and Beradol SPP. The Group 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 Group has apportioned the expenditure net of income of corporate office and Design Wing Sunder Nagar up to 31st August 2016 since incorporation of the Group 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 Group has apportioned the expenditure of corporate office and Sundarnagar (Design Wing) from 01 September 2016 to 31st March 2021 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 Group has apportioned the income of corporate office and Design Wing Sundarnagar from 01 September 2016 to 31st March 2022 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. Disbursements for this loan facility have also been started.

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.126.08 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 Group. The Group has filed an appeal against the order with Central Government Industrial Tribunal Chandigarh. The Group has shown the liability as contingent and no accounting entry has been passed in the books of accounts. The hearing of this case is going on and next date of the hearing has been scheduled on 17.03.2023.

2.64 COMMISSIONING OF A NEW PROJECT:

No new project is commissioned in the F.Y. 2021-22.

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



25.08.2021 under 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 18.10.2022 has been again requested to recover the total expenditure i/c 10% interest liability till September, 2022 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 Group has communicated to the DoE, GoHP vide letter dated 22.07.2017 that as PFR prepared by SJVN is of no use to Group and fresh planning of Khab HEP has to be carried out by Group 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 Group to carryout fresh planning of Khab HEP, with domain elevations ranging between El. $\pm 2538\text{m}$ to El. $\pm 2325\text{m}$, after considering the requirement of MoEF guidelines. Accordingly vide HPPCL letter dated 16.05.2018, informed SJVN that the PFR of Khab HEP prepared by SJVN 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 SJVN. After receiving the above response from HPPCL, SJVN has not raised any fresh demand of reimbursement 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. 1899.23 Crore has been utilized till 31-12-2022, The amount of Rs.1812.68 Cr. contributed by GoI, Govt. of NCT Delhi, Govt. of Haryana, GoHP. However, Out of HP Govt. Share of Rs.50.94 crores, HPPCL has already contributed Rs.86.55 crores from its own funds. The fund flow for the Project from Govt. of India has started. GoI has released Rs.1037.92 Crore as Central Assistance for financial year 2021-22, for the payment of enhanced compensation to land owners for land acquisition for depositing required amount in CAMPA account for Stage-II Forest Clearance. An amount of Rs 1037.77 Cr out of Rs.1037.9246 Cr has been utilized up to 17.02.2023.

In case of Gyspa HEP, Group has shown Rs.7.14 crore as grant receivable from Central Water Commission, Government of India. The Central Water Commission has sanctioned Rs.12.50 crore to the Group 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 Group 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 Group 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 could not be awarded to L1 due to the non-working season, however, the willingness for the validity of rates have been extended for another one year by the L1.

2.68 The Group is in possession of Land and Buildings at Sarabai, Thalot and Lارج 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 Group, as the Group has brought forward losses and unabsorbed depreciation under income tax Act and during the year also the Group 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 Group 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 is still pending with NCLT and next hearing is scheduled on 21.02.2023.

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. Forest Clearance case is being pursued; however, the same has been pending for past some time. Forest right claims have been filed by both Nakthan and Tosh ward. 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 appraised 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" is being terminated. The other pre-construction stage activities such as demarcation of wild life sanctuary, FRA case and forest clearance shall be taken up once the project domain is clear.

A meeting was held on 29-01-2021, in DoE under the chairmanship of worthy Director (Energy). It was discussed in the meeting that consolidated Hydroelectric schemes on River Parbati and Tosh Nalla would be explored subject to condition that Expert Appraisal Committee of MoEF&CC has no objection for maintaining the condition of Riparian gap between the cascading projects on Tosh Nalla. Hence, DoE is to ascertain the "No objection" of the MoEF&CC and intimate domain of Projects to HPPCL for further progress in the matter.



2.73 POWER SALE ARRANGEMENTS

In case of Kashang HEP Stage-I, the PPA agreement was in force with HPSEB and expired on 06th May 2018. After that the Group has made arrangement to sell the power in Energy Exchange by signing PPA on dated 24.11.2021 through Power Trader, M/s PTC India Limited valid from 01.09.2021 to 30.04.2022. Now, PPA has been signed on dt. 28.04.2022 between HPPCL and HPSEBL @ Rs. 3.40/unit valid from 01.05.2022 to 31.03.2023.

In case of Sawra Kuddu HEP, the PPA was signed on dt. 04.11.2020 for sale of Power at IEX between HPPCL and TPTCL after 21.01.2021. Further, PPA was signed on dt. 24.11.2021 for sale of Power at IEX between HPPCL and TPTCL. Now, PPA has been signed on dt. 28.04.2022 between 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.

2.74 GoHP vide letter No. 1837 dated 30.04.2022 has been requested to defer the loan dues upto 31.03.2022. Parallely, HPPCL has also submitted a separate proposal to the State Government for restructuring of 'Debt /loan from GoHP'. As on date, both of these proposals are under active consideration of the State Government and the reply in this regard is awaited.

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 almost ready for the roads to the component of the project. HPPWD has completed survey works of roads to be widened/ excavated by it and the DPRs are 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 has carried out review of DPR and intends 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. To affect such changes in design, formation of a panel of geological experts is proposed which is under process. For the Project Management Consultant (PMC) online proposals/bid has been invited through Open-tendering on National Competitive Bidding (NCB) route on 28.09.2022. Pre-bid meeting was held on 14.10.2022 and queries have been replied. Date of receipt of bids has been extended upto 22.02.2023. PMC will be onboard by May 2023. Work on preparation of mining plan is underway. Diversion arrangement works are expected to start by January 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.
 - Amendment to contract sub-clause 13.8 of PCC and Attachment –III of the contract executed between M/S PEL and HPPCL in respect of Shongtong Karchham HEP on dated 17.09.2021 to the extent that w.e.f. September, 2020, the Linking Factor=2.88 will be used for conversion of CPI number of new CPI-IW series 2016.
 - Enhancement No. 2 to Change Order Variation -03 with respect to cover the cost of Haulage and dumping of muck beyond project area due to non-availability of dumping sites in the Shongtong Karchham project.
 - Change Order/ variation Order no.05 with respect to cover the additional cost for the work of Installation of In-place Inclinometer.
 - Change Order/ variation Order no.06 with respect to cover the additional cost for carrying out the work of Odex Drilling.
 - Change Order/ variation Order no.07 with respect to cover the extra cost for carrying out additional hydraulic model study of Barrage and Power Intake.
 - Change Order/ variation Order no.08 in respect of consultancy services rendered by M/s PEL for Design of additional hydraulic model study of Barrage, Intake and river training works etc.
 - Change Order/ variation Order no.09 with respect to Design of niches in Power House and Transformer Hall cavern of Shongtong Karchham HEP.
 - Change Order/ variation Order no.10 with respect to construction of benches/ platforms for installation of 2 no's 220/4 KV distribution Transformers near Adit –II to HRT.
 - Amendment to contract sub-clause 13.8 of GCC of the contract executed between M/S PEL and HPPCL in respect of Kashang HEP II & III on dated 06.04.2022 to the extent that w.e.f. September, 2020, the Linking Factor=2.46 will be used for conversion of CPI number of new CPI-IW series 2016.
- 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 Group), amounting to ₹ 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. As on 17.02.2023, total limit exhausted /utilized against CCLs stands at Rs. 9942.20 and Rs. 14821.40 respectively.
- 2.81 SURRENDER OF UNVIALE/IDLE PROJECTS ALLOTTED TO HPPCL:**
Corporation has submitted a proposal to the GoHP to surrender the under mentioned Unviale/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 - 1200
- Sainj - 1400
- Kashang I - 1300
- Kashang II & III - 2700 & 2800
- Shongtong - 1600

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 HIMURJA vide its letter dt. 24.05.2022 intimated that, the proposal for setting solar projects of 153-162 MW capacity at different locations have been accepted by State Level Empowered Committee (SLEC) as per Swarn Jayanti Energy Policy, 2021 for installation of 150 MWac solar power plants. However the allotment will be subject to the conditions that, HPPCL will apply separately (project wise) in the prescribed application form. Application for 4 projects of 16 MW capacity have been got allotted from HIMURJA. Four new solar power projects have been assigned by HIMURJA to HPPCL in the financial year 2022-23 i.e. a) Mata Hateshwari SPP (5MW), hatkoti, teh Rohru, Shimla b) Shiv Nagar SPP (3.40 MW), Village Dib, Tehsil Jaisinghpur, Distt. Kangra c) Nadoli SPP, Gram Panchayat Dol, sub teh. Kotla, teh Jawali, at 3 locations (3.85 MW) d) Dol SPP, Gram Panchayat Dol, sub teh. Kotla, teh Jawali, at 3 locations (3.80 MW). Himachal Pradesh Power Corporation Limited is in process of identifying suitable lands to set up a 150 to 200 MW Solar Power Capacity in the State. Funds for the same have been designated under the Himachal Pradesh Power Sector Development Program.

2.84 HIMURJA vide its letter dated 04.02.2023 has intimated that the proposal for setting 9 more solar projects at different locations have been accepted by State Level Empowered Committee (SLEC) for installation of 150 MWac solar power plants. However the allotment will be subject to the conditions that, HPPCL will apply separately (project wise) in the application format along with processing with HIMURJA as per Swarn Jayanti Energy Policy 2021. The application form for registration and approval for setting of Solar Projects up to 5MW by State Level Empowered Committee (SLEC) where Govt. land is required wholly or partly for the Solar Project has been prepared on the basis of HPERC guidelines, land and revenue papers as available.

The list of applications filed with HIMURJA is as under:-

S.No.	Name of proposed Project/ Proposed site	Revenue paper collected by HPPCL (Hectare)	Tentative capacity (MW)	Proposed Project name for official correspondence	Remarks
1.	Tihra Khas, Sub-Teh Bihru Kalan, District Una	44.7179	22	Tihra Khas Solar Photovoltaic Project-II	In-principally approved by HIMURJA on 04.02.2023
2.	Laam, Tehsil Una, District Una	71.1886	36	Laam, Solar Photovoltaic Project	In-principally approved by HIMURJA on 04.02.2023

3.	Lamlehdi Nichli, Tehsil Una, District Una	106.4628	54	Lamlehdi Nichli Solar Photovoltaic Project	In-principally approved by HIMURJA on 04.02.2023.
4.	Pekhubella, Sub-Tehsil Bihru Kalan District Una.	112.48	65	Pekhubella Solar Photovoltaic Project	Provisional application submitted with HIMURJA
5.	Aghlor, Sub Tehsil Bihru Kalan, District Una	34.04	17	Aghlor Solar Photovoltaic Project	Application for approval of provisional allotment already submitted to HIMURJA
6.	Kayarian, Tehsil Bangana, District Una	22.1005	11	Kayarian Solar Photovoltaic Project	Application for approval of provisional allotment already submitted to HIMURJA
7.	Lamlehdi Uparli, Tehsil Una, District Una	94.71	47.10	Lamlehdi Uparli Solar Photovoltaic Project	Application for approval of provisional allotment already submitted to HIMURJA
8.	Gondpur Vulla Uparla, Sub-Tehsil Dulehad, District Una	27.2689	13.5	Gondpur Vulla Solar Photovoltaic Project	Application for approval of provisional allotment already submitted to HIMURJA
9.	Santoshgarh Swan Up Mohal, Sub-Tehsil, Mehatpur Basdehra, District Una	10.7500	5.5	Santoshgarh Swan Solar Photovoltaic Project	Application for approval of provisional allotment already submitted to HIMURJA.

2.85 HPPCL is in process of identifying suitable locations for setting up of aggregate 150-200MW of Solar capacity by March 2028. Setting up of said 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. So, on progressive achievement of the above target, along with some other indicators funds to the tune of net \$112.5 M USD shall flow to the HPPCL out of the \$250 M USD HPPSDP program of which \$200 M USD shall come from the World Bank and \$50 M USD from GoHP. 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 have been received vide Bank's letter dated 31.10.2022. Pre-Loan Negotiations meeting is to be held on 17th Feb 2023 and final negotiations shall be completed by February, 2023. Further, loan signing with World Bank shall be done by March 2023.

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

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

Subsequently, Legal Cell of HPPCL opined that the Managing Director, M/s HEPL, may be requested to deposit the



fine imposed on Accused No. 1 i.e. M/s HEPL till 21.09.2022 as ordered by the Court and also, to assail the order of the CBI Court by way of filing appeal before the concerned High Court. Accordingly, Managing Director, M/s HEPL, was requested vide letter dated 13.09.2022, in response of which M/s HEPL vide letter dated 17.09.2022 intimated that "...we need to pay a total amount of Rs. 32 Lakhs for the Group itself, its' two Directors and Ex-CGM (Power) and fund be provided by the partners of the Joint Venture, EMTA and HPPCL in the ratio of 50:50 basis." Further, it was intimated by M/s HEPL that they have made the payment regarding the aforesaid amount of Rs. 32 Lakhs and requested HPPCL to remit its share of Rs. 16 Lakhs in favour of EMTA Coal Limited. In this regard, legal aspects in the matter are being looked into. 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 Group 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 Group of Himachal EMTA has filed a claim to the Ministry of Coal for expenditure incurred on the project and has not received the claim for the Ministry of Coal as yet. Therefore, the Provision for Doubtful Investment has been made in the books of accounts in the F.Y. 2016-17.

2.88 As per para 38 of Ind AS 28, Investments in Associates and Joint Ventures- If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognising its share of further losses. The interest in an associate or a joint venture is the carrying amount of the investment in the associate or joint venture determined using the equity method together with any long-term interests that, in substance, form part of the entity's net investment in the associate or joint venture.

As per para 39 of Ind AS 28, Investments in Associates and Joint Ventures- After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

HPPCL had initially recognised the investment at cost of Rs. 3.38 Crores (no. of shares 33,80,000 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 up till now. Thus, considering these factors, HPPCL reduced its value of its investment to zero by recording provision in the FY 2016-17 duly approved by management in this favour. Since, the book value of investment is zero and the joint venture "Himachal EMTA Power Ltd." is incurring losses and our share in profit/loss in EMTA is 50% due to which our share of loss in the joint venture exceeds our investment value. Thus, in pursuance to para 38 of Ind AS 28, HPPCL can discontinue recognition of investment.

As HPPCL has already provided for the loss, because of non-realisable value of the total investment therefore, there is no requirement of recognising further losses.

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/-
(Dr. Amit Kumar Sharma)
Director (Finance)
DIN No. 10071204

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

For Soni Gulati & Co.
Chartered Accountants
FRN No. 008770N

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

Place: Shimla
Date: 08/12/2023



Construction Work at Aghlor SPP (10 MW) Distt. Una



Bhanjal Solar Power Project (5 MW) Distt. Una



Soni Gulati & Co. Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To

The Members of HIMACHAL PRADESH POWER CORPORATION Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the attached consolidated financial statements of Himachal Pradesh Power Corporation and report that these statements are actually stand alone statements no accounts of any subsidiary has been incorporated in them.. The management has written on the face of it as consolidated statement. We cannot not issue any report on them as consolidated statements.

For Soni Gulati & Co.
Chartered Accountants
FRN No. 008770N

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

Place: Shimla
Date: 08/12/2023

Replies to the Auditor's Report on the Consolidated Ind AS Financial Statements (Annual Accounts) for the F.Y. ended 31st March, 2022

Audit Observation	Replies thereof
We have audited the attached consolidated financial statements of Himachal Pradesh Power Corporation and report that these statements are actually stand alone statements no accounts of any subsidiary has been incorporated in them.. The management has written on the face of it as consolidated statement. We cannot issue any report on them as consolidated statements.	The financial statements for the FY 2021-22 have been prepared after complying with the Ind ASs as applicable to the Corporation, to the extent possible. For example Ind AS 1, 2, 7, 8, 10, 12, 16, 19, 21, 24, 27, 28, 33, 36, 37, 38, 40, 105, 107, 108, 110, 113, 115 and 116 have been complied with. As per sub-section 2 of section 129 of companies act 2013, further substituted by the Companies (Amendment) Act, 2017 :- Amendment Effective from 7th May 2018." <i>Where a company has one or more subsidiaries or associate companies, it shall, in addition to financial statements provided under sub-section (2), prepare a consolidated financial statement of the company and of all the subsidiaries and associate companies in the same form and manner as that of its own and in accordance with applicable accounting standards, which shall also be laid before the annual general meeting of the company along with the laying of its financial statement under sub-section (2)"</i> Applicable accounting standard in case of joint venture is Ind AS 28 "Investments in Associates and Joint Ventures" which states equity method for consolidation in case of Joint venture. As per Para 38 of Ind AS 28 - If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the entity discontinues recognising its share of further losses. The interest in an associate or a joint venture is the carrying amount of the investment in the associate or joint venture determined using the equity method together with any long-term interests that, in substance, form part of the entity's net investment in the associate or joint venture. As per Para 39 of Ind AS 28 - After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. HPPCL had initially recognised the investment at cost of Rs. 3.38 crores (no. of shares 33,80,000 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 up till now. Thus, considering these factors, HPPCL reduced its value of its investment to zero by recording provision in the FY 2016-17 duly approved by management in this favour. Since, the book value of investment is zero and the joint venture "Himachal EMTA Power Ltd." is incurring losses and our share in profit/loss in EMTA is 50% due to which our share of loss in the joint venture exceeds our investment value. Thus, in pursuance to para 38 of Ind AS 28, HPPCL can discontinue recognition of investment. As HPPCL has already provided for the loss, because of non-realizable value of the total investment therefore, there is no requirement of recognising further losses. Hence, the consolidated financial statement and standalone financial statement will remain the same.



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 2022.

The preparation of Consolidated Financial statements of the Himachal Pradesh Power Corporation Limited for the year ended 31st March, 2022 in accordance with financial reporting frame work prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139 (5) or 139 (7) of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 8th December, 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of Himachal Pradesh Power Corporation Limited for the year ended 31st March 2022. 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) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the statements and the related audit report.

1. Balance Sheet

Current Assets

Property, Plant and Equipment (schedule 2.1) - Rs. 5566.12 crore

Above includes Rs. 12.13 crore (Rs. 4.09 crore for Sainj HEP, Rs. 4.78 crore and Rs. 3.26 crore for Sawra-Kuddu HEP) being the amount paid to HPSEBL for providing infrastructure for supply of construction power to the Group. HPSEBL is responsible for maintenance of the infrastructure and has capitalised it in its accounts after submitting the utilization certificate to the corporation. Despite this, the corporation instead of treating these as expenses had capitalized the said amount. This has resulted in overstatement of "Property, Plant and equipment" by Rs. 12.13 crore and understatement of expenses as well as accumulated loss to the same extent.

2. Current assets

Other (schedule-2.15) Rs. 195.77 crore

Above includes Rs. 14.85 crore being amount recoverable from a contractor in respect of Integrated Kashang Hydel Electric Project a unit of HPPCL which was to be paid back to the contractor as per Arbitration award (dated 6.6. 2023). The Group has filed a petition against the arbitration award in High Court of Himachal Pradesh which was pending till finalisation of accounts. Thus, the said amount should have been kept as contingent liabilities instead of recoverable. This has resulted in overstatement of "Recoverables" and "Other Equity-Negative Balance" (as it pertains to past year P/L Account) by Rs 14.85 crore.

3. Current liabilities

Other Financial Liabilities (schedule- 2.27) Rs. 3166.35 crore

(i) Above does not include Rs. 1.85 crore being the Contractor's claims of additional storage in respect of E&M package of Shongtong Karcham HEP, approved by BoD of HPPCL in 78th meeting. This has resulted in understatement of "other financial liabilities" and "Capital work in Progress" by Rs. 1.85 crore.

(ii) Above does not include Rs. 14.40 crore being amount payable to the contractor executing the Civil and Hydro Mechanical works of Shongtong Hydel Electric Project as decided in the 19th Whole Time Directors meeting (3.4.2023). This has resulted in understatement of "other financial liabilities" and "Capital work in Progress" by Rs. 14.40 crore.

4. Accounting Policies and notes to accounts

As per Financial Statements the amount of free hold land under Shongtong Karcham Hydro Electric Project (SKHEP)



as on 31-03-2022 has been depicted at Rs. 22.26 crore but, as per record of R and R section of the project total free hold land acquired by SKHEP was 7.9706 hectares after payment of Rs. 23.61 crore. The above difference in value needs reconciliation.

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

Sd/-

**Principal Accountant General (Audit)
Himachal Pradesh, Shimla**

Place: Shimla

Date: 04-04-2023



Annexure-I to Management Letter

Accounting Policies and notes to accounts

Proposal for declaring submerged area measuring 27.0107 hac. of Shongtong Karcham Hydel Electric Project (SKHEP) as reserve forest under Section-4 of the Indian Forest Act, 1927 is presently under consideration at the State Government level. Being a significant material the same should be incorporated in the Director's Report.

Sd/-
Dy. Accountant General
AMG-II

Reply of the Comments of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the Consolidated financial statements of Himachal Pradesh Power Corporation Limited for the year ended 31 March 2022.

Comments of C&AG		Reply by the HPPCL Management
1.	Balance Sheet Current Assets Property, Plant and Equipment (schedule 2.1) –Rs. 5566.12 crore Above includes Rs. 12.13 crore (Rs. 4.09 crore for Sainj HEP, Rs. 4.78 crore and Rs. 3.26 crore for Sawra-Kuddu HEP) being the amount paid to HPSEBL for providing infrastructure for supply of construction power to the Group. HPSEBL is responsible for maintenance of the infrastructure and has capitalised it in its accounts after submitting the utilization certificate to the Group. Despite this, the corporation instead of treating these as expenses had capitalized the said amount. This has resulted in overstatement of "Property, Plant and equipment" by Rs. 12.13 crore and understatement of expenses as well as accumulated loss to the same extent.	In case of Sainj HEP, the Construction Power is the asset of project only and this asset is being maintained by Sainj HEP as on date also. Whereas, in case of SKHEP, Hatkoti, Construction Power is not the asset of project. Therefore, instead of considering it as an expense, the asset may be transferred from "CWIP construction power" to 'Assets not owned by Group (Others)', being the huge amount of cost involved therein.
2.	Current assets Other (schedule-2.15) Rs.195.77 crore Above includes Rs. 14.85 crore being amount recoverable from a contractor in respect of Integrated Kashang Hydel Electric Project a unit of HPPCL which was to be paid back to the contractor as per Arbitration award (dated 6.6. 2023). The Group has filed a petition against the arbitration award in the High Court of Himachal Pradesh which was pending till finalisation of accounts. Thus, the said amount should have been kept as contingent liabilities instead of recoverable. This has resulted in overstatement of "Recoverables" and "Other Equity-Negative Balance" (as it pertains to past year P/L Account) by Rs. 14.85 crore.	The required disclosure has been given in the Director's Report annexed with the Annual Accounts for the FY 2021-22.
3.	Current liabilities Other Financial Liabilities (schedule- 2.27) Rs. 3166.35 crore (I) Above does not include Rs. 1.85 crore being the Contractor's claims of additional storage in respect of E&M package of Shongtong Karcham HEP, approved by BoD of HPPCL in 78th meeting. This has resulted in understatement of "Other financial liabilities" and "Capital work in Progress" by Rs. 1.85 crore.	The compliance of the same has already been done in the FY2021-22 only. The provision in this regard was made on dated 31.03.2021 and the payment of the same has also been released in the FY 2021-22.



	(ii) Above does not include Rs. 14.40 crore being the amount payable to the Contractor executing the Civil and Hydro Mechanical works of Shongtong Hydel Electric Project as decided in the 19th Whole Time Directors meeting (3.4.2023). This has resulted in understatement of "other financial liabilities" and "Capital work in Progress" by Rs. 14.40 crore.	The amount was shown as Contingent liabilities in the FY 2021-22. However, after the approval from Whole Time Directors on 03.04.2023, the provision of the same was kept in the FY 2022-23 on 31.03.2023 and further the payment was released on 14.04.2023 and 28.04.2023 respectively.
	(iii) Accounting Policies and notes to accounts As per Financial Statements the amount of free hold land under Shongtong Karcham Hydro Electric Project (SKHEP) as on 31-03-2022 has been depicted at Rs. 22.26 crore, but, as per record of R and R section of the project total free hold land acquired by SKHEP was 7.9706 hectares after payment of Rs. 23.61 crore. The above difference in value needs reconciliation.	The compliance of the same has been done. The necessary reconciliation by the respective sections at project level has been done.

Annexure-I to Management Letter

	Accounting Policies and notes to accounts Proposal for declaring submerged area measuring 27.0107 hec. of Shongtong Karcham Hydel Electric Project (SKHEP) as reserve forest under Section -4 of the Indian Forest Act, 1927 is presently under consideration at the State Government level. Being a significant material the same should be incorporated in the Director's Report.	The required disclosure has been given in the Director's Report annexed with the Annual Accounts for the FY 2021-22.
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Sd/-
Director (Finance)



AIDS Day awareness camp at Sainj



Mucking in progress in Power House Cavern - Shongtong Karcham HEP



Pekhubella Solar Power Project (32 MW) Distt. Una



CVT- 95.04m Excavation comp.

MAT- Underground
Excavation comp.

TRT- 196.99 m (out of
228.82m) comp.

Work in progress - Chanju III HEP

Dam Axis Thana Plaun HEP



HIMACHAL PRADESH POWER CORPORATION LIMITED

(A State Govt. Undertaking)

Registered Office : Himfed Building, BCS, New Shimla, Shimla, Himachal Pradesh-171009

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