

Himachal Pradesh Power Corporation Limited
Standalone Balance Sheet as at 31st March, 2023

(In Lacs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
1	2	3	4	5
ASSETS				
(1) Non - Current Assets				
(a) Property, Plant and Equipment	2.1	5,31,704.79	5,56,612.44	5,30,884.96
(b) Capital Work-in-progress	2.2	3,24,137.53	2,20,900.74	1,93,275.61
(c) Investment Property	2.3	25.65	27.06	28.47
(d) Goodwill		-	-	-
(e) Other Intangible Assets	2.4	42.59	16.16	20.65
(f) Financial Assets:				
(i) Investments	2.5	-	-	-
(ii) Trade receivables		-	-	-
(iii) Loans	2.6	150.81	88.97	147.50
(g) Deferred tax assets (net)		-	-	-
(h) Other Non-current Assets	2.7	74,375.18	1,12,582.48	55,463.80
(2) Current Assets				
(a) Inventories	2.8	951.29	874.37	842.66
(b) Financial Assets:				
(i) Investments				
(ii) Trade Receivables	2.9	1,081.13	508.57	486.12
(iii) Cash and cash equivalents	2.10	13,210.37	1,608.53	1,156.63
(iv) Bank Balance other than above	2.11	3,116.68	3,320.18	2,283.85
(v) Loans	2.12	1.19	62.65	7.26
(vi) Others	2.13	6,525.23	6,542.48	19,113.26
(c) Other Current Assets	2.14	45,231.96	26,605.94	16,207.07
Total Assets		10,00,534.39	9,29,750.58	8,19,917.85
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.15	2,30,247.79	2,25,102.79	2,18,771.33
(b) Other Equity	2.16	(75,704.85)	(68,171.12)	(57,333.57)
Liabilities				
(1) Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.17	63,190.13	64,379.46	1,17,109.25
(ia) Lease Liabilities	2.18	65.46	682.92	49.09
(ii) Other Financial Liabilities	2.19	4,145.63	4,383.51	12,587.68
(b) Provisions	2.20	7,316.99	6,695.12	5,800.11
(c) Deferred tax liabilities (Net)	2.21	-	-	-
(d) Other Non-Current Liabilities	2.22	2,48,547.73	1,71,781.10	1,24,151.80
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.23	2,10,044.48	2,08,076.89	1,52,272.84
(ia) Lease Liabilities	2.24	678.69	167.16	110.60
(ii) Trade Payables	2.25	-	-	-
(iii) Other Financial Liabilities	2.26	3,12,002.04	3,16,652.76	2,46,503.74
(b) Other Current Liabilities				
(c) Provisions	2.27	0.30	-	94.96
(d) Current Tax Liabilities (Net)				
Inter unit transfer		(0.00)	-	-
Zero Balance Ctr				
Total Equity and Liabilities		10,00,534.39	9,29,750.58	8,19,917.85

Significant Accounting Policies

The accompanying notes form an integral part of these financial statements

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

For and on behalf of the Board of Directors


 (B.L. Vermani)
 AGM (Finance)


 (Sudershan K Sharma)
 Consultant (Company Secretary)


 (Shivam Pratap Singh)
 Director (Finance)
 DIN No. 10243812


 (Harikesh Meena)
 Managing Director
 DIN No. 09333558

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

(CA Suresh Chand Soni)
 Partner
 M. No. 083106
 Place: Shimla
 Date: 12-01-25



Himachal Pradesh Power Corporation Limited
Standalone Statement of Profit and Loss for the period ended 31st March, 2023

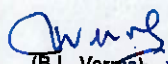
		(In Lacs)	
	Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
I	Revenue from Operations		
II	Other Income	2.28 38,488.59	40,055.85
III	Total Income (I+II)	2.29 206.43	114.34
IV	Expenses	38,695.02	40,170.19
	Cost of materials consumed		
	Purchases of Stock-in-Trade		
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress		
	Employee Benefits Expense	2.30 2,704.19	2,997.90
	Finance Costs	2.31 20,313.27	20,277.51
	Depreciation and Amortization Expense	2.32 20,722.13	20,588.86
	Other Expenses	2.33 4,285.70	7,268.66
	Total Expenses (IV)	48,025.30	51,132.92
V	Profit/(loss) before exceptional items and tax (III-IV)	(9,330.28)	(10,962.73)
VI	Exceptional items		
VII	Profit/(loss) before exceptions items and tax(V-VI)	(9,330.28)	(10,962.73)
VIII	Tax expense:		
	(1) Current tax		
	(2) Deferred tax		
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	(9,330.28)	(10,962.73)
X	Profit/(loss) from Discontinued operations		
XI	Tax expenses of discontinued operations		
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)		
XIII	Profit/(loss) for the period (IX+XII)	(9,330.28)	(10,962.73)
XIV	Other comprehensive income		
	A. (i) Items that will not be reclassified to profit or loss	2.34 206.55	(171.32)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		
	B. (i) Items that will be reclassified to profit or loss		
	(ii) Income tax relating to items that will be reclassified to profit or loss		
	Total Comprehensive Income for the period (XIII+XIV)		
XV	(Comprising Profit (Loss) and Other comprehensive Income for the period)	(9,124)	(11,134)
XVI	Earnings per equity share (for continuing operation):		
	(1) Basic		
	(2) Diluted	2.35 (40.07)	(49.46)
XVII	Earnings per equity share (for discontinued operation):		
	(1) Basic		
	(2) Diluted		
XVIII	Earnings per equity share (for discontinued & continuing operation):		
	(1) Basic		
	(2) Diluted	2.35 (40.07)	(49.46)

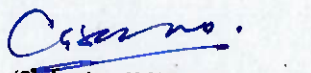
Significant Accounting Policies

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The accompanying notes form an integral part of these financial statements

For and on behalf of the Board of Directors


 (B.L. Verma)
 AGM (Finance)


 (Sudershan K Sharma)
 Consultant(Company Secretary)


 (Shivan Pratan Singh)
 Director (Finance)
 DIN No. 10243812


 (Harikesh Meena)
 Managing Director
 DIN No. 09333558

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



(CA Suresh Chand Soni)
 Partner
 M. No. 083106
 Place: Shimla
 Date: 12-01-25

Himachal Pradesh Power Corporation Limited
Standalone Statement Of Cash Flows for the year Ended 31st March, 2023

(In Lacs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Cash flow from operating activities		
Profit before tax (A)	-9,124	-11,134
change in other equity as per restated balancesheet (B)		
Adjustment for:		
Depreciation and amortization	20,722	20,589
Finance Cost		-
Loss on disposal/write off of fixed assets	0	60
Profit on sale of fixed assets	-	-
Total Adjustment (C)	20,722	20,648
Adjustment for assets and liabilities		
Inventories	-77	-32
Trade receivable and unbilled revenue	-553	-22
Loans, other financial assets and other assets	-18,344	-11,954
Other financial liabilities and other liabilities	-2,471	70,683
Other Current liabilities	-	-
Provisions	622	1,000
Total Adjustment (D)	-20,822	59,675
Cash used in operating activities (E)=(A+B+C+D)	-9,223	65,189
Less: Income tax paid	-	-
Net cash used in operating activities (F)	-9,223	69,189
Cash flow from investing activities:		
Net expenditure on Property, Plant & Equipment and CWIP	-99,077	-73,963
Term Deposits with Banks (having maturity more than 3 months)		-
Interest on term deposits/ Sweep Deposits	-62	59
Investment in Subsidiary/Associate/Joint Venture		-
Other non current asset	38,207	-44,085
loss of Fixed/ CWIP assets from torrential rain & flood		-
Net cash used in investing activities (G)	-60,931	-1,17,989
Cash flow from financing activities:		
Share Capital	5,145	825
Share money pending allotment	1,590	275
Proceeds from borrowings	-	-
Repayment of borrowings	-1,639	-168
Other Non Current Liabilities	76,767	47,629
Payment of lease liabilities	-106	690
Interest and finance charges	-	-
Net Cash generated from financing activities (H)	81,756	49,252
Net increase in cash and cash equivalents (I)=(F+G+H)	11,602	452
Cash & Cash Equivalents at the beginning of the year	1,609	1,157
Cash & Cash Equivalents at the end of the year	13,210	1,609
	13,210	1,609
Restricted cash balance	0	(0)
Earmarked Balance (Unpaid Dividend)	-	-
Margin Money for BG/ Letter of Credit and Pledged deposits	3,117	3,320
Total	3,117	3,320

This is the Statement of Cash Flows referred to in our report of even date.
For and on behalf of the Board of Directors

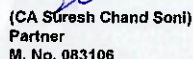

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For Soni Gulati & Co.
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(CA Suresh Chand Soni)
Partner
M. No. 083106
Place: Shimla
Date: 12-01-25



HIMACHAL PRADESH POWER CORPORATION LIMITED

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

1. Company Information and Significant Accounting Policies:

A. Reporting Entity

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

B. Significant Accounting Policies

1.1 Basis of Preparation:

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

Use of estimates and management Judgements:

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

1.2 Basis of Measurement:

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Normally at initial recognition, the transaction price is the best evidence of fair value. However, when the Company determines that transaction price does not represent the fair value, it uses inter-alia valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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



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

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

A liability is current when:

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

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

1.5 Property, plant and equipment (PPE)

- a) The Company has opted to utilize the option under para D7AA of Appendix D to Ind AS 101 which permits to continue to use the Indian GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS. Therefore, the carrying amount of property, plant and equipment according to the Indian GAAP as at April 1, 2015 i.e. Group's date of transition to Ind AS, were maintained in transition to Ind AS.
- b) An item of PPE is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- c) PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to the acquisition/construction of the asset. Where final settlement of bills with contractors is pending/under dispute, capitalization is done on estimated/provisional basis subject to necessary adjustment in the year of final settlement.
- d) After initial recognition, Property, Plant & Equipment is carried at cost less accumulated depreciation/ amortisation and accumulated impairment losses, if any.
- e) Deposits, Payments / liabilities made provisionally towards compensation, rehabilitation and other expenses 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 Sundernagar design office is allocated to different accounting units on systematic basis.

1.7 Investment Property

- a) Land or a building or part of building or both held by company to earn rentals or for capital appreciation or both is classified as Investment property other than for :
 - i). Use in the production or supply of goods or services or for administrative purpose; or
 - ii). Sale in the ordinary course of business.
- b) Investment property is recognised as an asset when and only when:
 - i). It is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
 - ii). The cost of the investment property can be measured reliably.
- c) Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss, if any.
- d) Investment properties are derecognised either when they have been disposed off or when they are permanently 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 re-measurement of lease liability. The Company applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in accounting policy 1.8 on "Impairment of non- financial assets".

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

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

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

ii) As a Lessor

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



Operating lease:

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

1.16 Government Grants

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

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

1.17 Borrowing costs

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

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

1.18 Provisions, Contingent Liabilities and Contingent Assets

a) A provision is recognised when:

- i). the Company has present legal or constructive obligation as result of past event;
- ii). it is probable that an outflow of economic benefits will be required to settle the obligation; and
- iii). a reliable estimate can be made of the amount of the obligation.

b) If the effect of the time value of money is material, provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

c) The amount recognised as provision is the best estimate of consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

d) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

e) Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

f) Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future



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

1.19 Revenue Recognition and Other Income:

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

1.20 Employee Benefits

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

a) Post-employment benefits plan:

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

a) Short-term Benefits

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

b) Terminal Benefits

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

1.21 Depreciation and amortization

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

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

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

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



- iv) Depreciation on increase/decrease in the value, of existing assets on account of settlement of disputes is charged retrospectively.
- v) Depreciation on assets till start of commercial production has been shown under 'Incidental Expenditure during construction' under capital work in progress.
- vi) Depreciation on addition/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date, when the asset is available for use/disposal.
- (vii) Leasehold land is amortized pro-rata through depreciation over the period of lease or 40 years, whichever is lower.
- viii) Depreciation on assets till start of commercial production has been shown under 'Incidental Expenditure during construction' under capital work in progress.
- ix) Depreciation on addition/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date, when the asset is available for use/disposal.
- (x) Leasehold land is amortized pro-rata through depreciation over the period of lease or 40 years, whichever is lower.
- xi) Tangible Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land from the date such asset is available for use or at the applicable depreciation rates & methodology notified by HPERC tariff regulations for such assets, whichever is higher.
- xii) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, settlement of arbitration/court cases, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life of such asset determined following the applicable accounting policies relating to depreciation/ amortization.
- xiii) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life determined by technical assessment.
- xiv) Spare parts procured along with the Plant & Machinery or subsequently which are capitalized and added in the carrying amount of such item are depreciated over the residual useful life of the related plant and machinery at the rates and methodology notified by the HPERC.
- xv) Temporary erections are depreciated fully (100%) in the year of acquisition /capitalization.
- xvi) Expenditure on software recognized as 'Intangible Asset' and is amortized fully on straight line method over a period of legal right to use or three years, whichever is less. Other intangible assets with a finite useful life are amortized on a systematic basis over its useful life. The amortisation period and the amortisation method of intangible assets with a finite useful life is reviewed at each financial year end.
- xvii) Right-of-use land and buildings relating to generation of electricity business governed by CERC Tariff Regulations are fully amortized over lease period or life of the related plant whichever is lower following the rates and methodology notified by the CERC Tariff Regulations.
- xviii) Right-of-use land and buildings relating to generation of electricity business which are not governed by CERC tariff Regulations are fully amortized over lease period or life of the related plant whichever is lower. Other Right of use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

1.22 Income Taxes

Income tax expense comprises current tax and deferred tax.

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

a) Current Income tax

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



b) Deferred tax

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

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

1.23 Earnings per Share:

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

1.24 Statement of Cash Flows

a) Cash and cash equivalents includes cash/drafts/cheques on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b) Statement of cash flows is prepared in accordance with the indirect method (whereby profit or loss is adjusted for effects of non-cash transactions) prescribed in Ind AS-7 "Statement of Cash Flows".

1.25 Material prior period errors

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

1.26 Segment Reporting:

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

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

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



Himachal Pradesh Power Corporation Limited

2. Notes To Accounts

Non Current Assets

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

(In Lacs)

	Particulars	Sub Note	As at March 31,2023	As at March 31,2022
2.1	Property, Plant and Equipment	2.1.1	5,31,704.79	5,56,612.44
2.2	Capital Work-in-progress	2.2.1	3.24	2.21
2.3	Investment Property	2.3.1	25.65	27.06
2.4	Other Intangible Assets	2.4.1	42.59	16.16
			5,31,776.27	5,56,657.87

2.5 Investments

(In Lacs)

	Particulars	As at March 31,2023	As at March 31,2022
	Investment in Equity instrutments		
	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 Investment	(337.50)	(337.50)
	Total Investment in Equity Instruments	-	-
	Other Investment		
	Total Other Investment	-	-
	Total Investments	-	-

2.6 Loans

(In Lacs)

	Particulars	As at March 31,2023	As at March 31,2022
	Security Deposits		
	Secured Considered Good	-	-
	Unsecured considered good	150.81	88.97
	- Doubtful		
	Total (A)	150.81	88.97
	Loans to other Employees		
	- Secured considered good	-	-
	Unsecured Considered Good	-	-
	- Doubtful	-	-
	Total (B)	-	-
	Total (C) =(A+B)	150.81	88.97



Himachal Pradesh Power Corporation Limited
Schedule of Property Plant and Equipment

A) Own Assets:										(In Lacs)		
Particulars	As at 01.04.2022	GROSS BLOCK		As at 31.03.2023	DEPRECIATION		As at 01.04.2022	Addition during the year	Deductions / Adjustments	As at 31.03.2023	NET BLOCK	
			Adjustments									
LAND - LEASEHOLD	7.93	46.48	5.15	49.26	(2.64)	-	-	-	-	-2.64	51.90	10.57
LAND - FREEHOLD	1,99,486.66	1,12,696.57	1,16,190.57	1,93,996.67							1,93,996.67	1,99,486.66
RESIDENTIAL BUILDINGS	2,634.84			2,634.84	695.63	91.29				786.91	1,847.92	1,939.21
NON RESIDENTIAL BUILDINGS	1,735.61	112.06	112.06	1,735.61	416.31	68.60	15.99			469.14	1,266.47	1,319.28
TEMPORARY SHEDS/ERECTONS	9.87	-	-	9.87	9.85	-	-			9.85	0.01	0.01
PROJECT CIVIL WORKS	3,00,216.74	106.50	-	3,00,323.24	44,997.88	14,272.59	0.71			59,269.75	2,41,053.49	2,55,218.66
ROADS, BRIDGES & TRAFFIC TUNNELS	-	-	-	-	0.00					0.00	-0.00	-0.00
PROJECT ELECTRO MECHANICAL WORKS	1,08,422.99	35.60	-	1,08,458.60	17,505.77	5,171.19	-			22,676.96	85,781.64	90,917.22
PLANT (CURRENTLY FOR WATER TREATMENT)	66.66	0.96	-	67.63	6.07	3.22	-			9.28	56.35	60.61
OFFICE MACHINERY (LIKE LAB, FIRE SAFETY)	145.92	48.34	0.88	193.38	61.89	8.93	0.42			70.40	122.98	84.02
ELECTRONICS & ELECTRICAL ITEMS	462.11	20.62	2.77	479.95	184.24	26.05	1.18			209.11	270.84	277.86
FURNITURES & FIXTURES	416.58	39.29	11.42	444.45	192.53	32.00	6.00			218.53	225.93	224.06
COMPUTERS & DATA PROCESSING MACHINES	270.20	74.98	6.36	336.82	92.70	28.34	1.12			120.92	217.90	177.50
VEHICLES	138.06	7.16	18.68	125.54	57.75	16.14	17.71			56.18	69.37	60.32
KITCHEN ITEMS	3.09	-	-	3.09	2.37	0.05	0.73			2.42	0.68	0.73
FIRE FIGHT EQUIPMENT	0.42	-	-	0.42	0.13	0.07	0.21			0.29	0.21	0.29
SMALL OFFICE ITEMS	0.73	-	-	0.73	0.27	0.41	-			0.68	0.05	0.46
HELIPAD	23.49	-	-	23.49	7.24	0.70	7.54			7.94	15.55	16.25
BRIDGES & CULVERTS	578.65	-	-	578.65	162.49	18.54	-			181.03	398.82	417.36
SERVER AND NETWORKS	869.20	-	-	869.20	749.77	-	-			749.77	149.43	149.43
ROADS	4,957.15	58.03	-	5,015.18	1,390.04	102.54	-			1,548.57	3,466.61	3,571.11
ASSETS NOT OWNED BY COMPANY	-	-	-	-	-	-	-			-	-	-
Roads	-	-	-	-	-	-	-			-	-	-
OTHERS	-	312.15	-	312.15	-	0.86	-			0.86	311.30	-
INFRASTRUCTURE DEVELOPMENT	2,619.52	-	-	2,619.52	812.61	124.43	-			937.05	1,682.47	1,806.90
CONSTRUCTION POWER	-	-	-	-	-	-	-			-	-	-
Grand Total	6,23,099.65	1,13,560.75	1,16,348.88	6,18,311.51	67,336.93	20,027.14	43.15			87,322.93	5,30,988.59	5,55,760.71
B) Right of Use:												
Particulars	As at 01.04.2022	GROSS BLOCK		As at 31.03.2023	DEPRECIATION		As at 01.04.2022	Addition during the year	Deductions / Adjustments	As at 31.03.2023	NET BLOCK	
			Adjustments									
Building	1,026.47	91.33	-	1,117.80	205.71	228.50				432.22	685.58	820.76
Land	31.31	-	-	31.31	0.35	0.35				0.70	30.62	30.97
Total (B)	1,057.79	91.33	-	1,149.12	206.06	228.85				432.91	716.20	851.73
Grand Total (A+B)	6,24,157.43	1,13,652.08	1,16,348.88	6,19,460.63	67,544.99	20,255.99	43.15			87,755.84	5,31,704.79	5,56,612.44

(In Laes)



Himachal Pradesh Power Corporation Limited

Note No 2.2.1

Capital work in progress

Particulars	Note	Amount As at 31.03.2022	Addition during FY 2022-23	Deletion during FY 2022-23	Net Adj. During FY 2022-23	Amount as at 31.03.2023
Residential Buildings	2.2.1.1	-	-	-	-	-
Non Residential Buildings	2.2.1.1	184.35	-	-	-	184.35
Roads, Bridges & Culverts	2.2.1.1	674.75	259.35	78.03	181.31	856.06
Civil Works	2.2.1.1	75,260.78	24,320.52	106.92	24,213.60	99,474.37
Electro-Mechanical Works	2.2.1.1	33,948.22	2,212.08	-	2,212.08	36,160.30
Construction Power	2.2.1.1	1.53	72.44	-	72.44	73.97
Environment & R&R Expenses	2.2.1.1	-	10.49	-	10.49	10.49
Plant & Machinery	2.2.1.1	7.54	-	-	-	7.54
Land Submerged Area	2.2.1.1	-	2.19	2.19	-	-
Investigation & Survey	2.2.1.1	0.84	-	-	-	0.84
AUC Office Items	2.2.1.1	-	-	-	-	-
G.Total		1,10,078.00	26,877.07	187.14	26,689.93	1,36,767.93
Expenditure during construction	2.2.2	1,10,416.52	80,822.38	3,872.13	76,950.25	1,87,366.77
IND AS adjustment		406.21	-	-	-	2.82
Total Carried forward to Balance Sheet		2,20,900.74	1,07,699.45	4,059.27	1,03,640.18	3,24,137.53

Note No 2.2.1.1

Particulars	Residential Buildings as at 31.03.2023	Non Residential Buildings as at 31.03.2023	Roads, Bridges & Culverts as at 31.03.2023	Civil Works as at 31.03.2023	Electro-Mechanical Works as at 31.03.2023	Construction Power as at 31.03.2023	Plant & Machinery as at 31.03.2023	Land Submerged Area as at 31.03.2023	Investigation & Survey as at 31.03.2023	Environment & R&R Expenses as at 31.03.2023	Office Item as at 31.03.2023	G.Total
Sundernagar	-	-	-	-	158.51	-	-	-	-	-	-	158.51
Savira Kuddu HEP	-	-	-	-	-	-	-	-	-	-	-	-
Kashang HEP Stage-I	-	-	-	307.62	100.82	-	-	-	-	-	-	592.79
Saini HEP	-	184.35	-	-	-	-	-	-	-	-	-	18.04
Renuka Dam Project	-	-	-	-	-	-	7.54	-	-	10.49	-	1,17,185.69
Shantong HEP	-	-	-	-	80,976.61	48.78	-	-	-	-	-	-
Tirvent HEP	-	-	-	-	-	-	-	-	-	-	-	-
Thana Plaun HEP	-	-	-	-	-	-	-	-	-	-	0.16	-
Nakthan HEP	-	-	-	-	-	-	-	-	-	-	0.68	-
Gypsa HEP	-	-	-	-	-	-	-	-	-	-	-	-
Surgani Sundia HEP	-	-	-	-	-	-	-	-	-	-	-	-
Deshal Chauru	-	-	-	51.12	-	-	-	-	-	-	-	51.12
Changlu-III	-	-	-	121.21	-	-	-	-	-	-	-	121.21
Batra-Dal Solar Power Project	-	-	-	-	-	-	-	-	-	-	-	-
Kashang HEP Stage-II	-	-	-	376.11	18,258.44	25.19	-	-	-	-	-	18,635.74
G.Total	-	184.35	-	1,06.06	99,474.37	36,160.30	7.54	-	-	10.49	0.84	1,36,767.93



Note No 2.2.2

HIMACHAL PRADESH POWER CORPORATION LIMITED						
Expenditure During Construction	Note No.	Amount in Lacs				
		As at 31.03.2022	Addition during 22-23	Deletion during 22-23	Net Adj. During 22-23	As at 31.03.2023
EXPENDITURE						
Employee Benefits Expenses	2.2.2.1	61,704	6,301	-	6,301	68,005
Financial Cost	2.2.2.2	33,580	6,456	-	6,456	40,036
Other Expenses	2.2.2.3	1,754	341	-	341	2,094
Capital Administrative Expenses	2.2.2.4	25,942	68,987	(3,872)	55,115	91,057
TOTAL (A)		1,22,979	82,085	(3,872)	78,213	2,01,192
Less: Miscellaneous Income	2.2.2.5	(12,563)	(1,263)	-	(1,263)	(13,826)
Less: Renukaji & Gyzpa Project Depreciation adjusted against Capital Reserve		-	-	-	-	-
NET EXPENDITURE (B) (Carried forward to CWIP)		1,10,417	80,822	(3,872)	76,950	1,87,367

Note No 2.2.2.1

EMPLOYEE BENEFITS EXPENSES (Expenditure During Construction):

PARTICULARS	Amount in Lacs				
	As at 31.03.2023	Addition during 22-23	Deletion during 22-23	Net During 2022-23	As at 31.03.2022
Salaries, Wages, Allowances and Benefits	61,735.40	6,012.60	-	6,012.60	55,722.80
Contribution to Provident and Other Funds	1,036.09	35.12	-	35.12	1,000.99
Leave Salary and Pension Contribution	3,752.01	175.79	-	175.79	3,576.22
Travelling Exp.	425.67	15.20	-	15.20	410.48
Medical Exp.	587.43	35.16	-	35.16	552.27
Welfare Expenses	466.39	27.41	-	27.41	440.98
TOTAL	68,005.00	6,301.27	-	6,301.27	61,703.73

Note No 2.2.2.2

FINANCIAL INTEREST COST (Expenditure During Construction):

PARTICULARS	Amount in Lacs				
	As at 31.03.2023	Addition during 22-23	Deletion during 22-23	Net During 2022-23	As at 31.03.2022
Interest on Term Loans	39,975.95	6,454.69	-	6,454.69	33,521.26
Bank Charges & C Charges	40.53	1.00	-	1.00	39.53
Others-FBT/Service Tax Interest	19.04	-	-	-	19.04
TOTAL	40,035.52	6,455.69	-	6,455.69	33,579.83

Note No 2.2.2.3

DEPRECIATION EXPENSES:

PARTICULARS	Amount in Lacs				
	As at 31.03.2023	Addition during 22-23	Deletion during 22-23	Net During 2022-23	As at 31.03.2022
Depreciation for the year (Transferred to Profit & Loss Account)	-	-	-	-	-
Depreciation for the year (Transferred to Expenditure During Construction)	2,094.48	340.73	-	340.73	1,753.76
TOTAL	2,094.48	340.73	-	340.73	1,753.76
Depreciation set off from Capital Reserve	-	-	-	-	-



-6(a)-

Note No 2/2021

OFFICE ADMINISTRATIVE EXPENDITURE (Projects Incidental Expenditure):

Amount in Lacs

PARTICULARS	As at 31.03.2023	Addition during 22-23	Deletion during 22-23	Net During 2022-23	As at 31.03.2022
Repairs and Maintenance Vehicle	130.50	10.14	-	10.14	120.36
Repairs and Maintenance Office Furniture & Equipments	95.62	10.21	-	10.21	85.41
Repairs and Maintenance Plant and Machinery	122.58	4.67	-	4.67	117.91
Repairs and Maintenance Buildings	629.98	28.74	-	28.74	601.24
Repairs and Maintenance Others	49.49	0.96	-	0.96	48.53
Office & Administration Expenses	41.21	0.09	-	0.09	41.12
Hospitality and Entertainment Expenses	175.59	11.56	-	11.56	164.03
Meeting Expenses	76.04	5.85	-	5.85	70.19
Misc. Expenses	140.39	0.86	-	0.86	139.52
Communication Expenses	758.91	35.90	-	35.90	723.01
Rent/Rates and Taxes	2,169.04	69.23	-	69.23	2,099.81
Consultancy Fees	809.71	72.60	-	72.60	737.11
Annual Technical Support-SAP/AMC	3,349.88	452.89	-	452.89	2,897.00
Vehicle Running Charges & Insurance Charges	343.05	23.43	-	23.43	319.62
Hired Vehicle Expenses	2,352.26	236.67	-	236.67	2,115.59
Training & Seminar	289.52	2.06	-	2.06	287.46
Fees & Subscription	42.60	0.21	-	0.21	42.40
Electricity & Water Expenses	488.26	31.66	-	31.66	456.60
Printing & Stationery	309.96	20.22	-	20.22	289.73
Books, Periodicals & Newspapers	80.35	4.99	-	4.99	75.36
Freight & Labour Charges	49.18	1.27	-	1.27	47.91
Postage	48.95	3.39	-	3.39	45.56
Postage Day Expense	33.36	0.05	-	0.05	33.31
Legal & Professional Charges	456.43	19.58	-	19.58	436.85
Postage & Telegram Expenses	31.30	1.57	-	1.57	29.72
Publicity & Advertisement Expenditure	319.71	16.24	-	16.24	303.47
Expenditure on Transit Camps/Guest House	46.35	1.27	-	1.27	45.08
Business Promotion Expenses	263.41	70.68	-	70.68	192.73
Power/Water Park	42.79	-	-	-	42.79
Foreign Exchange Variation Cost	55.36	-	-	-	55.36
Land Acquisition Expenses	10.81	0.17	-	0.17	10.63
LEDA	4,905.06	985.00	-	985.00	3,920.06
Relief and Rehabilitation Costs	7,397.67	995.27	-	995.27	6,402.40
Environmental and Ecology exp.	67,278.04	62,297.82	-	62,297.82	4,980.23
Expenditure on Building Assets	51.24	-	-	-	51.24
CAT Plan	6,884.04	-	-	-	6,884.04
Study and Research	43.68	5.31	-	5.31	38.37
Survey & Investigation	9,702.72	414.68	-	414.68	9,288.04
Expenditure on Power HFSEBL 1-8-1	239.56	-	-	-	239.56
Environment Management Plan	1,099.06	45.56	-	45.56	1,053.51
Expenditure on Data Centre	9.11	-	-	-	9.11
Site & Presentation A/c (Pending Allocation)	3.39	-	-	-	3.39
Memorandum & Stipend	225.68	0.19	-	0.19	225.49
Incidental expenses-Power Water & parks	(42.53)	-	-	-	(42.53)
OUTSOURCED MANPOWER EXPENSES (Pending Allocation)	4,945.58	708.00	-	708.00	4,237.58
Retain earning Adjustment upto FY 2014	2,847.95	-	-	-	2,847.95
SAFETY RELATED EXPENSES	0.22	-	-	-	0.22
Hydraulic and numerical Model	32.08	-	-	-	32.08
Winter Heating Exp. (Pending Allocation)	86.46	6.17	-	6.17	80.29
Wages (Daily paid staff) (PROJECT)	4.57	-	-	-	4.57
Remuneration to Auditors	31.42	4.54	-	4.54	26.88
Consumables Stores	103.83	5.07	-	5.07	98.76
Transmission Lines	12.00	-	-	-	12.00
Common Cost (H/O & SNR)	(14,199.76)	2,381.42	(3,872.13)	(1,490.71)	(12,709.05)
Charges Measurement	(42.51)	-	-	-	(42.51)
Electricity Expenses	11.91	-	-	-	11.91
Construction & Construction stage Expenses	6.52	-	-	-	6.52
Interest exp after COD (proportionate) FY 2017-18	(0.98)	-	-	-	(0.98)
Interest exp Before COD Stage-1	(8,152.73)	-	-	-	(8,152.73)
Expenditure related to previous year	46.74	-	-	-	46.74
JC-Amount Settlement	(252.96)	-	-	-	(252.96)
JC incidental investment clearing account	(6,041.42)	-	-	-	(6,041.42)
Financial Charges on lease	8.81	0.85	-	0.85	7.96
Interest/Penalty	0.31	0.31	-	0.31	-
TOTAL	91,057.36	68,987.34	(3,872.13)	65,115.22	25,942.14



Note No 2

Miscellaneous Income Transferred to Expenditure During Construction:

Amount in Lacs

PARTICULARS	As at 31.03.2023	Addition during 22-23	Deletion during 22-23	Net During 2022-23	As at 31.03.2022
Interest from Banks Deposits/FDR's	(2,123.59)	(1.58)	-	(1.58)	(2,122.00)
Income from Providing design work/ Lab Receipts	-	-	-	-	-
Interest from Employees	-	-	-	-	-
House Rent Collection from employees/Other recovery	-	-	-	-	-
Income Sale of Power	(16.82)	-	-	-	(16.82)
Interest on Tax Refunds	-	-	-	-	-
Income from sale of tender forms	(0.72)	-	-	-	(0.72)
Income from Contractors	-	-	-	-	-
Income from Transit Camp/Guest House	-	-	-	-	-
Gain on sale of Assets	(1.16)	-	-	-	(1.16)
Miscellaneous Receipts	(11,683.29)	(1,261.06)	-	(1,261.06)	(10,422.23)
TOTAL	(13,825.59)	(1,262.65)	-	(1,262.65)	(12,562.94)



- 6(c) -

MACHAL PRADESH POWER CORPORATION LIMITED

Note 2.3.1

Investment Property

As at 31-3-23									
Particulars	As at 01.04.2022	Addition during the year	GROSS BLOCK		DEPRECIATION		NET BLOCK		(In Lacs)
			Deductions / Adjustments	As at 31.03.2023	As at 01.04.2022	Addition during the year	Deductions / Adjustments	As at 31.03.2023	As at 31.03.2022
Building - Investment	46.91	-	-	46.91	19.85	0.00	-	21.26	25.65
Total	47	-	-	47	20	0	-	21	26
									27

As at 31-3-22									
Particulars	As at 01.04.2021	Addition during the year	GROSS BLOCK		DEPRECIATION		NET BLOCK		(In Lacs)
			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
Building - Investment	46.91	-	-	46.91	18.44	1.41	-	19.85	27.06
Total	47	-	-	47	18	1	-	20	27
									28



Himachal Pradesh Power Corporation Limited

Sub Note No 2.4.1 Other Intangible Assets

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2022	Addition during the year	Deductions / Adjustments	As at 31.03.2023	As at 01.04.2022	Addition during the year	Deductions / Adjustments	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Software	69.14	32.30	-	101.44	52.98	5.87	-	58.85	42.59	16.16
Total	69.14	32.30	-	101.44	52.98	5.87	-	58.85	42.59	16.16

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



Himachal Pradesh Power Corporation Limited

Non Current Assets

2.7 Other Non Current assets

(In Lacs)

As at March 31,2023 As at March 31,2022

Capital Advances		
Advances to Suppliers and Contractors		
Covered By Bank Guarantee	-	-
Unsecured Considered Good	4,163.50	5,781.31
Others	-	-
Loans and Advances to Related Parties		
Unsecured Considered Good	60.50	60.50
Less: Provision for Doubtful Advances	(60.50)	(60.50)
Advances to Govt Departments		
Advances to Others		
Others- Secured Considered Good	54.99	46.26
Others- Unsecured Considered Good	191.44	383.34
Total Advances (A)	4,409.93	6,210.91
Others		
Recoverable from Contractors		
Others- Secured Considered Good	-	-
Others- Unsecured Considered Good	1,560.19	1,560.19
Recoverable from staff	-	-
Deposits with Income Tax Authorities	7,655.07	7,599.29
Deposits with Courts	-	-
Other Recoverable	20.44	19.21
Capital Stores at Cost		
Other Items		
Grant Receivables- Non Current	60,729.56	97,189.90
Prepaid Expenses	-	2.99
Deferred Employee Benefits Expense	-	-
Total - Others (B)	69,965.25	1,06,371.57
Total Other Non- Current Assets (C)=(A+B)	74,375.18	1,12,582.48



Himachal Pradesh Power Corporation Limited

Current Assets

2.8 Inventories

(In Lacs)

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

2.9 Trade Receivables

(In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
Secured Considered good		
Unsecured considered good:		
Sale of Power	1,037.36	484.80
Others(HPTCL)	23.77	23.77
Total	1,061.13	508.57

2.10 Cash and cash equivalents

(In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
Term Deposits (having original maturity of upto 3 months)	-	-
Cash and Bank Balances		
Cash in Hand	0.27	0.18
Stamps in Hand	0.16	0.15
Balance with Banks	-	-
Current Deposits	13,209.94	1,608.20
Term Deposits with maturity upto 3 months	-	-
Total	13,210.37	1,608.53

2.11 Bank Balance - Other than above

(In Lacs)

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



2.12 Loans

(In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
Security Deposits		
Secured Considered Good	-	-
Unsecured considered good	0.62	60.65
Doubtful	-	-
Recoverable from Staff	0.24	1.98
Advances to Employees		
Secured considered good	-	-
Unsecured Considered Good	0.33	0.03
Doubtful	-	-
Total Loans	1.19	62.65

2.13 Other Assets

(In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
Interest Accrued but not due on deposits with Banks	59.82	35.54
Interest recoverable	17.56	18.71
Amount Receivable from Others	358.90	228.58
Amount Recoverable from Contractor & Suppliers	19,123.37	19,294.07
Less Provision for Doubtful Recoverable from contractor & suppliers	(13,034.42)	(13,034.42)
Total Other Financial Assets	6,525.23	6,542.48

2.14 Other Current Assets

(In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
Advances Others		
Secured Considered Good	-	-
Unsecured considered good	21.89	21.89
Advance to Suppliers and Contractors		
Secured Considered Good	-	-
Unsecured considered good	4,834.15	4,416.62
Advances to Govt Departments		
Secured Considered Good	-	-
Unsecured considered good	750.80	634.92
Others		
Prepaid Expenses	804.46	312.85
Amount Recoverable from tax authorities	-	10.18
Deposits with Courts	38,775.33	21,179.57
Other Recoverable	15.41	0.00
Recv from Rent	29.92	29.92
Total	45,231.96	26,605.94



Himachal Pradesh Power Corporation Limited

2.15 Equity Share Capital

	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Share Capital (Rs. In lacs)	No. of Shares	Share Capital (Rs. In lacs)
AUTHORISED Equity Shares of par value @ 1000/- 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 @ 1000/- each fully paid up	2,30,24,779	2,30,247.79	2,25,10,279	2,25,102.79
Total		2,30,247.79		2,25,102.79

2.15.1 Details of shareholders holding more than 5% shares in the Company :

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares	%	No. of shares	%
Government of Himachal Pradesh (GoHP)	98,45,491	42.76	93,30,991	41.45
Himachal Pradesh Infrastructure Development Board	1,18,71,507	51.56	1,18,71,507	52.74
Himachal Pradesh Electricity Board Limited	13,07,731	5.68	13,07,731	5.81
	2,30,24,729		2,25,10,229	

2.15.2 The reconciliation of the number of shares outstanding is set out below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Share Capital (Rs. In lacs)	No. of Shares	Share Capital (Rs. In lacs)
Number of shares at the beginning	2,25,10,279	2,25,102.79	2,18,77,133	2,18,771.33
No. of shares issued during the year	5,14,500	5,145.00	6,33,146	6,331.46
No. of shares Bought Back during the year				
Number of shares at the end	2,30,24,779	2,30,247.79	2,25,10,279	2,25,102.79



Himachal Pradesh Power Corporation Limited

Statement of Changes in Equity

A. Equity: Share Capital				In Lakhs	
(1) For FY 2022-23	Balance as at 1st April, 2022	Changes to equity shares capital due to prior period errors	Related balance as at 1st April, 2022	Changes to equity shares capital during the year	Balance as at 31st March, 2023
	2,25,102.79		2,25,102.79	5,145.00	2,30,247.79

(2) For FY 2021-22	Balance as at 1st April, 2021	Changes to equity shares capital due to prior period errors	Related balance as at 1st April, 2021	Changes to equity shares capital during the year	Balance as at 31st March, 2022
	2,18,771.33		2,18,771.33	6,521.46	2,25,292.79

2.16

B. Other Equity											
(1) For FY 2022-23	Share application on money pending allotment	Equity component of compound financial instrument	Capital Reserve	Reserve & Surplus	Other Reserve	Retained Earnings	Outstanding equity instrument through other Comprehensive	Equity instrument through Other Comprehensive	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statement
Balance as on 1st April, 2022	275.00					48,446.17					
Changes to accounting policy or prior period errors						21.80					
Related balance at the beginning of the current reporting period	275.00					48,467.97					
Total comprehensive income for the current year						684.55					
Dividends						-9,330.25					
Transfer to retained earnings											
Any other change											
Balance as on 31st March, 2023	1,850.00					77,289.55					

(2) For FY 2021-22	Share application on money pending allotment	Equity component of compound financial instrument	Capital Reserve	Reserve & Surplus	Other Reserve	Retained Earnings	Outstanding equity instrument through other Comprehensive	Equity instrument through Other Comprehensive	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statement
Balance as on 1st April, 2021						-57,981.64					
Changes to accounting policy or prior period errors						48.62					
Related balance at the beginning of the current reporting period						-57,933.02					
Total comprehensive income for the current year						-171.32					
Dividends						-10,952.73					
Transfer to retained earnings											
Any other change											
Balance as on 31st March, 2022	275.00					-68,467.52					

For and on behalf of the Board of Directors

(B.L. Vermani)
AGM (Finance)

(Sudershan K Sharma)
Consultant (Company Secretary)

(Shyam Prakash Singh)
Director (Finance)
DIN No. 10243812

(Harkesh Meena)
Managing Director
DIN No. 0333558

This is the Statement of Changes in Equity referred to our report of eve

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

(CA Suresh Chand Soni)
Partner
M. No. 083106
Place: Shimla
Date: 12-01-25



Himachal Pradesh Power Corporation Limited

Non Current Liabilities

2.17 Borrowings

(In Lacs)

Particulars	As at March 31, 2023	As at March 31, 2022
Term Loans		
A Secured		
From Banks:		
From UCO Bank	-	-
From PFC Loan Shongtong	18,147.95	-
Total (A)	18,147.95	-
B Unsecured		
Government of Himachal Pradesh Loan for Shongtong HEP (Rate of Interest 3.83% p.a. payable in half yearly instalments from July 2018 to January 2028)	4,129.46	5,162.46
Government of Himachal Pradesh Loan for Shongtong HEP (Rate of Interest 0.75% p.a. payable in half yearly instalments from July 2023 to January 2033)	4,793.95	4,959.26
Government of Himachal Pradesh Loan (Trench 1) (Rate of Interest 10% pa payable in yearly instalments of principal and interest from April 18 to January 2023)	-	-
Government of Himachal Pradesh Loan (Trench 2) (Rate of Interest 10% pa payable in yearly instalments of principal and interest from April 18 to January 2025)	2,771.88	5,543.77
Government of Himachal Pradesh Loan (Trench 3) (Rate of Interest 10% pa payable in yearly instalments of principal and interest from April 18 to January 2026)	21,062.43	31,579.78
Government of Himachal Pradesh Loan (Trench 4) (Rate of Interest 10% pa payable in yearly instalments of principal and interest from April 18 to January 2027)	12,226.69	17,134.19
Government of Himachal Pradesh Loan (SEC.TRM.LOAN HP Govt)	-	-
Unsecured Term Loan Chanju-III -AFD (Rate of Interest 2.30 % pa payable in semi annual instalments for each calendar half year on or before 15th January/ 15th July succeeding half year to which the interest relates)	35.55	-
Unsecured Term Loan Deothal Chanju- AFD (Rate of Interest 2.39 % pa payable in semi annual instalments for each calendar half year on or before 15th January/ 15th July succeeding half year to which the interest relates)	22.21	-
Total (B)	45,042.18	64,379.46
Total Term Loans from Banks (A+B)	63,190.13	64,379.46

2.18 Lease Liabilities

(In Lacs)

	As at March 31, 2023	As at March 31, 2022
Lease Liabilities - Non Current	65.46	682.92
Total	65.46	682.92

2.19 Other Financial Liabilities

(In Lacs)

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



Himachal Pradesh Power Corporation Limited

Non Current Liabilities 2.20 Provisions (In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
Unfunded Employee benefit		
Pension Contribution	1,472.64	1,241.44
Gratuity	1,736.63	1,620.79
Leave Enchasmment	4,107.72	3,832.89
Total	7,316.99	6,695.12

2.21 Deferred tax liabilities (Net)

Particulars	As at March 31,2023	As at March 31,2022
Deferred Tax Liabilities	-	-
Total	-	-

2.22 Other Non-Current Liabilities

(In Lacs)

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



Himachal Pradesh Power Corporation Limited

Current Liabilities

2.23 Borrowings

(In Lacs)

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

2.24 Lease Liabilities

(In Lacs)

	Particulars	As at March 31,2023	As at March 31,2022
	Lease Liabilities	678.69	167.16
	Total	678.69	167.16

2.25 Trade Payables

(In Lacs)

	Particulars	As at March 31,2023	As at March 31,2022
	Trade Payables	-	-
	Total	-	-

2.26 Other Financial Liabilities

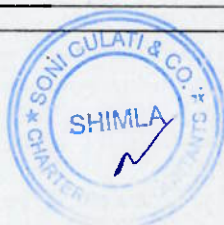
(In Lacs)

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

2.27 Provisions

(In Lacs)

	Particulars	As at March 31,2023	As at March 31,2022
	Unfunded Employee benefit		
	Gratuity	-	-
	Leave Encasement	-	-
	Provision for Income Tax	0.30	-
	Total	0.30	-



Himachal Pradesh Power Corporation Limited

2.28 Revenue from Operations

(In Lacs)

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

2.29 Other Income

(In Lacs)

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

2.30 Employee Benefits Expense

(In Lacs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Salaries, Wages, Allowances and Benefits	2,215.87	2,290.67
Contribution to Provident and Other Funds	146.11	95.61
Leave Salary and Pension Contribution *	174.92	335.04
Welfare Expenses	167.28	276.58
Total	2,704.19	2,997.90

2.31 Finance Costs

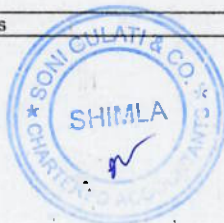
(In Lacs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Bank Charges	0.06	0.14
Interest on Term Loan	19,603.57	19,653.32
Interest on Other Loan (KCCB, HPSCBL)	709.64	624.04
Total	20,313.27	20,277.51

2.32 Depreciation and Amortization Expense

(In Lacs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Depreciation for the Year	20,722.13	20,588.86
Depreciation Charged to Statement of Profit & Loss	20,722.13	20,588.86



Himachal Pradesh Power Corporation Limited

2.33 Other Expenses

Office and Administrative Expenditure

(In Lacs)

For the Year Ended
March 31, 2023 For the Year Ended
March 31, 2022

Repair and Maintenance		
Buildings		
Roads	90.25	75.14
Plant & Machinery	97.29	119.54
Office Equipments & Furnitures	1,396.84	854.18
Civil Works	0.90	0.87
Vehicles	313.77	339.62
TOTAL (A)	0.10	0.42
	1,899.15	1,389.76
Expenses related to sales of power		
Expenses in relation to sale of power		
Free Power	1,177.82	4,388.99
Rebate to Customers	67.66	62.09
TOTAL (B)	56.87	37.12
	1,302.36	4,488.21
Other expenses		
Rent, rates and Taxes	3.86	3.25
Insurance -Other Assets		
Electricity & Water Charges	558.08	330.90
Travelling & Conveyance	38.48	35.66
Traning Expenses	2.30	1.17
Legal and Professional Charges	0.60	0.41
Communication Expenses	118.82	74.44
Printing & Stationery	11.69	11.06
Statutory Audit Fees	4.53	5.12
Consultancy fees	8.29	7.85
Publicity and Advertisement Expenses	5.48	3.03
Hiring of Vehicles	1.79	16.32
Vehicle Running Charges and Insurance Charges	150.78	137.54
Annual Technical Support- SAP	1.30	4.15
Fees and subscription	2.14	1.48
Expenses on Transit Camps	17.85	5.00
Books & Periodicals	0.38	0.34
Hospitality and Entertainment Expense	1.47	1.07
Freight and Labour Charges	1.96	2.43
Postage and Telegram Expenses	0.06	0.03
Raising Day Expense	0.31	0.37
Meeting Expenses	0.64	10.95
Environment & Ecology Expenses	0.38	0.44
Office Expenses	39.28	(24.95)
Interest & penalties under I.Tax	31.03	23.31
Loss on Sale of Fixed Assets	0.09	0.38
Miscellaneous Expenses	0.23	59.54
CAT Plan Expenses	6.50	199.34
Training Expense O&M	75.77	(0.00)
Contribution to IIIT	-	-
Intt./Penalty- Entry	-	480.00
Prior Period Expense	-	0.06
TOTAL (C)	0.12	-
	1,084.19	1,390.69
GRAND TOTAL (A) + (B) + (C)	4,285.70	7,268.66



Himachal Pradesh Power Corporation Limited

2.34 Other Comprehensive Income

(In Lacs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
A. Items that will not be reclassified to profit & loss		
(ii) Remeasurement of the defined benefit plans	(206.55)	171.32
Total	(206.55)	171.32

2.35 Earning Per Share Basic and Dilluted

(In Lacs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Net Profit After Tax	(9,124)	(11,134)
Weighted Average No. of shares	2,27,67,529	2,25,10,279
Face value of share	1,000	1,000
EPS	-40.07	-49.46



Note No 2,36

Disclosure on Financial Instruments and Risk Management

i) Fair Value Measurement

a) Financial Instruments by Category

(Rs. In lacs)

		As at March 31,2023	As at March 31,2022
Particulars	Note No	Amortised Cost	Amortised Cost
Financial Assets			
Non Current Financial Assets			
(i) Investments	2.5		
(ii) Loans	2.6	151	89
(iii) Others	2.7		
Bank Deposits with more than 12 Months Maturity			
Current Financial Assets			
(i) Trade Receivables	2.9	1061	509
(ii) Cash and Cash Equivalents	2.10	13210	1,608
(iii) Bank Balance other than above	2.11	3117	3,320
(iv) Loans	2.12	1	63
(v) Other Assets			
Interest Accrued	2.13	60	36
Other Recoverable	2.13	19500	19,542
Total Financial Assets		37,100	25,166
Financial Liabilities			
(i) Long Term Borrowings			
a) Term Loans Financial Institutions	2.17		-
b) Term Loans from Others	2.17 & 2.19	63190	64,379
(ii) Deposits / retention non current	2.19	4146	4,384
Current Financial Liabilities			
(iii) Other Financial Liabilities			
a) Current Maturity of Term Loans Financial Institutions	2.26		-
b) Current Maturity of Term Loans other	2.26		-
c) Deposit/ Retention Money	2.26	1419	8,814
d) Liability against Capital Works	2.26	2318	2,580
e) Other Payables	2.23 & 2.26	309703	3,24,205
Total Financial Liabilities		3,80,775	4,04,363

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



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

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

(Rs. In lacs)

	Note No	As at March 31, 2023	As at March 31, 2022		
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
(i) Loans to employees and Others	2.6 & 2.12	152	152	152	152
(ii) Other		-	-	-	-
Bank deposits with more than 12 months maturity		-	-	-	-
Total Assets		152	152	152	152
Financial Liabilities					
(i) Long term Borrowings(including current Maturity and Interest	2.17 & 2.26	2,83,587	2,83,587	2,60,409	2,60,409
(ii) Deposit / Retention Money/others (including Current Liabilities).	2.19 and 2.26	5,945	5,945	13,162	13,162
Total Liabilities		2,89,533	2,89,533	2,73,571	2,73,571

Significant Estimates:

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



Disclosure as per Ind AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'
A) Restatement for the year ended 31st March 2022 and as at 1st April 2021

In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance 31st March 2022 and 1st April 2021 (beginning of the preceding period) and Statement of Profit and Loss and Statement of Cash Flows for the year ended 31st March 2022 for the reasons as stated in the

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

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

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

Particulars		Note No.	As at March 31, 2022		
			As Previously Reported	IND AS 8 Adjustment	As Restated
Finance cost			20,277.51	(31.40)	20,246.10
Other Expenses		(i)	7,268.66	4.61	7,273.26
Employee Benefit Expenses		(i)	2,997.90	5.30	3,003.20
Profit after Tax					

Notes:

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



(ii) Financial Risk Management

Financial risk factors:

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

a) Credit risk:

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

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

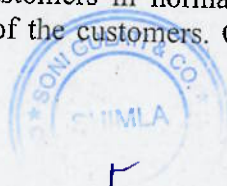
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risks: currency rate risk, interest rate risk and other price risks. Financial instruments affected by market risk include 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, 2023 and 31st March, 2022. The Company's risk management is carried out as per policies approved by Board of Directors from time to time.

(A) Credit Risk:

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

a) Trade Receivables:

The Company extends credit to customers in normal course of business. The Company monitors the payment track record of the customers. Outstanding customer receivables are



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

b) Financial assets at carrying cost:

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

c) Financial instruments and cash deposits:

The Company considers factors such as track record, size/net worth of the institution/bank, market reputation and service standards and limits and policies as approved by the Board of Directors to select the banks with which balances and deposits are maintained. The Company invests surplus cash in short term deposits with scheduled Banks.

(B) Liquidity Risk:

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

Maturities of Financial Liabilities:

The table below provides undiscounted cash flows towards company's financial liabilities into relevant maturity based on the remaining period at the Balance Sheet date to the contractual maturity date. Balance due within 1 year is equal to their carrying balances as the impact of discounting is not significant. (Refer note 2.19, 2.21, 2.25 & 2.28)

(Rs. in lacs)

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



(Rs. In Lacs)

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

(C) Market Risk:

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

(i) Interest rate risk and sensitivity:

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

Particulars	Rs. in Lacs	
	As At 31st March 2023	As At 31st March 2022
Fixed Rate Borrowings	45,042	64,379

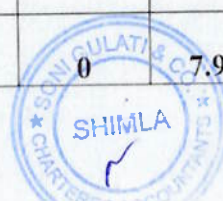
ii) Price Risk: Exposure:

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

iii) Foreign Currency Risk: Foreign Currency Risk Exposure:

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

Particulars	As At 31st March 2023			As At 31st March 2022		
	USD	Euro	CHF	USD	Euro	CHF
Financial Assets						
Net Exposure to foreign currency risk -Asset (A)	7.92	0.84	0	7.92	0	0
Financial Liabilities						
Retention Money	0	0	0	0	0	0
Other Payables	0	0	0	0	0	0
Net Exposure to foreign currency risk -Liabilities(B)	0	0	0	0	0	0
Net Exposure to foreign currency risk (A-B)	7.92	0.84	0	7.92	0	0



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

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

(iii) Capital Management

(a) Capital Risk Management:

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern, in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended 31st March, 2023.

The Company monitors capital using gearing ratio, which is net debt divided by total of Capital and Net Debt. The gearing ratios are as follows:

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

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

(b) Loan Covenants:

Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:-

There is requirement to maintain Debt Equity ratio of 70:30 by the ADB, which is funding agency to the State Government.



(c) Dividends:

The Company started commercial operation during the year 2016-17 and total cumulative loss as on 31.03.2023 is Rs. 75704.84 lacs, thus no dividend has been declared by the company.

Other Explanatory Notes to Accounts:

2.41 Contingent Liabilities:

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

(i) Capital works:

Contractors have lodged claims as on 31.3.2023, aggregating to approx. Rs. 91440.77 lacs, against the Company on account of rate & quantity deviation, cost relating to extension of time and idling charges due to stoppage of work/delays in handing over the site etc. These claims are being contested by the company as being not admissible in terms of provisions of the respective contracts or are lying at arbitration tribunal/other forums/other Courts. As the amounts recommended by the Dispute Boards (DBs) are much less than the amounts claimed by the contractors, the claims on account of further interest and escalation, if any, have not been considered.

Rs. In Lac		
Particulars	31 st March 2023	31 st March 2022
Capital Works	91440.77	77378.51
Land Compensation	76100.36	79245.46
Others	4875.96	457.52
Total	172417.09	157081.49

(ii) Land Compensation cases:

In respect of land acquired for the projects, some of the land losers have filed claims for higher compensation amounting to Rs.76100.36 lacs as on 31.03.2023, before various authorities/courts. Company has shown the same as contingent liability as the matter is subjudice.

(iii) Others:

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

The above is summarized below as at 31.03.2023:

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



The above is summarized below as at 31.03.2022:

Rs. In Lac					
Particulars	Claims as on 31.3.2022	Provision Against The Claims	Contingent Liability as on 31.3.2022	Contingent Liability as on 31.3.2021	Addition /deletion 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

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 2023	As At 31 st March 2022
Civil Work and E & M works	40930.73	60816.73

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

Particulars	Currency	As At 31 st March 2023	As At 31 st March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	INR	113318.13	82322.38
	Euro	54.15	702.58
	US\$	6.33	4132.78

2.44 The effect of foreign exchange fluctuation during the year is as under: (Rs. In Lacs)

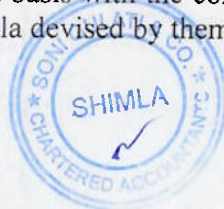
Sr. No.	Particulars	Year ended 31.3.2023	Year ended 31.3.2022
(i)	Amount Charged to Statement of Profit and Loss Account excluding depreciation	54.94	21.91 (Net)
(ii)	Amount Charged to Expenditure attributable to construction	Nil	Nil
(iii)	Amount adjusted by addition to the carrying amount of fixed Assets	Nil	Nil

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

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:

(Amt. in Rs.)			
	Assets / Liability	31/03/2022	31/03/2023
a	Present value of obligation	162,078,774	173,663,047
b	Fair value of plan assets	--	--
c	Net assets / (liability) recognized in balance sheet as provision	(162,078,774)	(173,663,047)

Plan Liability: - The actuarial value of gratuity liability calculated on the above assumptions works out as under:

(Amt. in Rs.)		
Date Ending	31/03/2022	31/03/2023
Present value of obligation as at the end of the period	162,078,774	173,663,047

Service Cost

(Amt. in Rs.)			
		31/03/2022	31/03/2023
a)	Current Service Cost	14,994,017	15,822,300
b)	Past Service Cost including curtailment Gains/Losses	--	--
c)	Gains or Losses on Non routine settlements	--	--
d)	Total Service Cost	14,994,017	15,822,300

Net Interest Cost

(Amt. in Rs.)			
		31/03/2022	31/03/2023
a)	Interest Cost on Defined Benefit Obligation	9,383,069	11,702,087
b)	Interest Income on Plan Assets	--	--
c)	Net Interest Cost (Income)	9,383,069	11,702,087

Change in Benefit Obligation

(Amt. in Rs.)			
		31/03/2022	31/03/2023
a)	Present value of obligation as at the beginning of the period	137,986,302	162,078,774



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

Bifurcation of Actuarial Gain/Loss on Obligation

		(Amt. in Rs.)	
		31/03/2022	31/03/2023
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	--	--
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(8,058,500)	(3,131,494)
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	9,138,556	(4,658,813)

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

Balance Sheet and related analysis

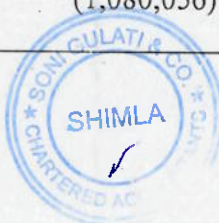
		(Amt. in Rs.)	
		31/03/2022	31/03/2023
a)	Present Value of the obligation at end	162,078,774	173,663,047
b)	Fair value of plan assets	--	--
c)	Unfunded Liability/provision in Balance Sheet	(162,078,774)	(173,663,047)

The amounts recognized in the income statement.

		(Amt. in Rs.)	
		31/03/2022	31/03/2023
a)	Total Service Cost	14,994,017	15,822,300
b)	Net Interest Cost	9,383,069	11,702,087
c)	Expense recognized in the Income Statement	24,377,086	27,524,387

Other Comprehensive Income (OCI)

		(Amt. in Rs.)	
		31/03/2022	31/03/2023
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--
b)	Actuarial gain / (loss) for the year on PBO	(1,080,056)	7,790,307



c)	Actuarial gain /(loss) for the year on Asset	--	--
d)	Unrecognized actuarial gain/(loss) for the year	(1,080,056)	7,790,307

Change in Net Defined Benefit Obligation

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Net defined benefit liability at the start of the period	137,986,302	162,078,774
b)	Acquisition adjustment	--	--
c)	Total Service Cost	14,994,017	15,822,300
d)	Net Interest cost (Income)	9,383,069	11,702,087
e)	Re-measurements	1,080,056	(7,790,307)
f)	Contribution paid to the Fund	--	--
g)	Benefit paid directly by the enterprise	(1,364,670)	(8,149,807)
h)	Net defined benefit liability at the end of the period	162,078,774	173,663,047

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

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Current liability (Amount due within one year)	10,008,744	11,996,351
b)	Non-Current liability (Amount due over one year)	152,070,030	161,666,696
	Total PBO at the end of year	162,078,774	173,663,047

Expected contribution for the next Annual reporting period.

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Service Cost	15,848,713	16,959,501
b)	Net Interest Cost	11,702,087	12,816,333
c)	Expected Expense for the next annual reporting period	27,550,800	29,775,834

Sensitivity Analysis of the defined benefit obligation.

(Amt. in Rs.)

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

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



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

(iii) Leave encashment:

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

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

(Amt. in Rs.)

	Assets / Liability	31/03/2022	31/03/2023
a	Present value of obligation	206,910,761	224,110,793
b	Fair value of plan assets	--	--
c	Net assets /(liability) recognized in balance sheet as provision	(206,910,761)	(224,110,793)

Plan Liability

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

(Amt. in Rs.)

Date Ending	31/03/2022	31/03/2023
Present value of obligation as at the end of the period	206,910,761	224,110,793

Service Cost

(Amt. in Rs.)

	31/03/2022	31/03/2023
a) Current Service Cost	18,755,314	20,133,280
b) Past Service Cost including curtailment Gains/Losses	--	--
c) Gains or Losses on Non routine settlements	--	--
d) Total Service Cost	18,755,314	20,133,280

Net Interest Cost

(Amt. in Rs.)

	31/03/2022	31/03/2023
a) Interest Cost on Defined Benefit Obligation	10,799,615	14,938,957
b) Interest Income on Plan Assets	--	--
c) Net Interest Cost (Income)	10,799,615	14,938,957



Change in Benefit Obligation

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Present value of obligation as at the beginning of the period	158,817,866	206,910,761
b)	Acquisition adjustment	--	--
c)	Interest Cost	10,799,615	14,938,957
d)	Service Cost	18,755,314	20,133,280
e)	Past Service Cost including curtailment Gains/Losses	--	--
f)	Benefits Paid	(925,922)	(6,303,941)
g)	Total Actuarial (Gain)/Loss on Obligation	19,463,888	(11,568,264)
h)	Present value of obligation as at the End of the period	206,910,761	224,110,793

Actuarial Gain/Loss on Obligation

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	--	--
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(11,614,198)	(4,553,735)
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	31,078,086	(7,014,529)

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

Balance Sheet and related analysis

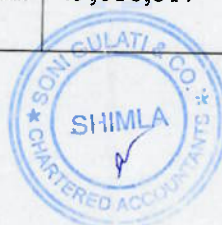
(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Present Value of the obligation at end	206,910,761	224,110,793
b)	Fair value of plan assets	--	--
c)	Unfunded Liability/provision in Balance Sheet	(206,910,761)	(224,110,793)

The amounts recognized in the income statement.

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Total Service Cost	18,755,314	20,133,280
b)	Net Interest Cost	10,799,615	14,938,957
c)	Net actuarial (gain) / loss recognized in the period	19,463,888	(11,568,264)
c)	Expense recognized in the Income Statement	49,018,817	23,503,973



Change in Net Defined Benefit Obligation

(Amt. in Rs.)

	31/03/2022	31/03/2023
a) Net defined benefit liability at the start of the period	158,817,866	206,910,761
b) Acquisition adjustment	--	--
c) Total Service Cost	18,755,314	20,133,280
d) Net Interest cost (Income)	10,799,615	14,938,957
e) Re-measurements	19,463,888	(11,568,264)
f) Contribution paid to the Fund	--	--
g) Benefit paid directly by the enterprise	(925,922)	(6,303,941)
h) Net defined benefit liability at the end of the period	206,910,761	224,110,793

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

(Amt. in Rs.)

	31/03/2022	31/03/2023
a) Current liability (Amount due within one year)	10,341,464	9,583,161
b) Non-Current liability (Amount due over one year)	196,569,297	214,527,632
Total PBO at the end of year	206,910,761	224,110,793

Expected contribution for the next Annual reporting period.

(Amt. in Rs.)

	31/03/2022	31/03/2023
a) Service Cost	19,772,704	21,516,485
b) Net Interest Cost	14,938,957	16,539,377
c) Expected Expense for the next annual reporting period	34,711,661	38,055,862

Sensitivity Analysis of the defined benefit obligation.

(Amt. in Rs.)

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

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

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



2.46 Segment information:

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

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

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

d) Information about major customers:

(Rs. In Lacs)

Sr. No	Name of Customer	Revenue from Customers	Revenue from Customers	Revenue from Customers as %age of revenue	
		2022-23	2021-22	2022-23	2021-22
1	HPSEB Ltd.	13394.01	349.18	34.82	0.87
2	M/s TPTCL	25067.70	35204.63	65.18	87.94
3	M/s PTC	-	4480.10	-	11.19
	Total Revenue	38461.71	40033.91	100	100

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

(a) List of Related Parties:

(i) Directors & Key Management Personnel:

Name	Designation	Period/Duration (w.e.f.)
Sh. Devesh Kumar, IAS	Managing Director	25.06.2021 to 13.04.2022
Sh. Harikesh Meena, IAS		16.04.2022 to 25.05.2022
Dr. Ajay Kumar Sharma, IAS		25.05.2022 to 31.01.2023
Sh. Harikesh Meena, IAS		04.02.2023 to till date
Ms. Priyanka Verma, IAS	Director (Personnel & Finance)	28.06.2021 to 05.08.2022
Sh. Mukesh Repaswal, IAS		06.08.2022 to 19.01.2023
Dr. Amit Kumar Sharma, IAS		19.01.2023 to 03.07.2023
Sh. Shivam Pratap Singh, IAS		04.07.2023 to till date
Sh. Shashi Kant Joshi	Director (Electrical)	20.05.2020 to 13.10.2022
Sh. Mukesh Repaswal, IAS		20.10.2022 to 19.01.2023
Dr. Amit Kumar Sharma, IAS		19.01.2023 to 03.07.2023
Sh. Shivam Pratap Singh, IAS		04.07.2023 to till date
Sh. Surender Kumar	Director (Civil)	22.07.2021 to till date
Sh. Sudershan Kumar Sharma	Company Secretary	07.08.2008 to till date

(ii) Joint Ventures:

Name of Entity	Principal Place of operation	Principal Activities	Percentage of Shareholding/ voting Power	
			As At 31 st	As At 31 st March



			March 2023	2022
Himachal EMTA Power Limited	Kolkata	Thermal Power Generation	50%	50%

(iii) Transactions with the related parties are as follows:

(Rs In Lacs)

Particulars	Joint Venture Companies	
	2022-23	2021-22
Transactions During the Year		
Investment in Share Capital	-	-
Share Application Money	-	-
Amount Recoverable	-	-

2.48 Remuneration to Directors and Key Managerial Personnel:

(Rs In Lacs)

Sr. No.	Particulars	Year ended on 2022-23	Year ended on 2021-22
(i)	Short Term Employee Benefits	59.78	91.32
(ii)	Post Employment Benefits	Nil	6.17
(iii)	Other Long Term Benefits	Nil	Nil
(iv)	Termination Benefits	Nil	Nil
	Total	59.78	97.49

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

2.49 Interest in Other Entities:

(i) Interest in joint ventures:

The company's interest in joint ventures as at 31st March, 2023 are set out below, which in the opinion of the management, are material to the company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the company. The country of incorporation of Company or registration is also their principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held:

(Rs. In Lacs)

Name of Entity and place of Business	% of ownership Interest	Relationship	Accounting Method	Quoted Fair value		Carrying Amount	
				31 st March 2023	31 st March 2022	31 st March 2023	31 st March 2022
Himachal EMTA Power Limited	50	Joint Venture	Equity Method	*	*	*	*

* Unlisted Entity- no quoted Price available

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

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



Summarised balance sheet as at 31 March 2023 using the Equity Method:

Himachal EMTA Power Limited		(Rs In lacs)
	As At 31 st March 2023	As At 31 st March 2022
Current Assets:		
Cash and cash Equivalents	17.06	16.33
Other Assets	0.55	0.73
Total Current Assets	17.61	17.06
Total Non Current Assets	3.44	3.39
Current Liabilities:		
Financial Liabilities	0.71	0.71
Current Liabilities	1.60	1.66
Total Current Liabilities	2.31	2.37
Non Current Liabilities:		
Financial Liabilities	121.00	121.00
Other Liabilities	83.66	45.83
Total Non Current Liabilities	204.66	166.83
Net Assets	-185.92	-148.75

Summarised Statement of Profit and Loss using Equity Method:

(Rs. In lac)

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

2.50 Impairment of Assets:

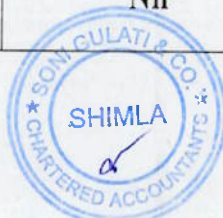
Ind AS 36, in the opinion of the management there is no indication of any significant impairment of assets during the year.

2.51 Fair Valuation of assets and liabilities:

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

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

		(Rs. In Lacs)	
	Particulars	Year ended on 2022-23	Year ended on 2021-22
A	Expenditure in Foreign Currency (EURO)	Nil	Nil



B	Earnings in Foreign Currency	Nil	Nil
C	Value of Import Calculated on CIF basis	Nil	Nil
i)	Capital Goods	Nil	Nil
ii)	Spare Parts	Nil	Nil
D)	Value of Component, Stores and Spare Parts Consumed	Nil	Nil
i)	Imported	Nil	Nil
ii)	Indigenous	Nil	Nil

2.53 Quantitative details in respect of energy generated & sold :

Hydro & Solar Power:

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

2.54 Payment to Auditors includes:

(Rs In Lacs)

Particulars	Year ended on 2022-23	Year ended on 2021-22
As Auditors		
Statutory Auditors	5.62	5.62
Tax Audit	1.00	1.00
Cost Audit	2.03	0.00
Other services	0.00	0.20
Reimbursement of Expenses(TA/DA)	0.27	0.00
Reimbursement of GST	1.56	1.05
Total	10.48	7.87

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

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

2.56 Information in respect of Micro and Small Enterprises as at 31st March 2023 as required by Micro, Small and Medium Enterprises Development Act, 2006:

(Rs. In Lacs)

Particulars	Year ended on 2022-23	Year ended on 2021-22
a) Amount remaining unpaid to any supplier:	Nil	Nil
Principal amount	Nil	Nil
Interest due thereon	Nil	Nil
b) Amount of interest paid in terms of section 16 of the MSMED Act along with the amount paid to the suppliers beyond the appointed day.	Nil	Nil
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	Nil	Nil



d) Amount of interest accrued and remaining unpaid	Nil	Nil
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of MSME Act.	Nil	Nil

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

2.58 Status of pending Income Tax cases:

- From F.Y. 2007-08 till F.Y. 2014-15, the cases are pending before Hon'ble High Court of H.P., for full Tax exemption u/s 260A of Income Tax Act, 1961.
- For the FY 2015-16, an amount of Rs. 11,05,28,339/- has been deposited as Advance tax (including TDS & TCS) and Rs. 29,25,700/- as statutory deposit @20% against total demand raised by the AO Shimla circle for Rs. 1,46,28,230/- and the corporation have preferred to file an Appeal before CIT (Appeal) camp at Solan, against the demand raised by the Assessing Officer. The Appeal is yet to be decided by the CIT (Appeal).
- For the FY 2016-17, an amount of Rs. 6,55,52,279/- (Rs. 6,06,67,400+ Rs. 48,84,879) has been deposited as Advance tax (including TDS & TCS). The assessment proceeding is completed and a partial refund of Rs. 4,61,89,669/- is received along with interest of Rs. 79,14,291/-. The appeal is pending before CIT (Appeal) for full Income Tax relief.
- For the FY 2017-18, an amount of Rs. 7,62,66,645/- (Rs. 6,46,89,324 + Rs. 1,15,77,321) has been deposited as Advance tax (including TDS and TCS) with Income Tax authorities. The assessment proceeding is completed and a Refund of Rs. 7,62,66,645/- is received along with interest. An appeal is pending with CIT Appeal against the penalty imposed u/s 271 (1) (c).
- For the FY 2018-19, an amount of Rs. 1,71,74,779/-, (Rs. 62,96,381+ Rs. 1,08,74,148) has been deposited as Advance tax, TDS & TCS. Assessment proceedings by AO has been completed and a refund of Rs. 1,79,47,641/- along with interest of Rs. 7,72,862/- is issued in favour of HPPGL. An appeal is filed with CIT (Appeal) against the Assessment orders passed by the A.O. vide which the carry forward expenses are not considered for the Assessment of Income of the Corporation and appeal is yet to be decided by the CIT Appeal.
- For the FY 2019-20 (AY 2020-21) Assessment Proceeding has been completed and a Refund of Rs. 32,62,495/- (TDS Rs. 32,33,524 + TCS 28,971) along with interest has been issued in favor of HPPCL and No Liability/Demand has been raised yet.
- For the FY 2020-21 (AY 2021-22) and FY 2021-22 (AY 2022-23), the Assessment proceedings are completed by the Assessing Officer and partial Refund has also issued after adjustment/Recovery against Demand of AY 2018-19 (i.e. Rs. 22,88,000 plus Interest).

2.59 The Company has in possession forest land at Sainj HEP, Shongtong HEP, Kashang HEP, Sawra Kudu HEP and Beradol SPP. The Company has accounted for the cost of the lease hold land in accordance of Govt. of H.P notification No.Rev.-D(G) 6-69/2011-II



dated 23.01.2016. However, the lease deeds with the revenue department in respect of above projects are under process.

2.60 Apportionment of expenditure of Corporate Office and DW Sundernagar:

Pre COD

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

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

Post COD

(i) Expenditure :

The Company has apportioned the expenditure of corporate office and Sundernagar (Design Wing) from 01 September 2016 to 31st March 2023 in the following proportions:-

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

(ii) Income Portion:

The Company has apportioned the income of corporate office and Design Wing Sundernagar from 01 September 2016 to 31st March 2023 in the following proportions:-

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

2.61 AFD during Dec, 2015 has agreed to provide Euro 80 million for construction of Chanju-III and Deothal Chanju HEP. Credit Facility agreement between GoI and AFD was signed on 04.07.2017 and Project Agreement among HPPCL, GoHP and AFD was signed on dated 02.02.2018. As on date, the total loan raised from AFD stands at Rs. 57.76 Lakh only.

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

Consequent upon the expiry of ADB loan and cancellation of KFW Loan, HPPCL has executed a loan agreement with Power Finance Corporation Limited on dated 06.10.2021 for a loan amounting to Rs 2207.63 crore for the balance works of STKHEP including IDC. Corporation has also availed the disbursements amounting to Rs. 181.48 crores from the said loan.

2.63 Demands by the PF Authorities:

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



2.64 Commissioning of a new Project:

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

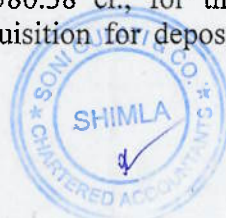
2.65 A sum of ₹ 103.24 lacs (excluding Interest) has been shown as recoverable from Directorate of Energy, Govt. of H.P in respect of Tidong- II HEP. This amount is still recoverable. In 70th meeting of BoD held on dated 03.12.2019, BoD did not agree to the proposal to consider the investment of Rs. 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) alongwith DOE, HPPCL,HPSEBL and HIMURJA to discuss the issue with regard to reimbursement of Survey and Investigation expenditure incurred on various projects. DoE apprised that the various correspondences have been made with all Project Developers for reimbursement time to time. But no response was received from the Project Developers till date.In the meeting, it was decided that DoE and HPSEBL will come with exact total figures with interest detail and proposal for recovery of the dues and requisite notices shall be issued to all the defaulting companies/ PSUs so that the due amount could be recovered.Now, DoE, GoHP vide letter dated 24.05.2023 has been again requested to recover the total expenditure i/c 10% interest liability till May, 2023 amounting to Rs. 3,82,39,781/- (Three crore, Eighty Two Lakhs, Thirty Nine Thousand & Seven Hundred Eighty One Only) incurred by HPPCL on Survey & Investigation works of Tidong - II Hydro Electric Project (60 MW) from developer. Keeping in view that Directorate of Energy has not yet denied to refund/re-imburse the same; hence provision for doubtful debt has not been made in Books of Accounts.

2.66 Survey and Investigation of Khab Hydro Electric Project:

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

2.67 Grant Receivable:

Cabinet Committee of Economic Affairs (CCEA) approved funding of the water component of Renukaji Dam Project (a National Project) under PMKSY-AIBP on 15.02.2021. The Project has entered in construction stage. Hon'ble Prime Minister has laid foundation stone on 27.12.2021. A sum of Rs. 2480.38 Crore has been utilized till 31.07.2023. The amount of Rs 1876.25 Cr contributed by GoI, Govt. of NCT Delhi, Govt. of Haryana, GoHP. The fund flow for the Project from Govt. of India has started. GoI has released Rs 1037.92 Crore as Central Assistance for the project for financial year 2021-22 on dated 03.03.2022 which is further received from GoHP through DoE on dated 21.04.2022 amounting to Rs. 451.54 cr and on dated 10.05.2022 amounting to Rs. 586.38 cr., for the payment of enhanced compensation to land owners and for land acquisition for depositing required amount in



CAMPA account for Stage-II Forest Clearance respectively. An amount of Rs 1037.77 Cr out of Rs 1037.9246 Cr has been utilized up to 05.09.2023. CA proposed for FY 2022-23 has not been released by GoI due to pending compliances related to SNA & PFMS system. The Proposal for Central Assistance for FY 2023-24 for Rs 828.9 Cr as Central grant has been submitted to CWC on 29-08-2023.

In case of Gyspa HEP, Company has shown Rs 7.65 crore as grant receivable from Central Water Commission, Government of India. The Central Water Commission has sanctioned Rs 12.50 crore to the company for field survey and investigation and preparation of Detailed Project report of the Gyspa HEP (300MW). The Central Water Commission has released Rs 5.00 crore to the company for the above work on 31 March 2012; with the condition that next installment will be paid on the submission of the DPR of the project. The work for conducting the investigation /preparation of DPR was allotted and the same was started by the consultant. But could not be completed due to sustained opposition and hindrance by local people. The Company has incurred expenditure in excess of the amount released by the authorities and the same has been shown as grant receivable from the Central Water Commission. HPPCL vide letter dated 16.08.2021 submitted that the detailed geological investigation desired by CWC shall be carried out after approval of ToR from MoEF&CC and hence requested to convey the prima-facie acceptance of location of the dam so that case for approval of ToR can be processed. CWC vide letter dated 03.09.2021 reiterated that it is essential to examine the layout of spillway and proposed sediment management measures to examine the suitability of Dam location. To solve the above issue a meeting was held under the chairmanship of Member (WP&P), CWC on 04.01.2022 wherein it was informed that BoD of HPPCL has decided that the matter for construction of Gyspa Dam shall be taken up with GoHP/Directorate of Energy (DoE) to allot this project to some other CPSU and HPPCL has communicated the same to DoE. However, CWC desired that till the time project is allotted to some other organization, HPPCL may work on the project and reply to observations may be submitted for approval at the earliest.

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

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

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

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



2.71 Amount recoverable from contractors includes a sum of Rs.129.92 crores recoverable from Coastal Projects on account of works being executed on their risk and cost awarded to M/s HCC Limited. The Lender Banks of the Contractor had filed liquidation proceedings with Ld. NCLT and the company had filed claim of Rs.405.67 crores against the contractor. Provision for doubtful amount for recovery has been made for Rs.129.92 Crores in the Books of Accounts as on 31.3.2022, keeping in view the bleak realization of such recoverable amount. The matter has been disposed of by the Ld. NCLT Cuttack Bench on 18.04.2023 by dismissing the Application/Claim of HPPCL. However, on such dismissal, the HPPCL has filed the appeal against the order of NCLT before the Ld. NCLAT (National Company Law Appellate Tribunal) at Delhi on 30.05.2023 with the filing No. 9910133/04372/2023. The case was listed on dated 01.08.2023 and Hon'ble Chairman NCLAT Bench has issued notice to the respondents with the directions to file reply within 4 weeks and rejoinder thereafter in two weeks. The matter is further listed on 21.09.2023.

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

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

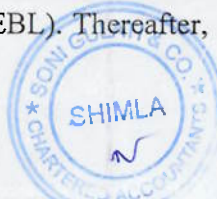
For amicable out of Court settlement, the issue of development of Standalone Hydro Electric Scheme on river Parvati and Tosh Nallah is under consideration of GoHP. Accordingly, the domain of projects is to be intimated by DoE for further progress in the matter.

As per the order of Hon'ble Apex court dated 03.06.2022 in IA no. 1000 of 2023(as intimated by Forest Deptt.), the present domain of the project will fall inside the ESZ of the Great Himalayan National Park Conservation Area. Position regarding possibility of development of the project with due permission of Wild life Board is being clarified from Forest Deptt/ Wild life Board. If such development is not admissible at all and wild life Board cannot give such permission , then project domain will be required to be revised.

2.73 Power sale arrangements:

IKHEP:

The PPA i.r.o sale of power from Kashang HEP was signed on dt.20.10.2016 valid from synchronization of 1st unit of Kashang HEP till 31.03.2017 @ Rs.2.92/unit. Further, a MoM was signed on dt.19.05.2017 valid from 01.04.2017 to 31.03.2018 @ Rs. 2.20/Unit (as an extension to PPA dt. 20.10.2016 with HPSEBL). Furthermore, a MoM dt. 19.03.2018 was signed valid from 01.04.2018 to 06.05.2018 @ Rs. 2.20/Unit (as an extension to PPA dt. 20.10.2016 with HPSEBL). Thereafter, Agreement was signed on



dt. 02.05.2018 b/w HPPCL & PTC LTD for sale of Power at IEX, valid from 07.05.2018 to 31.08.2021. Moreover, Agreement was signed on dt. 24.11.2021 for sale of Power at IEX b/w HPPCL & TPTCL valid from 01.09.2021 to 30.04.2022. Now, Short Term PPA has been signed on dt. 28.04.2022 b/w HPPCL & HPSEBL @ Rs. 3.40/unit valid from 01.05.2022 to 31.03.2023.

Sawra KudduHEP:

The Agreement was signed on dt. 04.11.2020 for sale of Power at IEX b/w HPPCL & TPTCL after 21.01.2021. Further, Agreement was signed on dt. 24.11.2021 for sale of Power at IEX b/w HPPCL & TPTCL. Now, PPA has been signed on dt. 28.04.2022 b/w HPPCL & HPSEBL @ Rs. 3.40/unit valid from 01.05.2022 to 31.03.2023.

Sainj HEP:

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

On the basis of meeting held on 19.02.2022, subsequent meetings were held in the Chairmanship of the Managing Director HPPCL on 29.06.2022 and 26.07.2022. After detailed deliberations it has been agreed between both HPPCL and HPSEBL for sale/purchase of power from HPPCL Hydro Electric Projects viz-a-viz Kashang HEP Stage I (1X65 MW), Sawra Kuddu HEP (3X37 MW) and 50% generation of HPPCL share of power from Sainj HEP (2 X 50MW) for useful life of these projects at Ex-Bus on HPERC determined tariff.

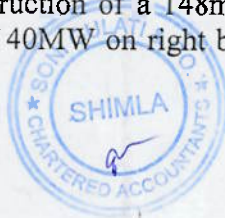
A joint petition was submitted at HPERC for the approval of Power Purchase Agreements to be executed between HPPCL and HPSEBL here-to for sale of power by Himachal Pradesh Power Corporation Limited to Himachal Pradesh State Electricity Board Limited from Kashang HEP (1X65 MW), Sainj HEP (2X50 MW) and Sawra Kuddu HEP (3X37 MW). The HPERC vide its order dt. 13.02.2023 had approved these PPAs with minor amendments. The approved PPAs were signed between HPPCL and HPSEBL on dt. 29.03.2023 and has come into force from 01.04.2023 and shall remain operative till the useful life of the project. The power of Sawra Kuddu, Kashang & Sainj HEPs is being supplied to HPSEBL as per the Long Term PPA and balance 50% power of Sainj HEP is being sold through IEX. 50% generation of HPPCL share of power from Sainj HEP has been committed to World bank for their mission regarding "INDIA: Himachal Pradesh Power Sector Development Program (P176032)" as the pilot project (i.e Bundled power project for RTC power) that's why, only 50% generation of HPPCL share of power from Sainj HEP (2 X 50MW) has been tied up with HPSEBL. Further the tariff petitions for approval of capital cost along with additional capitalization and determination of tariff i.r.o Sainj, Sawra Kuddu & Kashang HEPs has been filed with HPERC during the month of June 2023 respectively.

PPA details Berradol SPP:

PPA from COD till 25 years with HPSEBL.

2.74 HPPCL has requested the State Government to restructure the loan liabilities of the corporation. As on date, the said proposal is under active consideration at the Finance Department of the State Government. Parallely, a proposal for deferment of loan dues towards the State Govt. has also been sent to GoHP.

2.75 Renukaji Dam, a Project of "National Importance" has been conceived as a storage project on Giri River in Sirmour district of Himachal Pradesh. Live Storage will be 0.498 billion cubic meters (BCM). 23 cumecs of drinking water will be supplied to Delhi and 200 Million Units of electricity will be generated in 90% dependable year, which will be utilized by Himachal Pradesh. Project envisages construction of a 148m high rock fill dam and a surface power house with installed capacity of 40MW on right bank of the river. Interstate



Agreement amongst Govt. of India and the beneficiary states of Upper Yamuna Basin was signed on 11.01.2019. In February 2019 updated cost at October 2018 price level has been finalized at Rs 6946.99 Cr. This cost was earlier approved as Rs 4596.76 Cr at March 2015 price level. Cost apportionment has been finalized with cost of water and power component as Rs. 6647.46 Cr and Rs.299.53 Cr respectively.

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

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

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

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

Central Water Commission (CWC) has been hired as Design Consultant on nomination basis for carrying out the activities i.e. review of DPR, Detailed design and Engineering and Preparation of Tender stage Design and Drawings on 01-07-2022. CWC carried review of DPR and intended to affect some changes in the design to ensure that the reservoir capacity is maintained for whole of its service life and not encroached by siltation caused by heavy erosion in catchment area. Panel of geological experts (PoGE) was formed for appraisal of geology for finalising the dam type and design. As suggested by CWC to Form Panel of Standing Expert with experts from other disciplines beside geology, EX-CWC Chairman Sh. Ranjan Kr. Sinha has been appointed as standing Expert from Engineering side, making addition to PoGE to form Panel of Standing Expert. Some investigations have been carried out as suggested by PoGE. A meeting to review progress of investigations was held on dated 18-08-2023 in which PoGE informed that on the basis of the findings of the explorations carried out so far the geological conditions are not suitable for a concrete gravity dam and now CW has decided to go for a Rock-fill cum Earth dam. For the Project Management Consultant (PMC) online proposals/bid were invited through Open-tendering on National Competitive Bidding (NCB) route. PMC will be onboard by 15 October 2023. Work on preparation of mining plan is underway. Construction of Project roads will be started in February 2024 and Diversion arrangement works are expected to start by 15 June 2024.

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

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



- ❖ Appointing M/s AFRY as Design Consultant/ subcontractor of M/s PEL for carrying out Design and analysis for overall Diversion Barrage component of contract in respect of Shongtong Karchham HEP.
- ❖ Amicable Settlement Agreement No. 1 i.e. amicable settlement of disputes between M/s PEL and HPPCL executed on 05.04.2023.
- ❖ Change Order/ Variation Order No. 11 w.r.t. additional work/ extra effort carried out by M/s PEL for construction of niches in Power House and Transformer cavern.
- ❖ Supplementary Agreement No. 12 executed between HPPCL and M/s PEL on 23.07.2022 regarding release of retention money.
- ❖ Supplementary Agreement No. 13 executed between HPPCL and M/s PEL on 20.12.2022 regarding recovery of mobilization advance from IPC(s) of milestone payments.

2.78 The Enforcement Directorate vide Provisional Attachment Order 03/2017 dated 29/12/2017 (F No ECIR/ 02/54520/2014/07/7537) dated 29/12/2017, has attached the assets of the Himachal Emta Private Limited (a Joint Venture Company), amounting to ₹ 2.59 crores. At present, the case is pending in the Hon'ble Supreme Court of India.

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

2.80 To finance the working capital requirements, Corporation is availing the cash credit limits of Rs. 200.00 Crore, each from KCC Bank Ltd and H.P State Cooperative Bank Limited, The Mall, Shimla against the State Govt. Guarantee. As on 29.08.2023, total limit exhausted /utilized against CCLs stands at Rs 120.82 lakhs and Rs. 14749.93 lakhs respectively. In case of H.P State Cooperative Bank Limited, escrow arrangement w.r.t. revenue receipts of Kashang Stage-I HEP has been made and charge over current assets of corporation equivalent to limit amount has been created. In respect of KCC Bank Ltd, the charge over assets of Kashang Stage-I equivalent to limit amount has been created.

2.81 Surrender of Unviable/Idle Projects allotted to HPPCL:

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

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

Non-monetary government grants

As per para 23 of IND AS 20

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



Further para 23, substituted vide Notification No. G.S.R. 903(E) dated 20th September 2018.

Government grant may take the form of a transfer of a non-monetary asset, such as land or other resources, for the use of the entity. In these circumstances, it is usual to assess the fair value of the non-monetary asset and to account for both grant and asset at that fair value. An alternative course that is sometimes followed is to record both assets and grant at a nominal amount.

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

- Sawara kuddu HEP
- Sainj HEP
- Kashang HEP Stage I
- Kashang HEP Stage II & III
- Shongtong Karchham HEP

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

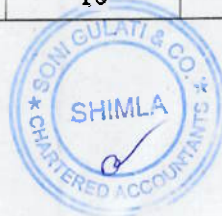
2.83 HPPCL has assailed the Arbitration Award which was passed against the HPPCL on 31.05.2023 amounting Rs. 101.00 crore approx. by AT-III titled as HPPCL Vs M/s HCC Ltd. in respect of EPC contract for (Civil & HM Works) of Sainj HEP before the Hon'ble High Court of HP which were first listed on 30.06.2023 and has been further ordered to be listed on 11.09.2023 and the matter is still *sub judice* before the said Hon'ble Court.

HPPCL has assailed the Arbitration Award of Rs. 124.75 crores which was passed by the Arbitral Tribunal titled as HPPCL Vs M/s HCC Ltd. in respect of Contract Agreement No. Kashang/Civil-I for Civil & HM Works of Kashang HEP before the Hon'ble High Court of HP on 5th September, 2023. The matter is now *sub judice* before the said Court.

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

In this regard, HPPCL has identified several land parcels in different districts of Himachal Pradesh. Accordingly, the following projects have been allotted by HIMURJA the lists of projects are as follows:-

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



15	Bela	11.5	06.06.2023
16	Kaloor	5	06.06.2023
17	Lamlehdi Uperli	15	18.03.2023
18	Lamlehdi Nichli	8	17.02.2023
19	Tihra Khas	22	17.02.2023
20	Kayarian	11.5	18.03.2023
21	Tanda Uperla	56	16.08.2023.
22	Kopda-I	33	06.06.2023
23	Kopda_II	16	06.06.2023
24	Hadal	27	06.06.2023
25	Dol Nadoli	19	16.08.2023
26	Ghangar	53	16.08.2023.
27	Dabhota	19.5	06.06.2023
28	Kirpalpur	6.5	06.06.2023
29	Bhangla	15	06.06.2023
30	Plasi Kalan	16	06.06.2023
31	Bada Basot	18	06.06.2023
32	Jhida	5	06.06.2023
33	Mazra	22	06.06.2023
34	Dabhota Majra	8.5	06.06.2023
35	Kohlari	17	16.08.2023.

- 2.85 HPPCL is in process of identifying suitable locations for setting up of aggregate 200MW of Solar capacity by March 2024. Setting up of 150 MW capacity has been agreed as a Disbursement Linked Indicator under the Himachal Pradesh Power Sector Development Program (HPPSDP) being funded by the World Bank although total capacity of 200 MW will qualify under the program boundary for expenditure under the sub head. So, on progressive achievement of the above target, alongwith some other indicators funds to the tune of net 112.5 M USD shall flow to the HPPCL. The appraisal had got completed in October 2022 and invitation to negotiations and negotiations package containing draft Program Appraisal Document, draft Loan agreement, draft Program Agreement and draft Disbursement and Financial Information letter was received vide Bank's letter dated 31.10.2022. The loan negotiations meeting was held on May 27,2023 and negotiations have been concluded successfully. Further, the program has received approval of Executive Board of Directors of the World Bank on 27.06.2023.
- A meeting to deliberate future course of actions under the World bank funded Himachal Pradesh Power Sector Development Program (HPPSDP) was held among all power sector utilities under the chairmanship of Chief Engineer (Energy), GoHP on dated 13.07.2023 and subsequently under the chairmanship of Director(Energy)-cum-MD HPPCL- MD HPSEBL on 24.07.2023. The following actions to be completed prior to loan signing as per the readiness criteria for Loan Signing were discussed:
- 30 % of civil works to be executed under the program should be awarded
 - Prior actions part of Disbursement linked indicators agreed under the program should be achieved.
- In respect of point (i) above, Rs 675 crore of civil works have been estimated under the program and accordingly 30 % of of civil works to be awarded are estimated to be around Rs. 202.5 crore. HPPCL has been able to achieve the 30% criteria after award of



Solar Power Project (32MW) on 19.05.2023 to M/s Prozeal Infra Engineering Pvt Ltd., Gujarat for Rs. 220.24 crore.

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

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

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

Subsequently, Legal Cell of HPPCL opined that the Managing Director, M/s HEPL, may be requested to deposit the fine imposed on Accused No. 1 i.e. M/s HEPL and to assail the order of the CBI Court by way of filing appeal before the concerned High Court. Accordingly, Managing Director, M/s HEPL, was requested vide letter dated 13.09.2022, in response of which M/s HEPL vide letter dated 17.09.2022 intimated that *"...we need to pay a total amount of Rs. 32 Lakhs for the Company itself, its' two Directors and Ex-CGM (Power) and fund be provided by the partners of the Joint Venture, EMTA and HPPCL in the ration of 50:50 basis."* Further, it was intimated by M/s HEPL that they have made the payment regarding the aforesaid amount of Rs. 32 Lakhs and requested HPPCL to remit its share of Rs. 16 Lakhs in favour of EMTA Coal Limited. The matter was examined by the Legal Cell of HPPCL, who opined the following regarding liability of HPPCL for paying the fine imposed on M/s HEPL and other three accused from EMTA side:-

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



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

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

Further, as per order dated 18.10.2022 of Hon'ble High Court of Delhi, the fine imposed on M/s HEPL stands deposited and the appeal filed by M/s HEPL is admitted for hearing, which is to be listed with other connected matters in 'Regular List'.

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

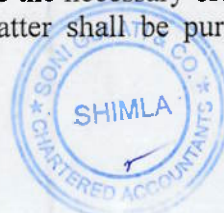
2.88 Govt. of Himachal Pradesh has imposed Water cess on Hydropower generation and the provisions of the Himachal Pradesh Water Cess on Hydropower Generation Act, 2023 have been made applicable w.e.f. 10.03.2023. Sainj HEP, Kashang Stage-I HEP and Sawrakuddu HEP have also registered with the Commission. As per GoHP, Jal Shakti Vibhag New Notification no. JSV-B(A)3-1/2022-1 dated 26.08.2023, the rates of the water cess on Hydro-power Generation projects in the State of HP for use of water for Hydro-power Generation have been fixed. But the same has not been accounted for in books of accounts of FY 2022-23.

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

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

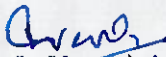
After series of correspondence, all the documents as desired by the Nodal officer APCCF(FCA) O/o Pr.CCF HP Shimla vide letter dated 28.11.2019 stands again submitted to his office vide this office letter no. 1674-79 dated 11.12.19. After that reminders were issued on dated 14.02.2020 & 03.07.2020, but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

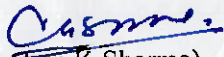
After issuance of state order, DC Bilaspur shall issue the necessary order regarding transfer of said land to MPP& Power Deptt. After that matter shall be pursued with Tehsildar,



Swarghat for making necessary entries in revenue record and thereafter, the revenue papers of said land shall be collected from concerned Patwari & shall be forwarded to LAO for further lease in the name of HPPCL.

For and on behalf of Board of Directors


(B. L. Verma)
AGM (Finance)


(Sudershan K Sharma)
Cosultant Company Secretary


(Shivam Pratap Singh)
Director (Finance)
DIN No.10243812


(Harikesh Meena)
Managing Director
DIN No.09333558

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


(CA Suresh Chand Soni)

Partner

M No 083106

Place: Shimla

Date: 12-01-25





INDEPENDENT AUDITOR'S REPORT

To the Members of Himachal Pradesh Power Corporation Limited

Report on the Audit of the Ind AS Financial Statements Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the 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 as it contains only debit credit entries 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 ,only generating units' financial statements without previous year figs were made available to us .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 (see deficiencies hereunder in this report)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

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previous audit reports remained unverified by us & not reproduced here.

C. Material Misstatements: i) The expenses on repair maintenance booked Rs 2.58 crore (reported during 2021 year audit report) at Kashang HOP are doubtful for material misstatements, no external evidence or proof of seepage was made available to us on our visit this year also.

ii) The payment of GST @ 18% to contractor PEL is doubtful for material misstatements, the claim of management that this payment was made on the advise of some consultant (being CA) but neither any proof of advise nor any opinion was made available to us. After going through the contract documents we doubt it to be a excess payment, actual excess amount could not be ascertained in the absence of information which is required from inception of this contract. The management claims to have opinion of some CA but in terms of contract /tender this was not payable as contract was all inclusive. This should be recovered from the contractor as the company has undertaking cum indemnity bond.

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

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

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

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

The Para 15 of Ind As 1 Presentation of Financial Statements states that where Financial Statements comply with IND As the company shall make an explicit and unreserved statement of such compliance in the notes. No Disclosure for the same has been made on the face of the Balance Sheet or in the notes

ii) Indian Accounting Standard 115 & 116:

Accounting for supply of 100% Generation of power to HPSEB applicable provision of

IND AS 115/116 not complied with.

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

The Company has been granted the deferment of repayment of principal payment and payment of interest till FY 2021-22 refer Note 2.74. No letter of deferment afterwards was shown to us till signing of this report. The company must account for the interest payable on such deferment till the close of the year at market rate as grant from the government and has to be accounted for as the addition to cost and the same has also to be shown as addition of grant. No such interest has been accounted for by the company till the close of the year as per para 10 A of the IND AS. In the absence of the information we are unable to comment on same.

(iv) Indian Accounting Standard (Ind AS) 19 Employees Benefits

The para 55 to 62 of the Indian accounting standard is applicable to the company in respect of the **Post Employment Benefit: Defined Benefit Plans** which requires

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that actuarial valuation of the liability of employees defined benefit plan has to be made at the end of the year and same has to be accounted for on in the books of accounts. The Company has accounted for the liability on the basis of the actuarial valuation but neither any policy have ben taken nor any trust has been created to cover the liability for post employment benefits of employees.

(v) **Indian Accounting Standard (Ind AS) 37 Provisions, Contingent Liabilities and Contingent Assets:**

The Company has disclosed the provisions contingent liabilities and contingent assets only up to the date when the accounts has been approved by the BOD. No Disclosures of Provisions , contingent liabilities and contingent Assets after the accounts approved by the BOD and till the date of finalisation of this report is considered in these financial statements.

(vi) **Indian Accounting Standard (Ind AS) 10 Events After the Reporting Period**

The financial Statements for the year under review are provided to us 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.

(vii) **Indian Accounting Standard (Ind AS) 113 Fair Value Measurement**

The Company has not made Fair Value of the assets and Labilities as on 31st March 2023, (Refer Note No 2.46). The same is not in line with the IND as 113 Fair Value Measurement which is mandatory applicable to the company.

(viii) **Indian Accounting Standard (Ind AS) 109 Financial Instruments**

The Company has not applied the Ind As 109 while disclosing the Government Loan in the financial statements below market rate interest and its impact on the profit and loss and Balance sheet has not been disclosed in the financial statements.

(ix) **Indian Accounting Standard (Ind AS) 12 Income Tax**

The Company has not followed the IND as in respect of Income tax for calculating the deferred tax assets and Liabilities and its accounting in the books of accounts. The same is also not in line with note no 1.22 of the significant accounting policies adopted by the company. No information in respect of the same has been provided to us. In the absence of the information we are unable to comment on the impact of the same on the Balance Sheet at the close of the year.

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.

E. Full Time Management: In our opinion the Company should have full time

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management including the Managing Director. Compliance with requirements of Section 203 of The Companies Act 2013 should be done.

F. Observations on the Financial Statements

1 Property Plant and Equipment Note 2.1

- i) We invite attention to Note No 2.59 wherein it is stated that the Company is in possession of forest land at, Sainj HEP, Shongtong HEP, and Sawra Kuddu and provision has been made @Rs1 per bigha as amount of lease pending lease deed execution.
- ii) As reported during previous year audit report, the company has not accounted for the cost of the Land and Buildings of HPSEB Limited amounting to Rs ₹ 4,599 lakhs. In our Opinion the Property Plant and Equipment are understated to the extent of above and correspondingly the other Current Financial Liabilities are also understated to the extent of above. The Sainj HEP has entered into agreement to lease out the land from the above land in possession to AFCONS Infrastructure Limited Lease agreement in the month of September 2019 for four years.
- (iii) Reported in previous audit reports, the Renukaji HEP has accounted for ₹ 44276 Lakh on account of compensation paid for the land. The Himachal Pradesh Electricity Regulatory Commission Hydro Generation Tariff Regulation has provided that the Depreciation @ 3.34% is leviable on submerged Land. The HP CAG issued comment on the same in the Supplementary audit for the year 2016-17. The company claims depreciation is to be provided after the land is submerged. We were made to understand that the proposed reservoir is for water supply for drinking & irrigation & generation of electricity is incidental to it. Further Renukaji HEP has paid ₹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.
- (iv) Partial effect has been given by the management in the financial statements to the comments issued by CAG of India dated 23-08-2022 & Statutory Audit Reports on financial statements for the year ended 31.3.2020 nor on 31.3.2021 or 31.3.22 although the management claims compliance of the same.

2 Capital Work in Progress 2.2

- (i) We Invite attention to Note No 2.70 where in it is stated that the Court case has been filed by the Toss Mini Hydel Project in the Hon'ble High Court of Himachal Pradesh

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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 ₹ 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 .

(iii) Reported by previous auditors the Kashang Unit has charged interest paid on PFC loan of ₹ 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 ₹ 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 ₹ 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 ₹ 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 ₹ 871 Lakhs and the other current assets are understated to the extent of above. The observation is continuing since 2016-17 and the amount is not recovered till date hence a provision for the same is required. Thus expenditure is understated to the extant of above.

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

Reported by previous auditors the Company has apportioned 15 % of the total expenditure of Corporate Office and Sundarnagar design office to Renukaji Project vide Managing Directors Office Order Note dated 10/11/2017 during the year under 2016-17. It has been observed that during previous year for Renukaji HEP where only expenditure of 5% of the total cost of the Fixed Assets and CWIP has been incurred by the company till the close of the year on the project ,15 % of the total expenditure of Corporate Office and Sundarnagar and rest has been allocated to the other units in the proportion of capital expenditure incurred by the remaining units. The above apportionment ratio has not been approved by the Board of Directors of the company. The allocation percentage and ratio adopted by the company is also not in compliance to accounting policy of the company mentioned at Note no 1.6 (g) The Company has provided no justification for approving the percentage of 15 % for allocation of corporate office and Sundarnagar expenditure to Renukaji HEP.

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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 ₹ 337.50 Lac (previous year ₹. 337.50 Lakhs) in the equity of Himachal EMTA Power Limited (HEPL) which has been established as Company's joint venture with EMTA for setting up a (2*250 MW) thermal power plant. The Company has 50% equity participation in HEPL. The Government of India has allotted coal block to Himachal EMTA Power Limited and JSW 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 ₹ 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 ₹ 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

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(i) The Chirgaon Unit is showing a sum of ₹ 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 ₹ 44.06 Lakhs (previous year ₹ 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.

(iii) (a) We invite attention to Note No 2.71 where in it is stated that the amount recoverable from contractors includes a sum of ₹ 12992 lakhs 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.

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In our opinion as the amount is doubt full of recovery necessary provision should be made in the books of accounts. Thus, Other Non-Current Financial Assets are overstated to the extent of above and Capital work in progress are understated to the extent of above. However, as per management, this matter is pending before the High Court of H.P. against the arbitration award.s

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

(c) The Company has debited the amount of service tax payable by the company amounting to ₹ 65.30 Lakh to the service tax authorities and the same has been paid by the company in its own service tax number under the Vivad se Viswas 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 ₹ 11.70 Lakh is to be paid as GST on the above. The Liability is understated to the extent of above.

d) Further the Company has filed a claim of ₹ 40,736.90 Lakhs inclusive of interest with the NCLT against the Coastal Projects Limited as the contractor company has gone into liquidation which is in the nature of Contingent Assets and same has been disclosed as Contingent Assets as per Note 2.42. The Official Liquidator has 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 the fact that the company has not made a provision for ₹ 103.24 lakhs (Previous Year ₹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 ₹ 186.42 Lakh with HPSEB for deposit work. The HPSEB has fully utilised the advance and given the Utilisation certificate to the company. However the company has not capitalised the assets. In our opinion the other Non-Current Financial Assets are overstated to the extent of above and Capital work in progress is understated to the extent of above.

(vi) Grant Receivable

In case of Gyspa HEP ,we invite attention to Note No 2.67 where in it is stated that

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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 not be recognised until there is reasonable assurance that:

- (a) the entity will comply with the conditions attaching to them; and
(b) the grants will be received.***

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

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

(vii) The Shongtong unit is showing huge advances to the contractors the recoverability of the same is dependent on the **completion** of the project and the same has not been discounted and shown as per the fair value as required by IND AS 113. In the absence of information, we are unable to comment on the same.

(viii) The Shongtong unit is showing advance of ₹ 28.65 Lakh (Previous Year ₹ 35.49 lakhs) to HPSEB as on 31st March 2023 and as the advance will not be recovered from the agencies and assets are being used by the corporation the same should be capitalised. In our opinion the Non-Current Financial Assets are overstated to the extent of ₹ 28.65 lakhs and CWIP are understated to the extent of above.

(ix) The Sawra Kuddu HEP is showing a sum of ₹ 440.10 lakhs (₹ 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 .

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





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

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

(xiii) The Sainj unit has shown ₹ 131 Lakh (Previous year ₹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.

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

(xv) The Sainj unit has booked advance to XEN IPH amounting to ₹ 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

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

(xvii) The Chanju III has not capitalised the amount of ₹ 187 Lakh paid to HPSEBL.as the work has not been completed.

(xviii) The Deonthal Chanju has not capitalised the amount of ₹ 187 lakh paid to HPSEBL ,as the work has not been completed.

5 Inventory Note 2.11

Reported in previous earlier years Kashang stage 1 Unit is showing the following inventories at the close of the year

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Sr no	Item No	Description	Amount	Remarks
1	2000000751	G.I pipe 80 mm ϕ 248.3 Rmt	₹ 106,140.80	Trasnfered from HPSEB
2	2000000744	Portable magazine 4 Nos	₹ 155,567.00	Reported scraped
3	2000000765	Steel tubler pole 10 mtr 42 Nos	₹ 451,035.90	Trasnfered from HPSEB
4	2000000727	Angle iron 100x100x6 mm 17.787 M	₹ 606,688.42	Trasnfered to IKHEP-II&III
5	2000000766	ACSR conductor 14,078 M	₹ 622,205.05	Trasnfered from HPSEB
6	2000005637	Needle Tips & Seat Ring 1 Set	₹ 1,660,593.94	Spares for E and M work
			₹ 3,602,231.11	

The item from sr no 1 to 5 amounting to ₹ 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 ₹ 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 ₹ 77.50 lakh (previous year ₹ 84 lakhs). The case is reported to be in High Court .In our opinion the other Current Assets are understated to the extent of above and CWIP is overstated to the extent of above.

8 Non-Current Other Financial Liabilities Note 2.21

(i) Long Term Borrowings

The Company has taken loan from the State Government for construction of Hydro projects. The Company has not paid the Instalment and interest on the State Government loans. In our opinion the Company has defaulted in payment of instalments and interest to the state government which is holding 41.45%(Previous Year 39.76 %) of the equity. However there is no other default in payment of loan and interest to any other Financial institutions/Banks. The Company has not complied with Requirements of the IND AS 20 Accounting of the Government Grant which states that the any concession from the government should be added as addition to the cost and should be credited to the revenue.

(ii) The loan to the company was sanctioned by the Central Government to the State Government as 90 % grant and 10 % loan basis has been further advanced to the company as 100 percent loan which was sanctioned to the state government under Clean energy program. The Funding of the Grant to State Government as Loan to the Company has increased the financial cost Liability on account of interest payable to the State





Government. This will increase the cost per unit of the generation of power and will not be recovered from the consumer and have to be borne by the company. The charging of the interest will not make the company profitable as it constitutes 40% to 45% of the revenue cost and the company has not paid the interest to the state government even after four units are commissioned and the company is pursuing for the deferment of principal and interest till 2024 and in earlier year also the deferment has been granted by the State Government.

The CAG has also raised concern over the same in their report and suggested that the matter be taken up with the state government to get the benefit of the Govt of India Policies.

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

9 Non-Current Liabilities Provisions Note 2.23

(i) For Company Employees

We invite attention to note 1.20 and 2.40 where in the policy adopted for employees benefit and accounting in respect of the same has been disclosed. The Above policy is not in compliance with the Ind AS 19 Employees Cost in relation to Post Employment defined Benefits plan in the matter of its recognition and measurement. In the absence of Information, we are unable to comment on the same of its impact in the balance sheet and profit and Loss Account. Neither any policy has been taken nor any trust has been made for the same.

(ii) For HPSEB Employees

The provision for leave encashment liability, gratuity liability and pension Liability of HPSEB employees has been calculated based on formula adopted by HPSEB Limited. The Liability provided for is subject to the confirmation from HPSEB Limited.

In the absence of information and confirmation from HPSEB Limited we are unable to comment on the effect of the same on the financial statements at the close of the year.

10 Other Non-Current Liabilities Note 2.24

a) Utilised Grant Renuka ji

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

Particulars	as on 31 st March 2022	as on 31 st March 2023
Tangible Assets	142421.47	155561.41
Advances & Deposits	11427.84	11461.27
CWIP	7.54	7.54
Incidental Expenses	16834.03	80355.07
Advances	186.42	186.42
	170877.30	247571.72
Grant Received	74371.39	187624.91
Shortfall	96505.92	59946.80

There is a shortfall of grants received & expenditure incurred Rs.59946.80 (previous year shortfall of expenditure to the tune of ₹ 96505.92 Lakhs). In absence of information we are not able to comment on the same. Tangible Assets include allocated expenses of HO & Sunder nagar design office @15% as reported in our audit reports every year. Grant





Rs 1038 cr received on 31.03.2022 not accounted for as funds were received by Govt of H.P & transferred to company' account on 20-4-22 & 10-5-22.

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

11 Current Liabilities Other Financial Liabilities Note 2.27

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

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

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

(iv) The Other Financial Current Liabilities includes ₹115.61 lakhs (Previous Year ₹87.13 lakhs) as unclaimed money on account of payables, retention, security and other payables to the contractors. The amount has been shown under this head because the persons to whom amount is payable is not traceable. In our opinion the other current financial liabilities are overstated to the extent of above and necessary provision for amount written back should be provided.

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

(vi) The Corporate Office has not made the provision for demand raised by the PF Commissioner for the period 09/2008 to 06/2011 on account of PF contributions of Unregistered Contractors amounting to ₹189 Lakhs on 02nd August 2018(refer Note 2.59). Thus, current liabilities are understated to the extent of above . Next hearing on 13.02.2025.

(vii) Local Area Development Fund: -

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





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

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

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

13 Generation & Sale of Power

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

(ii) The Beradol Solar Power unit while fixing the tariff rate has adopted HPREC AD benefit Rate of ₹ 4.31 per unit while approving the Tariff Rate with HPSEB. The Corporation is not availing the advance depreciation benefit thus Tariff rate of ₹ 4.79 per unit is applicable to the corporation. Thus Sale of power is understated to the extent of ₹ 39 Lakh for this year.

14 Apportionment of expenditure and Income of Corporate Office and Sundarnagar

(i) Expenditure of Corporate Office and Sundarnagar

It has been observed that 15% of total expenditure of HO & Sundarnagar has been apportioned to Renukaji project (refer Significant Accounting Policy no 1.6 g and Note no 2.60). The above apportionment is not in line with the accounting policy referred in note 1.6 g which states that the "*The Expenditure of Corporate office and 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.

(iii) **Apportionment of Expenses of Corporate Office and Sundernagar Design Office**
The qualification of previous year auditors on apportionment stands for this year also.

15 Provision for Income Tax

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

We also invite attention to note 2.58 where in the cases for earlier years are pending with different authorities and the outcome of which are uncertain and may affect the amount shown as Deposits with Income Tax authorities ₹ 7599 lakhs (Previous Year ₹7557 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.

16 Quantitative Details in respect of energy generated and sold

We invite attention to Note 2.53 where in the Company has stated that it has installed capacity of 281 MW as on 31st March 2023. The company has capacity 65 MW *3 i.e. 195 MW but water supply was only for one turbine at Kashang stage I against installed 3 turbines. and the installed capacity of the Sainj HEP is 100 Sawra kuddu HEP installed capacity is 111 and one solar unit with the capacity of 5MW was installed. However, the installed capacity at Kashang is not utilizable in the absence of water as the stage II & III are under construction. Out of 3 turbines water is sufficient for running one turbine only. For rest 2, work is in progress.

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.

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 in its stated that the company has made contingent provision in respect of the awarded amount amounting to ₹ 76100.36- lakh. The Decision of the company not to file the appeal will make the contingent provisions as regular provisions and thus the provisions on account of land compensation of Renuka Ji Project is understated to the extent of above.

19 Amount laying in Bank (HPSCB) accounts of LAO has been added to the cost of land instead of showing as bank balance under current assets amount on 31.3.2023 was Rs 28960520 /- in bank accounts of LAO has not been shown as bank balance ,instead it has been added to cost of land '

Emphasis of Matter:

1 No serious efforts has been made to remove the qualification raised in earlier year audit reports and the same has not been considered in this year report also.

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. HPPCLhas executed a loan agreement with PFC Ltd on dated 6.10.2021 for a loan amounting to 2207.63 crore for the balance works of STKHEP including IDC. Corporation has availed the disbursement amounting to Rs 181.48 crore from the said loan as on 31.3.23 & 1002.80 crore as 3-1-2025.

(iii) Note No 2.72 to the Stand alone Ind AS financial statements regarding statement on Nakhtan project pending with Hon'ble High court of Himachal Pradesh the fate of which is dependent on the outcome of the case .

(iv)The company has entered into agreement with HPSEBL for purchase of 100% generation of some units ,but company did not comply with provisions of IND AS 115/116

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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.

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	Key Audit Matter	How our audit addressed the key audit matter
1.	Tendering: Tendering is key audit matter & we have started scrutiny of major tenders & will be completed next year audit .	Some has been checked & found some deficiencies in works orders /contractors bills compared to tenders and reported in our audit report at appropriate places .The deficiencies noticed in tenders & execution has been reported at appropriate place
2	Contingent Liabilities and Provisions <i>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 Stand alone Financial Statements, read with the Accounting Policy No.1.18)</i>	<i>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:</i> - 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; <i>Based on the above procedures performed, the estimation and disclosures of contingent liabilities and creation of provisions are considered to be adequate and reasonable.</i>
3	Property, Plant & Equipment <i>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</i>	<i>We assessed Actual Controls and found them to be effective during the year .However ,we have reviewed the same through discussions with management .</i>





	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 Stand alone Financial Statements, read with the Significant Accounting Policy No. 1.5)	
4	Capital work-in-progress(CWIP) The company is involved in various capital works like construction of new power projects, installation of new plant and machinery, civil works etc. These projects/works take a substantial period of time to get ready for intended use and due to their materiality in the context of the balance sheet of the Company, this is considered to be an area which had the significant effect on the overall audit strategy and allocation of resources in planning and completing our audit. (Refer Note No.2.2 to the Stand alone Financial Statements, read with the Significant Accounting Policy No. 1.6)	We performed an understanding and evaluation of the system of internal control over the capital work-in-progress, with reference to identification and testing of key controls .Deficiencies were found and same reported at appropriate place in our Audit report. Actual controls will be assessed during next year audit .

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

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





Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with¹ the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended]². This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain

professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit

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procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.³

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report





Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books .
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account ;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid vided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act (No remuneration was paid to the management.
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. As informed by the Management ,the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (except as otherwise stated in notes) .
 - ii. As informed to us ,the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.





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

For Soni Gulati & Co
Chartered Accountants

Suresh Chand Soni (Partner)

083106

12/01/2025

ICAI Firm Registration Number: 008770N

Udin :25083106BMGUTK4053



CA Suresh Soni
MRN 083106
ERN 008770N





ANNEXURE I TO AUDIT REPORT

Annexure to the independent auditor's report of even date to the members of HIMACHAL PRADESH POWER CORPORATION LIMITED, on the financial statements for the year ended 31st march 2023.

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

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

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

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

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

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

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

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

SONI GULATI & CO.

CHARTERD ACCOUNTANTS

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

b) According to the information and explanation given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;

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

d) According to the information and explanation given to us, no amount is overdue in this respect; e) According to the information and explanation given to us, in respect of any loan or advance in the nature of loan granted which has fallen due during the year, none has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties; f) The company has not granted loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, required details in respect thereof are as below: The aggregate amount percentage thereof to the total loans granted aggregate amount of loans granted to promoters, related parties as defined in clause (76) of section 2 of the companies act, 2013 Or The company has during the year, not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. Accordingly, the provisions of clauses 3(iii) of the order are not applicable.

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

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

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

VII) a) The company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs,

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duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

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

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

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

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

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

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

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

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

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

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

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

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

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

XII) Company is not a nidhi company, accordingly provisions of the clause 3(xii) of the order is not applicable to the company: or company is a nidhi company and it has complied with the net owned funds to deposits in the ratio of 1: 20 to meet out the liability, it is maintaining ten per cent

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unencumbered term deposits as specified in the nidhi rules, 2014 to meet out the liability and there has been no default in payment of interest on deposits or repayment thereof for any period;

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

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

b) No

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

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

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

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

XIX) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the board of directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is incapable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on

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the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

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

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

For Soni Gulati & Co
Chartered accountants

Firm registration no 008770N

Partner Membership no.083106

Udin :25083106BMGUTK4053



CA Suresh Soni
MRN 083106
FRN 008770N





Annexure 3

Report on the Internal Financial Controls under Companies Act 2013

We have audited the internal financial controls over financial reporting of HIMACHAL RENEWABLES LIMITED as of 31st March 2024 in conjunction with our audit of the financial statements of the HIMACHAL RENEWABLES LIMITED for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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



C A Suresh Soni
MIRN 083106
FRN 008770N

Place: Delhi
Date: 30-06-2024
Udin :24083106BKAB8889



For Soni Gulati & Co
Chartered Accountants
FRN:008770N

SONI GULATI & CO.

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ANNEXURE 2 TO THE AUDITORS' REPORT

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

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

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Himachal Pradesh Power Corporation Limited
Consolidated Balance Sheet as at 31st March, 2023

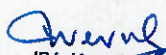
Particulars	Note No.	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
1	2	3	4	5
ASSETS				
(1) Non - Current Assets				
(a) Property, Plant and Equipment	2.1	5,31,704.79	5,56,612.44	5,30,884.96
(b) Capital Work-in-progress	2.2	3,24,137.53	2,20,900.74	1,93,275.61
(c) Investment Property	2.3	25.65	27.06	28.47
(d) Goodwill		-	-	-
(e) Other Intangible Assets		-	-	-
(f) Financial Assets:	2.4	42.59	16.16	20.65
(i) Investments		-	-	-
(ii) Trade receivables	2.5	77.49	93.45	93.35
(iii) Loans		-	-	-
(g) Deferred tax assets (net)	2.6	150.81	88.97	147.50
(h) Other Non-current Assets		-	-	-
(2) Current Assets	2.7	74,375.18	1,12,582.48	55,483.80
(a) Inventories		-	-	-
(b) Financial Assets	2.8	951.29	874.37	842.66
(i) Investments		-	-	-
(ii) Trade Receivables		-	-	-
(iii) Cash and cash equivalents	2.9	1,061.13	508.57	486.12
(iv) Bank Balance other than above	2.10	13,210.37	1,608.53	1,156.63
(v) Loans	2.11	3,116.68	3,320.18	2,283.85
(vi) Others	2.12	1.19	62.65	7.26
(c) Other Current Assets	2.13	6,525.23	6,542.48	19,113.26
	2.14	45,231.96	26,605.94	16,207.07
Total Assets		10,00,611.88	9,29,844.04	8,20,011.20
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital				
(b) Other Equity	2.15	2,30,247.79	2,25,102.79	2,18,771.33
	2.16	(75,704.85)	(68,171.12)	(57,333.57)
Liabilities				
(1) Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings				
(ia) Lease Liabilities	2.17	63,190.13	64,379.46	1,17,109.25
(ii) Other Financial Liabilities	2.18	65.46	682.92	49.09
(b) Provisions	2.19	4,145.63	4,383.51	12,587.68
(c) Deferred tax liabilities (Net)	2.20	7,394.48	6,788.57	5,693.46
(d) Other Non- Current Liabilities	2.21	-	-	-
(2) Current Liabilities	2.22	2,48,547.73	1,71,781.10	1,24,151.80
(a) Financial Liabilities				
(i) Borrowings				
(ia) Lease Liabilities	2.23	2,10,044.48	2,08,076.89	1,52,272.84
(ii) Trade Payables	2.24	678.69	167.16	110.60
(iii) Other Financial Liabilities	2.25	-	-	-
(b) Other Current Liabilities	2.26	3,12,002.04	3,16,652.76	2,46,503.74
(c) Provisions				
(d) Current Tax Liabilities (Net)	2.27	0.30	-	94.96
Inter unit transfer				
Zero Balance Cr		(0.00)	-	-
Total Equity and Liabilities		10,00,611.88	9,29,844.04	8,20,011.20

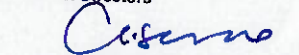
Significant Accounting Policies

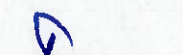
The accompanying notes form an integral part of these financial statements

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

For and on behalf of the Board of Directors


(B.L. Verma)
AGM (Finance)


(Sudershan K Sharma)
Consultant (Company Secretary)


(Shivam Pratap Singh)
Director (Finance)
DIN No. 10243812


(Harkesh Meena)
Managing Director
DIN No. 09333558

For Soni Gulati & Co.
Chartered Accountants
Firm Regn No. 008779N


(CA Suresh Chand Soni)
Partner
M. No. 083106
Place: Shimla
Date: 12-01-25



Himachal Pradesh Power Corporation Limited
Consolidated Statement of Profit and Loss for the period ended 31st March, 2023

		(In Lacs)	
Particulars		For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
I	Revenue from Operations		
II	Other Income	2.28 38,488.59	40,055.85
III	Total Income (I+II)	2.29 206.43	114.34
IV	Expenses		
	Cost of materials consumed		
	Purchases of Stock-in-Trade		
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress		
	Employee Benefits Expense	2.30 2,704.19	2,997.90
	Finance Costs	2.31 20,313.27	20,277.51
	Depreciation and Amortization Expense	2.32 20,722.13	20,588.86
	Other Expenses	2.33 4,285.70	7,268.66
	Total Expenses (IV)	48,025.30	51,132.92
V	Profit/(loss) before exceptional items and tax (III-IV)	(9,330.28)	(10,962.73)
VI	Exceptional Items		
VII	Profit/(loss) before exceptions items and tax(V-VI)	(9,330.28)	(10,962.73)
VIII	Tax expense:		
	(1) Current tax	-	-
	(2) Deferred tax	-	-
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	(9,330.28)	(10,962.73)
X	Profit/(loss) from Discontinued operations	-	-
XI	Tax expenses of discontinued operations	-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)	-	-
XIII	Profit/(loss) for the period (IX+XII)	(9,330.28)	(10,962.73)
XIV	Other comprehensive income		
	A. (i) Items that will not be reclassified to profit or loss	2.34 206.55	(171.32)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		
	B. (i) Items that will be reclassified to profit or loss		
	(ii) Income tax relating to items that will be reclassified to profit or loss		
	Total Comprehensive Income for the period (XIII+XIV)		
	(Comprising Profit (Loss) and Other comprehensive Income for the period)		
XV	Earnings per equity share (for continuing operation):	(9,124)	(11,134)
	(1) Basic		
	(2) Diluted	2.35 (40.07)	(49.46)
XVII	Earnings per equity share (for discontinued operation):		
	(1) Basic		
	(2) Diluted		
XVIII	Earnings per equity share (for discontinued & continuing operation):		
	(1) Basic	2.35 (40.07)	(49.46)
	(2) Diluted		

Significant Accounting Policies

The accompanying notes form an integral part of these financial statements

For and on behalf of the Board of Directors

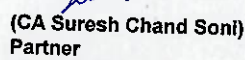

 (B.L. Verma)
 AGM (Finance)


 (Sudershan K Sharma)
 Consultant(Company Secretary)


 (Shivam Pratap Singh)
 Director (Finance)
 DIN No. 10243812


 (Harikesh Meena)
 Managing Director
 DIN No. 09333558

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


 (CA Suresh Chand Soni)
 Partner
 M. No. 083106
 Place: Shimla
 Date: 12-01-25

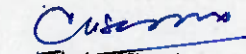


Himachal Pradesh Power Corporation Limited
Consolidated Statement Of Cash Flows for the year Ended 31st March, 2023

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
(In Lacs)		
Cash flow from operating activities		
Profit before tax (A)		
change in other equity as per restated balancesheet (B)	-9,124	-11,134
Adjustment for:		
Depreciation and amortization	20,722	20,589
Finance Cost	0.23	80
Loss on disposal/write off of fixed assets	-	-
Profit on sale of fixed assets	-	-
Total Adjustment (C)	20,722	20,669
Adjustment for assets and liabilities		
Inventories	-77	-32
Trade receivable and unbilled revenue	-553	22
Loans, other financial assets and other assets	-18,344	-11,954
Other financial liabilities and other liabilities	-2,471	70,683
Other Current liabilities	-	-
Provisions	606	1,000
Total Adjustment (D)	-20,838	59,675
Cash used in operating activities (E)=(A+B+C+D)	-9,239	89,189
Less: Income tax paid	-	-
Net cash used in operating activities (F)	-9,239	89,189
Cash flow from investing activities:		
Net expenditure on Property, Plant & Equipment and CWIP	-99,077	-73,963
Term Deposits with Banks (having maturity more than 3 months)	-	-
Interest on term deposits/ Sweep Deposits	-62	59
Investment in Subsidiary/Associate/Joint Venture	16	-0
Other non current asset	38,207	-44,085
Loss of Fixed/ CWIP assets from torrential rain & flood	-	-
Net cash used in investing activities (G)	-60,915	-1,17,989
Cash flow from financing activities:		
Share Capital	5,145	825
Share money pending allotment	1,590	275
Proceeds from borrowings	-	-
Repayment of borrowings	-1,639	-168
Other Non Current Liabilities	76,767	47,629
Payment of lease liabilities	-106	690
Interest and finance charges	-	-
Net Cash generated from financing activities (H)	81,756	49,252
Net increase in cash and cash equivalents (I)=(F+G+H)	11,602	452
Cash & Cash Equivalents at the beginning of the year	1,609	1,157
Cash & Cash Equivalents at the end of the year	13,210	1,609
Restricted cash balance	13,210	1,609
	0	(0)
Earmarked Balance (Unpaid Dividend)		
Margin Money for BG/ Letter of Credit and Pledged deposits		
Total	3,117	3,320
	3,117	3,320

This is the Statement of Cash Flows referred to in our report of even date.
For and on behalf of the Board of Directors


(B.L. Verma)
AGM (Finance)


Anurag K Sharma
Consultant (Company Secretary)


(Shiva Pratap Singh)
Director (Finance)
DIN No. 10243812


(Harikesh Meena)
Managing Director
DIN No. 09333558

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

(CA Suresh Chand Soni)
Partner
M. No. 083106
Place: Shimla
Date: 12-01-25



HIMACHAL PRADESH POWER CORPORATION LIMITED

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

1. Company Information and Significant Accounting Policies:

A. Reporting Entity

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

B. Significant Accounting Policies

1.1 Basis of Preparation:

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

Use of estimates and management Judgements:

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

1.2 Basis of Measurement:

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Normally at initial recognition, the transaction price is the best evidence of fair value. However, when the Company determines that transaction price does not represent the fair value, it uses inter-alia valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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



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

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

A liability is current when:

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

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

1.5 Property, plant and equipment (PPE)

- a) The Company has opted to utilize the option under para D7AA of Appendix D to Ind AS 101 which permits to continue to use the Indian GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS. Therefore, the carrying amount of property, plant and equipment according to the Indian GAAP as at April 1, 2015 i.e. Group's date of transition to Ind AS, were maintained in transition to Ind AS.
- b) An item of PPE is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- c) PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to the acquisition/construction of the asset. Where final settlement of bills with contractors is pending/under dispute, capitalization is done on estimated/provisional basis subject to necessary adjustment in the year of final settlement.
- d) After initial recognition, Property, Plant & Equipment is carried at cost less accumulated depreciation/ amortisation and accumulated impairment losses, if any.
- e) Deposits, Payments / liabilities made provisionally towards compensation, rehabilitation and other expenses 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 Sundernagar design office is allocated to different accounting units on systematic basis.

1.7 Investment Property

- a) Land or a building or part of building or both held by company to earn rentals or for capital appreciation or both is classified as Investment property other than for :
 - i). Use in the production or supply of goods or services or for administrative purpose; or
 - ii). Sale in the ordinary course of business.
- b) Investment property is recognised as an asset when and only when:
 - i). It is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
 - ii). The cost of the investment property can be measured reliably.
- c) Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss, if any.
- d) Investment properties are derecognised either when they have been disposed off or when they are permanently 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 re-measurement of lease liability. The Company applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in accounting policy 1.8 on "Impairment of non- financial assets".

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

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

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

ii) As a Lessor

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



Operating lease:

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

1.16 Government Grants

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

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

1.17 Borrowing costs

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

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

1.18 Provisions, Contingent Liabilities and Contingent Assets

a) A provision is recognised when:

i). the Company has present legal or constructive obligation as result of past event;
ii). it is probable that an outflow of economic benefits will be required to settle the obligation;
and

iii). a reliable estimate can be made of the amount of the obligation.

b) If the effect of the time value of money is material, provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

c) The amount recognised as provision is the best estimate of consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

d) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

e) Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

f) Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future



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

1.19 Revenue Recognition and Other Income:

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

1.20 Employee Benefits

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

a) Post-employment benefits plan:

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

a) Short-term Benefits

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

b) Terminal Benefits

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

1.21 Depreciation and amortization

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

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

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

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



- iv) Depreciation on increase/decrease in the value of existing assets on account of settlement of disputes is charged retrospectively.
- v) Depreciation on assets till start of commercial production has been shown under 'Incidental Expenditure during construction' under capital work in progress.
- vi) Depreciation on addition/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date, when the asset is available for use/disposal.
- (vii) Leasehold land is amortized pro-rata through depreciation over the period of lease or 40 years, whichever is lower.
- viii) Depreciation on assets till start of commercial production has been shown under 'Incidental Expenditure during construction' under capital work in progress.
- ix) Depreciation on addition/deduction from fixed assets during the year is charged on pro-rata basis from/up to the date, when the asset is available for use/disposal.
- (x) Leasehold land is amortized pro-rata through depreciation over the period of lease or 40 years, whichever is lower.
- xi) Tangible Assets created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land from the date such asset is available for use or at the applicable depreciation rates & methodology notified by HPERC tariff regulations for such assets, whichever is higher.
- xii) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, settlement of arbitration/court cases, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life of such asset determined following the applicable accounting policies relating to depreciation/ amortization.
- xiii) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life determined by technical assessment.
- xiv) Spare parts procured along with the Plant & Machinery or subsequently which are capitalized and added in the carrying amount of such item are depreciated over the residual useful life of the related plant and machinery at the rates and methodology notified by the HPERC.
- xv) Temporary erections are depreciated fully (100%) in the year of acquisition /capitalization.
- xvi) Expenditure on software recognized as 'Intangible Asset' and is amortized fully on straight line method over a period of legal right to use or three years, whichever is less. Other intangible assets with a finite useful life are amortized on a systematic basis over its useful life. The amortisation period and the amortisation method of intangible assets with a finite useful life is reviewed at each financial year end.
- xvii) Right-of-use land and buildings relating to generation of electricity business governed by CERC Tariff Regulations are fully amortized over lease period or life of the related plant whichever is lower following the rates and methodology notified by the CERC Tariff Regulations.
- xviii) Right-of-use land and buildings relating to generation of electricity business which are not governed by CERC tariff Regulations are fully amortized over lease period or life of the related plant whichever is lower. Other Right of use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

1.22 Income Taxes

Income tax expense comprises current tax and deferred tax.

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

a) Current Income tax

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



b) Deferred tax

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

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

1.23 Earnings per Share:

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

1.24 Statement of Cash Flows

a) Cash and cash equivalents includes cash/drafts/cheques on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b) Statement of cash flows is prepared in accordance with the indirect method (whereby profit or loss is adjusted for effects of non-cash transactions) prescribed in Ind AS-7 "Statement of Cash Flows".

1.25 Material prior period errors

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

1.26 Segment Reporting:

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

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

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



Himachal Pradesh Power Corporation Limited

2. Notes To Accounts

Non Current Assets

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

(In Lacs)				
	Particulars	Sub Note	As at March 31,2023	As at March 31,2022
2.1	Property, Plant and Equipment	2.1.1	5,31,704.79	5,56,612.44
2.2	Capital Work-in-progress	2.2.1	3.24	2.21
2.3	Investment Property	2.3.1	25.65	27.06
2.4	Other Intangible Assets	2.4.1	42.59	16.16
			5,31,776.27	5,56,657.87

(In Lacs)				
2.5	Investments		As at March 31,2023	As at March 31,2022
	Investment in Equity instrutments			
	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 Investment		(280.01)	(244.05)
	(Accumulated Losses till date)			
	Net Investment in Equity Instruments		77.49	93.45
	Note :- Provision has been made against this investment as shown in the Note No. 2.20 of Notes to Accounts (also Refer Note No. 2.49 of Notes to Accounts).			
	Other Investment			
	Total Other Investment			
	Total Investments		77.49	93.45



2.6 Loans		(In Lacs)	
	Particulars	As at March 31,2023	As at March 31,2022
Security Deposits			
Secured Considered Good			
Unsecured considered good			
- Doubtful			
Total (A)			
Loans to other Employees			
- Secured considered good			
Unsecured Considered Good			
- Doubtful			
Total (B)			
Total (C) =(A+B)			



Sub No. 2.1.1



Himachal Pradesh Power Corporation Limited

Note No 2.2.1

Capital work in progress

Particulars	Note	Amount As at 31.03.2022	Addition during FY 2022-23	Deletion during FY 2022-23	Net Adj. During FY 2022-23	(In Lacs) Amount as at 31.03.2023
Residential Buildings	2.2.1.1	-	-	-	-	-
Non Residential Buildings	2.2.1.1	184.35	-	-	-	184.35
Roads, Bridges & Culverts	2.2.1.1	674.75	259.35	78.03	181.31	856.06
Civil Works	2.2.1.1	75,260.78	24,320.52	106.92	24,213.60	99,474.37
Electro-Mechanical Works	2.2.1.1	33,948.22	2,212.08	-	2,212.08	36,160.30
Construction Power	2.2.1.1	1.53	72.44	-	72.44	73.97
Environment & R&R Expenses	2.2.1.1	-	10.49	-	10.49	10.49
Plant & Machinery	2.2.1.1	7.54	2.19	-	-	7.54
Land Submerged Area	2.2.1.1	-	-	2.19	-	-
Investigation & Survey	2.2.1.1	-	-	-	-	-
AUC Office Items	2.2.1.1	0.84	-	-	-	0.84
G.Total		1,10,078.00	26,877.07	187.14	26,689.93	1,36,767.93
Expenditure during construction	2.2.2	1,10,416.52	80,822.38	3,872.13	76,950.25	1,87,366.77
IND AS adjustment		406.21	-	-	-	2.82
Total Carried forward to Balance Sheet		2,20,900.74	1,07,699.45	4,059.27	1,03,640.18	3,24,137.53

Note No 2.2.1.1

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



Note No 2.2.2

HIMACHAL PRADESH POWER CORPORATION LIMITED						
Expenditure During Construction	Note No.	Amount in Lacs				
		As at 31.03.2022	Addition during 22-23	Deletion during 22-23	Net Adj. During 22-23	As at 31.03.2023
EXPENSES (A):						
Employees' Benefits Expenses	2.2.2.1	61,704	6,301	-	6,301	68,005
Finance/Interest Cost	2.2.2.2	33,580	6,456	-	6,456	40,036
Depreciation Expenses	2.2.2.3	1,754	341	-	341	2,094
Office and Administrative Expenses	2.2.2.4	25,942	68,987	(3,872)	65,115	91,057
TOTAL (A)		1,22,979	82,085	(3,872)	78,213	2,01,192
Less: Miscellaneous Income	2.2.2.5	(12,563)	(1,263)	-	(1,263)	(13,826)
Less: Renukaj & Gyspa Project Depreciation adjusted against Capital Reserve		-	-	-	-	-
NET EXPENDITURE (B) (Carried forward to CWIP)		1,10,417	80,822	(3,872)	76,950	1,87,367

Note No 2.2.2.1

EMPLOYEE BENEFITS EXPENSES (Expenditure During Construction):

PARTICULARS	Amount in Lacs				
	As at 31.03.2023	Addition during 22-23	Deletion during 22-23	Net During 2022-23	As at 31.03.2022
Salaries, Wages, Allowances and Benefits	61,735.40	6,012.60	-	6,012.60	55,722.80
Contribution to Provident and Other Funds	1,036.09	35.12	-	35.12	1,000.98
Leave Salary and Pension Contribution	3,752.01	175.79	-	175.79	3,576.22
Travelling Exp.	425.67	15.20	-	15.20	410.46
Medical Exp.	587.43	35.16	-	35.16	552.27
Welfare Expenses	468.39	27.41	-	27.41	440.98
TOTAL	68,005.00	6,301.27	-	6,301.27	61,703.73

Note No 2.2.2.2

FINANCE/INTEREST COST (Expenditure During Construction):

PARTICULARS	Amount in Lacs				
	As at 31.03.2023	Addition during 22-23	Deletion during 22-23	Net During 2022-23	As at 31.03.2022
Interest on Term Loans	39,975.95	6,454.69	-	6,454.69	33,521.26
Bank Charges/LC Charges	40.53	1.00	-	1.00	39.53
Others-FBT/Service Tax Interest	19.04	-	-	-	19.04
TOTAL	40,035.52	6,455.69	-	6,455.69	33,579.83

Note No 2.2.2.3

DEPRECIATION EXPENSES:

PARTICULARS	Amount in Lacs				
	As at 31.03.2023	Addition during 22-23	Deletion during 22-23	Net During 2022-23	As at 31.03.2022
Depreciation for the year (Transferred to Profit & Loss Account)	-	-	-	-	-
Depreciation for the year (Transferred to Expenditure During Construction)	2,094.48	340.73	-	340.73	1,753.76
TOTAL	2,094.48	340.73	-	340.73	1,753.76
Depreciation written off from Capital Reserve	-	-	-	-	-



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Note No 2.2.2.4

OFFICE AND ADMINISTRATIVE EXPENDITURE (Projects incidental Expenditure):

Amount in Lacs

PARTICULARS	As at 31.03.2023	Addition during 22-23	Deletion during 22-23	Net During 2022-23	As at 31.03.2022
Repairs and Maintenance Vehicle	130.50	10.14	-	10.14	120.36
Repairs and Maintenance Office Furniture & Equipment's	95.62	10.21	-	10.21	85.41
Repairs and Maintenance Plant and Machinery	122.58	4.67	-	4.67	117.91
Repairs and Maintenance Buildings	629.98	28.74	-	28.74	601.24
Repairs and Maintenance Others	49.49	0.96	-	0.96	48.53
Office & Administration Expenses	41.21	0.09	-	0.09	41.12
Hospitality and Entertainment Expenses	175.59	11.56	-	11.56	164.03
Meeting Expenses	76.04	5.85	-	5.85	70.19
Misc. Expenses	140.39	0.86	-	0.86	139.52
Communication Expenses	758.91	35.90	-	35.90	723.01
Rent, Rates and Taxes	2,169.04	69.23	-	69.23	2,099.81
Consultancy Fees	809.71	72.60	-	72.60	737.11
Annual Technical Support-SAP/ AMC	3,349.88	452.89	-	452.89	2,897.00
Vehicle Running Charges & Insurance Charges	343.05	23.43	-	23.43	319.62
Hired Vehicle Expenses	2,352.26	236.67	-	236.67	2,115.59
Training & Seminar	289.52	2.06	-	2.06	287.46
Fees & Subscription	42.60	0.21	-	0.21	42.40
Electricity & Water Expenses	488.26	31.66	-	31.66	456.60
Printing & Stationary	309.96	20.22	-	20.22	289.73
Books, Periodicals & Newspapers	80.35	4.99	-	4.99	75.36
Freight & Labour Charges	49.18	1.27	-	1.27	47.91
Insurance	48.95	3.39	-	3.39	45.56
Raising Day Expense	33.36	0.05	-	0.05	33.31
Legal & Professional Charges	456.43	19.58	-	19.58	436.85
Postage & Telegram Expenses	31.30	1.57	-	1.57	29.72
Publicity & Advertisement Expenditure	319.71	16.24	-	16.24	303.47
Expenditure on Transit Camps/Guest House	46.35	1.27	-	1.27	45.08
Business Promotion Expenses	263.41	70.68	-	70.68	192.73
Power/ Water Park	42.79	-	-	-	42.79
Foreign Exchange Variation Cost	55.36	-	-	-	55.36
Land Acquisition Expenses	10.81	0.17	-	0.17	10.63
LADA	4,905.06	985.00	-	985.00	3,920.06
Relief and Rehabilitation Costs	7,397.67	995.27	-	995.27	6,402.40
Environmental and Ecology exp.	67,278.04	62,297.82	-	62,297.82	4,980.23
Expenditure on Enabling Assets	51.24	-	-	-	51.24
CAT Plan	6,884.04	-	-	-	6,884.04
Study and Research	43.68	5.31	-	5.31	38.37
Survey & Investigation	9,702.72	414.68	-	414.68	9,288.04
Construction Power HPSEBL 1-8-1	239.56	-	-	-	239.56
Environment Management Plan	1,099.06	45.56	-	45.56	1,053.51
Fuel expenses Data Centre	9.11	-	-	-	9.11
Gift & Presentation A/c (Pending Allocation)	3.39	-	-	-	3.39
Honorarium & Stipend	225.68	0.19	-	0.19	225.49
Incidental expenses-Power Water & parts	(42.53)	-	-	-	(42.53)
OUTSOURCED MANPOWER EXPENSES (Pending Allocation)	4,945.58	708.00	-	708.00	4,237.58
Retain earning Adjustment upto FY 2014	2,847.95	-	-	-	2,847.95
SAFETY RELATED EXPENSES	0.22	-	-	-	0.22
Hydraulic and numerical Model	32.08	-	-	-	32.08
Winter Heating Exp. (Pending Allocation)	86.46	6.17	-	6.17	80.29
Wages (Daily paid staff) (PROJECT)	4.57	-	-	-	4.57
Remuneration to Auditors	31.42	4.54	-	4.54	26.88
Consumables Stores	103.83	5.07	-	5.07	98.76
Transmission lines	12.00	-	-	-	12.00
Common Cost (HO & SNR)	(14,199.76)	2,381.42	(3,872.13)	(1,490.71)	(12,709.05)
Fisheries Management	(42.51)	-	-	-	(42.51)
Reliminary Expenses	11.91	-	-	-	11.91
Re-construction & Construction stage Expenses	6.52	-	-	-	6.52
Incidental exp after COD(proportion)Stage-1 2017-18	(0.98)	-	-	-	(0.98)
Incidental exp Before COD Stage-1	(8,152.73)	-	-	-	(8,152.73)
Expenditure related to previous year	46.74	-	-	-	46.74
JC-Amount Settlement	(252.96)	-	-	-	(252.96)
JC Incidental Investment clearing account	(6,041.42)	-	-	-	(6,041.42)
Financial Charges on lease	8.81	0.85	-	0.85	7.96
Interest/Penalty	0.31	0.31	-	0.31	-
TOTAL	91,057.36	68,987.34	(3,872.13)	65,115.22	25,942.14



-7(b)-

Note No 2.2.2.5

Miscellaneous Income Transferred to Expenditure During Construction:

Amount in Lacs

PARTICULARS	As at 31.03.2023	Addition during 22-23	Deletion during 22-23	Net During 2022-23	As at 31.03.2022
Interest from Banks Deposits/FDR's	(2,123.59)	(1.58)		(1.58)	(2,122.00)
Income from Providing design work/Lab Receipts	-	-		-	-
Interest from Employees	-	-		-	-
House Rent Collection from employees/Other recovery	-	-		-	-
Infirm Sale of Power	(16.82)	-		-	(16.82)
Interest on Tax Refunds	-	-		-	-
Income from sale of tender forms	(0.72)	-		-	(0.72)
Income from Contractors	-	-		-	-
Income from Transit Camp/Guest House	-	-		-	-
Gain on sale of Assets	(1.16)	-		-	(1.16)
Miscellaneous Receipts	(11,683.29)	(1,261.06)		(1,261.06)	(10,422.23)
TOTAL	(13,825.59)	(1,262.65)		(1,262.65)	(12,562.94)



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HYMACHAL PRADESH POWER CORPORATION LIMITED

Note 2.3.1

Investment Property

As at 31-3-23

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2022	Addition during the year	Deductions / Adjustments	As at 31.03.2023	As at 01.04.2022	Addition during the year	As at 31.03.2023	As at 31.03.2022
Building - Investment	46.91	-	-	46.91	19.85	0.00	21.26	28.65
Total	47	-	-	47	20	0	21	27

(In Lacs)

As at 31-3-22

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	As at 31.03.2022	As at 31.03.2021
Building - Investment	46.91	-	-	46.91	18.44	1.41	19.85	27.06
Total	47	-	-	47	18	1	20	28

(In Lacs)



Himachal Pradesh Power Corporation Limited
Sub Note No 2.4.1 Other Intangible Assets

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2022	Addition during the year	Deductions / Adjustments	As at 31.03.2023	As at 01.04.2022	Addition during the year	Deductions / Adjustments	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Software	69.14	32.30	-	101.44	52.98	5.87	-	58.85	42.59	16.16
Total	69.14	32.30	-	101.44	52.98	5.87	-	58.85	42.59	16.16

(In Lacs)

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

(In Lacs)



Himachal Pradesh Power Corporation Limited

Non Current Assets

2.7 Other Non Current assets

(In Lacs)

As at March 31,2023 As at March 31,2022

Capital Advances		
Advances to Suppliers and Contractors		
Covered By Bank Guarantee	-	-
Unsecured Considered Good	4,163.50	5,781.31
Others	-	-
Loans and Advances to Related Parties		
Unsecured Considered Good	60.50	60.50
Less: Provision for Doubtful Advances	(60.50)	(60.50)
Advances to Govt Departments		
Advances to Others		
Others- Secured Considered Good	54.99	46.26
Others- Unsecured Considered Good	191.44	383.34
Total Advannces (A)	4,409.93	6,210.91
Others		
Recoverable from Contractors		
Others- Secured Considered Good	-	-
Others- Unseured Considered Good	1,560.19	1,560.19
Recoverable from staff	-	-
Deposits with Income Tax Authorities	7,655.07	7,599.29
Deposits with Courts	-	-
Other Recoverable	20.44	19.21
Capital Stores at Cost		
Other Items		
Grant Receivables- Non Current	60,729.56	97,189.90
Prepaid Expenses	-	2.99
Deferred Emplayee Benefits Expense	-	-
Total - Others (B)	69,965.25	1,06,371.57
Total Other Non- Current Assets (C)=(A+B)	74,375.18	1,12,582.48



Himachal Pradesh Power Corporation Limited

Current Assets

2.8 Inventories

(In Lacs)

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

2.9 Trade Receivables

(In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
Secured Considered good		
Unsecured considered good:		
Sale of Power	1,037.36	484.80
Others(HPTCL)	23.77	23.77
Total	1,061.13	508.57

2.10 Cash and cash equivalents

(In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
'Term Deposits (having original maturity of upto 3 months)	-	-
Cash and Bank Balances		
Cash in Hand	0.27	0.18
Stamps in Hand	0.16	0.15
Balance with Banks	-	-
Current Deposits	13,209.94	1,608.20
Term Deposits with maturity upto 3 months	-	-
Total	13,210.37	1,608.53

2.11 Bank Balance - Other than above

(In Lacs)

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



2.12 Loans

(In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
Security Deposits		
Secured Considered Good	-	-
Unsecured considered good	0.62	60.65
Doubtful		
Recoverable from Staff	0.24	1.98
Advances to Employees		
Secured considered good	-	-
Unsecured Considered Good	0.33	0.03
Doubtful	-	-
Total Loans	1.19	62.65

2.13 Other Assets

(In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
Interest Accrued but not due on deposits with Banks	59.82	35.54
Interest recoverable	17.56	18.71
Amount Receivable from Others	358.90	228.58
Amount Recoverable from Contractor & Suppliers	19,123.37	19,294.07
Less Provision for Doubtful Recoverable from contractor & suppliers	(13,034.42)	(13,034.42)
Total Other Financial Assets	6,525.23	6,542.48

2.14 Other Current Assets

(In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
Advances Others		
Secured Considered Good	-	-
Unsecured considered good	21.89	21.89
Advance to Suppliers and Contractors		
Secured Considered Good	-	-
Unsecured considered good	4,834.15	4,416.62
Advances to Govt Departments		
Secured Considered Good	-	-
Unsecured considered good	750.80	634.92
Others		
Prepaid Expenses	804.46	312.85
Amount Recoverable from tax authorities	-	10.18
Deposits with Courts	38,775.33	21,179.57
Other Recoverable	15.41	0.00
Recv from Rent	29.92	29.92
Total	45,231.96	26,605.94



Himachal Pradesh Power Corporation Limited

2.15 Equity Share Capital

	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Share Capital (Rs. In lacs)	No. of Shares	Share Capital (Rs. In lacs)
AUTHORISED Equity Shares of par value @ 1000/- 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 @ 1000/- each fully paid up	2,30,24,779	2,30,247.79	2,25,10,279	2,25,102.79
Total		2,30,247.79		2,25,102.79

2.15.1 Details of shareholders holding more than 5% shares in the Company :

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares	%	No. of shares	%
Government of Himachal Pradesh (GoHP)	98,45,491	42.76	93,30,991	41.45
Himachal Pradesh Infrastructure Development Board	1,18,71,507	51.56	1,18,71,507	52.74
Himachal Pradesh Electricity Board Limited	13,07,731	5.68	13,07,731	5.81
	2,30,24,729		2,25,10,229	

2.15.2 The reconciliation of the number of shares outstanding is set out below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Share Capital (Rs. In lacs)	No. of Shares	Share Capital (Rs. In lacs)
Number of shares at the beginning	2,25,10,279	2,25,102.79	2,18,77,133	2,18,771.33
No. of shares issued during the year	5,14,500	5,145.00	6,33,146	6,331.46
No. of shares Bought Back during the year				
Number of shares at the end	2,30,24,779	2,30,247.79	2,25,10,279	2,25,102.79



Himachal Pradesh Power Corporation Limited

Non Current Liabilities

2.17 Borrowings

(In Lacs)

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

2.18 Lease Liabilities

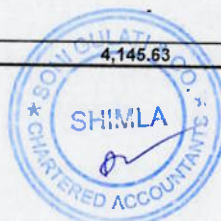
(In Lacs)

	As at March 31,2023	As at March 31,2022
Lease Liabilities -Non Current	65.46	682.92
Total	65.46	682.92

2.19 Other Financial Liabilities

(In Lacs)

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



Himachal Pradesh Power Corporation Limited

Non Current Liabilities

2.20 Provisions

(In Lacs)

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

2.21 Deferred tax liabilities (Net)

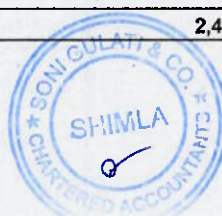
(In Lacs)

Particulars	As at March 31,2023	As at March 31,2022
Deferred Tax Liabilities	-	-
Total	-	-

2.22 Other Non-Current Liabilities

(In Lacs)

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



Himachal Pradesh Power Corporation Limited

Current Liabilities

2.23 Borrowings

		(In Lacs)	
	Particulars	As at March 31,2023	As at March 31,2022
A	Secured		
	From Banks		
	'From UCO Bank	-	1,639.46
	'From PFC Loan Shongtong		
	From Others		
	From KCCBL	0.10	13,966.58
	HPSCBL CCL	1,537.65	3,359.15
B	Unsecured		
	Government of Himachal Pradesh Loan	2,08,506.73	1,89,111.69
	Total	2,10,044.48	2,08,076.89

2.24 Lease Liabilities

		(In Lacs)	
	Particulars	As at March 31,2023	As at March 31,2022
	Lease Liabilities	678.69	167.16
	Total	678.69	167.16

2.25 Trade Payables

		(In Lacs)	
	Particulars	As at March 31,2023	As at March 31,2022
	Trade Payables	-	-
	Total	-	-

2.26 Other Financial Liabilities

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

2.27 Provisions

		(In Lacs)	
	Particulars	As at March 31,2023	As at March 31,2022
	Unfunded Employee benefit		
	Gratuity	-	-
	Leave Enchasmment	-	-
	Provision for Income Tax	0.30	-
	Total	0.30	-



Himachal Pradesh Power Corporation Limited

2.28 Revenue from Operations

(In Lacs)

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

2.29 Other Income

(In Lacs)

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

2.30 Employee Benefits Expense

(In Lacs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Salaries, Wages, Allowances and Benefits	2,215.87	2,290.67
Contribution to Provident and Other Funds	146.11	95.61
Leave Salary and Pension Contribution *	174.92	335.04
Welfare Expenses	167.28	276.58
Total	2,704.19	2,997.90

2.31 Finance Costs

(In Lacs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Bank Charges	0.06	0.14
Interest on Term Loan	19,603.57	19,653.32
Interest on Other Loan (KCCB, HPSCBL)	709.64	624.04
Total	20,313.27	20,277.51

2.32 Depreciation and Amortization Expense

(In Lacs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Depreciation for the Year	20,722.13	20,588.86
Depreciation Charged to Statement of Profit & Loss	20,722.13	20,588.86



Himachal Pradesh Power Corporation Limited

2.33 Other Expenses

Office and Administrative Expenditure

(In Lacs)

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Repair and Maintenance		
Buildings	90.25	75.14
Roads	97.29	119.54
Plant & Machinery	1,396.84	854.18
Office Equipments & Furnitures	0.90	0.87
Civil Works	313.77	339.62
Vehicles	0.10	0.42
TOTAL (A)	1,899.15	1,389.76
Expenses related to sales of power		
Expenses in relation to sale of power	1,177.82	4,388.99
Free Power	67.66	62.09
Rebate to Customers	56.87	37.12
TOTAL (B)	1,302.36	4,488.21
Other expenses		
Rent, rates and Taxes	3.86	3.25
Insurance -Other Assets	558.08	330.90
Electricity & Water Charges	38.48	35.66
Travelling & Conveyance	2.30	1.17
Traning Expenses	0.60	0.41
Legal and Professional Charges	118.82	74.44
Communication Expenses	11.69	11.06
Printing & Stationery	4.53	5.12
Statutory Audit Fees	8.29	7.85
Consultancy fees	5.48	3.03
Publicity and Advertisement Expenses	1.79	16.32
Hiring of Vehicles	150.78	137.54
Vehicle Running Charges and Insurance Charges	1.30	4.15
Annual Technical Support- SAP	2.14	1.48
Fees and subscription	17.85	5.00
Expenses on Transit Camps	0.38	0.34
Books & Periodicals	1.47	1.07
Hospitality and Entertainment Expense	1.96	2.43
Freight and Labour Charges	0.06	0.03
Postage and Telegram Expenses	0.31	0.37
Raising Day Expense	0.64	10.95
Meeting Expenses	0.38	0.44
Environment & Ecology Expenses	39.28	(24.95)
Office Expenses	31.03	23.31
Interest & penalties under I.Tax	0.09	0.38
Loss on Sale of Fixed Assets	0.23	59.54
Miscellaneous Expenses	6.50	199.34
CAT Plan Expenses	75.77	(0.00)
Training Expense O&M	-	-
Contribution to IIIT	-	480.00
Intt../Penalty- Entry	-	0.06
Prior Period Expense	0.12	-
TOTAL (C)	1,084.19	1,390.69
GRAND TOTAL (A) + (B) + (C)	4,285.70	7,268.66



Himachal Pradesh Power Corporation Limited

2.34 Other Comprehensive Income

(In Lacs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
A. Items that will not be reclassified to profit & loss		
(ii) Remeasurement of the defined benefit plans	(206.55)	171.32
Total	(206.55)	171.32

2.35 Earning Per Share Basic and Dilluted

(In Lacs)

Particulars	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Net Profit After Tax	(9,124)	(11,134)
Weighted Average No. of shares	2,27,67,529	2,25,10,279
Face value of share	1,000	1,000
EPS	-40.07	-49.46



Note No 2.36

Disclosure on Financial Instruments and Risk Management

i) Fair Value Measurement

a) Financial Instruments by Category

(Rs. In lacs)

		As at March 31,2023	As at March 31,2022
Particulars	Note No	Amortised Cost	Amortised Cost
Financial Assets			
Non Current Financial Assets			
(i) Investments	2.5		
(ii) Loans	2.6	151	89
(iii) Others	2.7		
Bank Deposits with more than 12 Months Maturity			
Current Financial Assets			
(i) Trade Receivables	2.9	1061	509
(ii) Cash and Cash Equivalents	2.10	13210	1,608
(iii) Bank Balance other than above	2.11	3117	3,320
(iv) Loans	2.12	1	63
(v) Other Assets			
Interest Accrued	2.13	60	36
Other Recoverable	2.13	19500	19,542
Total Financial Assets		37,100	25,166
Financial Liabilities			
(i) Long Term Borrowings			
a) Term Loans Financial Institutions	2.17		-
b) Term Loans from Others	2.17 & 2.19	63190	64,379
(ii) Deposits / retention non current	2.19	4146	4,384
Current Financial Liabilities			
(iii) Other Financial Liabilities			
a) Current Maturity of Term Loans Financial Institutions	2.26		-
b) Current Maturity of Term Loans other	2.26		-
c) Deposit/ Retention Money	2.26	1419	8,814
d) Liability against Capital Works	2.26	2318	2,580
e) Other Payables	2.23 & 2.26	309703	3,24,205
Total Financial Liabilities		3,80,775	4,04,363

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



Valuation techniques and process used to determine fair values

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:

3 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

(iii) Fair Value of financial assets and Liabilities measures at carrying cost (Rs. In lacs)

	Note No	As at March 31, 2023		As at March 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
(i) Loans to employees and Others	2.6 & 2.12	152	152	152	152
(ii) Other		-	-	-	-
Bank deposits with more than 12 months maturity		-	-	-	-
Total Assets		152	152	152	152
Financial Liabilities					
(i) Long term Borrowings(including current Maturity and Interest	2.17 & 2.26	2,83,587	2,83,587	2,60,409	2,60,409
(ii) Deposit / Retention Money/others (Including Current Liabilities)	2.19 and 2.26	5,945	5,945	13,162	13,162
Total Liabilities		2,89,533	2,89,533	2,73,571	2,73,571

Significant Estimates:

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



Disclosures as per Ind AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'
(A) Restatement for the year ended 31st March 2022 and as at 1st April 2021

In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance 31st March 2022 and 1st April 2021 (beginning of the preceding period) and Statement of Profit and Loss and Statement of Cash Flows for the year ended 31st March 2022 for the reasons as stated in the

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

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

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

Particulars	Note No.	As at March 31, 2022		
		As Previously Reported	IND AS 8 Adjustment	As Restated
Finance cost		20,277.51	(31.40)	20,246.10
Other Expenses	(i)	7,268.66	4.61	7,273.26
Employee Benefit Expenses	(i)	2,997.90	5.30	3,003.20
Profit after Tax				

Notes:

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



(ii) Financial Risk Management

Financial risk factors:

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

a) Credit risk:

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

Risk	Exposure arising From	Measurement	Management
Credit risk	Cash & Cash equivalents, Trade receivables and financial assets measured at amortised cost	Aging analysis	Diversification of bank deposits, credit limits and letter of credit
Liquidity Risk	Borrowings and other facilities	Rolling cash flow forecasts	availability of committed credit lines and borrowing facilities
Market Risk-Interest rate	Long term borrowings at Fixed rates	sensitivity analysis	interest rate swaps/change of 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, 2023 and 31st March, 2022. The Company's risk management is carried out as per policies approved by Board of Directors from time to time.

(A) Credit Risk:

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

a) Trade Receivables:

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



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

b) Financial assets at carrying cost:

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

c) Financial instruments and cash deposits:

The Company considers factors such as track record, size/net worth of the institution/bank, market reputation and service standards and limits and policies as approved by the Board of Directors to select the banks with which balances and deposits are maintained. The Company invests surplus cash in short term deposits with scheduled Banks.

(B) Liquidity Risk:

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

Maturities of Financial Liabilities:

The table below provides undiscounted cash flows towards company's financial liabilities into relevant maturity based on the remaining period at the Balance Sheet date to the contractual maturity date. Balance due within 1 year is equal to their carrying balances as the impact of discounting is not significant. (Refer note 2.19, 2.21, 2.25 & 2.28)

(Rs. in lacs)

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



(Rs. In Lacs)

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

(C) Market Risk:

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

(i) Interest rate risk and sensitivity:

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

Particulars	Rs. in Lacs	
	As At 31st March 2023	As At 31st March 2022
Fixed Rate Borrowings	45,042	64,379

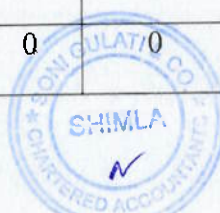
ii) Price Risk: Exposure:

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

iii) Foreign Currency Risk: Foreign Currency Risk Exposure:

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

Particulars	As At 31st March 2023			As At 31st March 2022		
	USD	Euro	CHF	USD	Euro	CHF
Financial Assets						
Net Exposure to foreign currency risk -Asset (A)	7.92	0.84	0	7.92	0	0
Financial Liabilities						
Retention Money	0	0	0	0	0	0
Other Payables	0	0	0	0	0	0



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

(iii) Capital Management

(a) Capital Risk Management:

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern, in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended 31st March, 2023.

The Company monitors capital using gearing ratio, which is net debt divided by total of Capital and Net Debt. The gearing ratios are as follows:

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

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

(b) Loan Covenants:

Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:-

There is requirement to maintain Debt Equity ratio of 70:30 by the ADB, which is funding agency to the State Government.

(c) Dividends:

The Company started commercial operation during the year 2016-17 and total cumulative loss as on 31.03.2023 is Rs. 75704.84 lacs, thus no dividend has been declared by the company.

Other Explanatory Notes to Accounts:

2.41 Contingent Liabilities:

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

(i) Capital works:



Contractors have lodged claims as on 31.3.2023, aggregating to approx. Rs. 91440.77 lacs, against the Company on account of rate & quantity deviation, cost relating to extension of time and idling charges due to stoppage of work/delays in handing over the site etc. These claims are being contested by the company as being not admissible in terms of provisions of the respective contracts or are lying at arbitration tribunal/other forums/other Courts. As the amounts recommended by the Dispute Boards (DBs) are much less than the amounts claimed by the contractors, the claims on account of further interest and escalation, if any, have not been considered.

	Rs. In Lac	
Particulars	31 st March 2023	31 st March 2022
Capital Works	91440.77	77378.51
Land Compensation	76100.36	79245.46
Others	4875.96	457.52
Total	172417.09	157081.49

(ii) Land Compensation cases:

In respect of land acquired for the projects, some of the land losers have filed claims for higher compensation amounting to Rs.76100.36 lacs as on 31.03.2023, before various authorities/courts. Company has shown the same as contingent liability as the matter is subjudice.

(iii) Others:

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

The above is summarized below as at 31.03.2023:

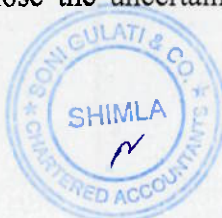
	Rs. In Lac				
Particulars	Claims as on 31.3.2023	Provision Against The Claims	Contingent Liability as on 31.3.2023	Contingent Liability as on 31.3.2022	Addition /deletion of Contingent Liability for the period
Capital Works	91,440.77	0	91,440.77	77,378.51	14,062.26
Land Compensation	76,100.36	0	76,100.36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

The above is summarized below as at 31.03.2022:

	Rs. In Lac				
Particulars	Claims as on 31.3.2022	Provision Against The Claims	Contingent Liability as on 31.3.2022	Contingent Liability as on 31.3.2021	Addition /deletion 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

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 2023	As At 31 st March 2022
Civil Work and E & M works	40930.73	60816.73

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

Particulars	Currency	As At 31 st March 2023	As At 31 st March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	INR	113318.13	82322.38
	Euro	54.15	702.58
	US\$	6.33	4132.78

2.44 The effect of foreign exchange fluctuation during the year is as under: (Rs. In Lacs)

Sr. No.	Particulars	Year ended 31.3.2023	Year ended 31.3.2022
(i)	Amount Charged to Statement of Profit and Loss Account excluding depreciation	54.94	21.91 (Net)
(ii)	Amount Charged to Expenditure attributable to construction	Nil	Nil
(iii)	Amount adjusted by addition to the carrying amount of fixed Assets	Nil	Nil

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

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:



(Amt. in Rs.)			
	Assets / Liability	31/03/2022	31/03/2023
a	Present value of obligation	162,078,774	173,663,047
b	Fair value of plan assets	--	--
c	Net assets / (liability) recognized in balance sheet as provision	(162,078,774)	(173,663,047)

Plan Liability: - The actuarial value of gratuity liability calculated on the above assumptions works out as under:

(Amt. in Rs.)		
Date Ending	31/03/2022	31/03/2023
Present value of obligation as at the end of the period	162,078,774	173,663,047

Service Cost

(Amt. in Rs.)			
		31/03/2022	31/03/2023
a)	Current Service Cost	14,994,017	15,822,300
b)	Past Service Cost including curtailment Gains/Losses	--	--
c)	Gains or Losses on Non routine settlements	--	--
d)	Total Service Cost	14,994,017	15,822,300

Net Interest Cost

(Amt. in Rs.)			
		31/03/2022	31/03/2023
a)	Interest Cost on Defined Benefit Obligation	9,383,069	11,702,087
b)	Interest Income on Plan Assets	--	--
c)	Net Interest Cost (Income)	9,383,069	11,702,087

Change in Benefit Obligation

(Amt. in Rs.)			
		31/03/2022	31/03/2023
a)	Present value of obligation as at the beginning of the period	137,986,302	162,078,774
b)	Acquisition adjustment	--	--
c)	Interest Cost	9,383,069	11,702,087
d)	Service Cost	14,994,017	15,822,300
e)	Past Service Cost including curtailment Gains/Losses	--	--
f)	Benefits Paid	(1,364,670)	(8,149,807)
g)	Total Actuarial (Gain)/Loss on Obligation	1,080,056	(7,790,307)
h)	Present value of obligation as at the End of the period	162,078,774	173,663,047



Bifurcation of Actuarial Gain/Loss on Obligation

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	--	--
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(8,058,500)	(3,131,494)
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	9,138,556	(4,658,813)

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

Balance Sheet and related analysis

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Present Value of the obligation at end	162,078,774	173,663,047
b)	Fair value of plan assets	--	--
c)	Unfunded Liability/provision in Balance Sheet	(162,078,774)	(173,663,047)

The amounts recognized in the income statement.

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Total Service Cost	14,994,017	15,822,300
b)	Net Interest Cost	9,383,069	11,702,087
c)	Expense recognized in the Income Statement	24,377,086	27,524,387

Other Comprehensive Income (OCI)

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--
b)	Actuarial gain / (loss) for the year on PBO	(1,080,056)	7,790,307
c)	Actuarial gain /(loss) for the year on Asset	--	--
d)	Unrecognized actuarial gain/(loss) for the year	(1,080,056)	7,790,307

Change in Net Defined Benefit Obligation

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Net defined benefit liability at the start of the period	137,986,302	162,078,774
b)	Acquisition adjustment	--	--



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

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

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Current liability (Amount due within one year)	10,008,744	11,996,351
b)	Non-Current liability (Amount due over one year)	152,070,030	161,666,696
	Total PBO at the end of year	162,078,774	173,663,047

Expected contribution for the next Annual reporting period.

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Service Cost	15,848,713	16,959,501
b)	Net Interest Cost	11,702,087	12,816,333
c)	Expected Expense for the next annual reporting period	27,550,800	29,775,834

Sensitivity Analysis of the defined benefit obligation.

(Amt. in Rs.)

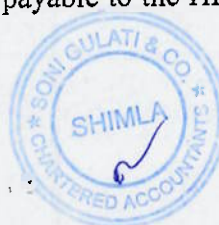
a) Impact of the change in discount rate		
	Present Value of Obligation at the end of the period	173,663,047
a)	Impact due to increase of 0.50%	(9,297,778)
b)	Impact due to decrease of 0.50 %	10,091,313
b) Impact of the change in salary increase		
	Present Value of Obligation at the end of the period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

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

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

(iii) Leave encashment:

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



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

(Amt. in Rs.)			
	Assets / Liability	31/03/2022	31/03/2023
a	Present value of obligation	206,910,761	224,110,793
b	Fair value of plan assets	--	--
c	Net assets /(liability) recognized in balance sheet as provision	(206,910,761)	(224,110,793)

Plan Liability

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

(Amt. in Rs.)		
Date Ending	31/03/2022	31/03/2023
Present value of obligation as at the end of the period	206,910,761	224,110,793

Service Cost

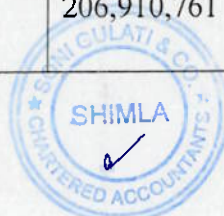
(Amt. in Rs.)			
		31/03/2022	31/03/2023
a)	Current Service Cost	18,755,314	20,133,280
b)	Past Service Cost including curtailment Gains/Losses	--	--
c)	Gains or Losses on Non routine settlements	--	--
d)	Total Service Cost	18,755,314	20,133,280

Net Interest Cost

(Amt. in Rs.)			
		31/03/2022	31/03/2023
a)	Interest Cost on Defined Benefit Obligation	10,799,615	14,938,957
b)	Interest Income on Plan Assets	--	--
c)	Net Interest Cost (Income)	10,799,615	14,938,957

Change in Benefit Obligation

(Amt. in Rs.)			
		31/03/2022	31/03/2023
a)	Present value of obligation as at the beginning of the period	158,817,866	206,910,761
b)	Acquisition adjustment	--	--
c)	Interest Cost	10,799,615	14,938,957
d)	Service Cost	18,755,314	20,133,280
e)	Past Service Cost including curtailment Gains/Losses	--	--
f)	Benefits Paid	(925,922)	(6,303,941)
g)	Total Actuarial (Gain)/Loss on Obligation	19,463,888	(11,568,264)
h)	Present value of obligation as at the End of the period	206,910,761	224,110,793



Actuarial Gain/Loss on Obligation

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	--	--
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(11,614,198)	(4,553,735)
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	31,078,086	(7,014,529)

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

Balance Sheet and related analysis

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Present Value of the obligation at end	206,910,761	224,110,793
b)	Fair value of plan assets	--	--
c)	Unfunded Liability/provision in Balance Sheet	(206,910,761)	(224,110,793)

The amounts recognized in the income statement.

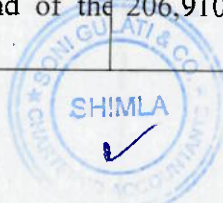
(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Total Service Cost	18,755,314	20,133,280
b)	Net Interest Cost	10,799,615	14,938,957
c)	Net actuarial (gain) / loss recognized in the period	19,463,888	(11,568,264)
c)	Expense recognized in the Income Statement	49,018,817	23,503,973

Change in Net Defined Benefit Obligation

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Net defined benefit liability at the start of the period	158,817,866	206,910,761
b)	Acquisition adjustment	--	--
c)	Total Service Cost	18,755,314	20,133,280
d)	Net Interest cost (Income)	10,799,615	14,938,957
e)	Re-measurements	19,463,888	(11,568,264)
f)	Contribution paid to the Fund	--	--
g)	Benefit paid directly by the enterprise	(925,922)	(6,303,941)
h)	Net defined benefit liability at the end of the period	206,910,761	224,110,793



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

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Current liability (Amount due within one year)	10,341,464	9,583,161
b)	Non-Current liability (Amount due over one year)	196,569,297	214,527,632
	Total PBO at the end of year	206,910,761	224,110,793

Expected contribution for the next Annual reporting period.

(Amt. in Rs.)

		31/03/2022	31/03/2023
a)	Service Cost	19,772,704	21,516,485
b)	Net Interest Cost	14,938,957	16,539,377
c)	Expected Expense for the next annual reporting period	34,711,661	38,055,862

Sensitivity Analysis of the defined benefit obligation.

(Amt. in Rs.)

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

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

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

2.46 Segment information:

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

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

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

d) Information about major customers:

(Rs. In Lacs)

Sr. No	Name of Customer	Revenue from Customers	Revenue from Customers	Revenue from Customers as %age of revenue	
		2022-23	2021-22	2022-23	2021-22
1	HPSEB Ltd.	13394.01	349.18	34.82	0.87
2	M/s TPTCL	25067.70	35204.63	65.18	87.94
3	M/s PTC	-	4480.10	-	11.19
	Total Revenue	38461.71	40033.91	100	100

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

(a) List of Related Parties:

(i) Directors & Key Management Personnel:

Name	Designation	Period/Duration (w.e.f.)
Sh. Devesh Kumar, IAS	Managing Director	25.06.2021 to 13.04.2022
Sh. Harikesh Meena, IAS		16.04.2022 to 25.05.2022
Dr. Ajay Kumar Sharma, IAS		25.05.2022 to 31.01.2023
Sh. Harikesh Meena, IAS		04.02.2023 to till date
Ms. Priyanka Verma, IAS	Director (Personnel & Finance)	28.06.2021 to 05.08.2022
Sh. Mukesh Repaswal, IAS		06.08.2022 to 19.01.2023
Dr. Amit Kumar Sharma, IAS		19.01.2023 to 03.07.2023
Sh. Shivam Pratap Singh, IAS		04.07.2023 to till date
Sh. Shashi Kant Joshi	Director (Electrical)	20.05.2020 to 13.10.2022
Sh. Mukesh Repaswal, IAS		20.10.2022 to 19.01.2023
Dr. Amit Kumar Sharma, IAS		19.01.2023 to 03.07.2023
Sh. Shivam Pratap Singh, IAS		04.07.2023 to till date
Sh. Surender Kumar	Director (Civil)	22.07.2021 to till date
Sh. Sudershan Kumar Sharma	Company Secretary	07.08.2008 to till date

(ii) Joint Ventures:

Name of Entity	Principal Place of operation	Principal Activities	Percentage of Shareholding/ voting Power	
			As At 31 st March 2023	As At 31 st March 2022
Himachal EMTA Power Limited	Kolkata	Thermal Power Generation	50%	50%

(iii) Transactions with the related parties are as follows:

(Rs In Lacs)

Particulars	Joint Venture Companies	
	2022-23	2021-22
Transactions During the Year		
Investment in Share Capital	-	-
Share Application Money	-	-
Amount Recoverable	-	-

2.48 Remuneration to Directors and Key Managerial Personnel:

(Rs In Lacs)

Sr. No.	Particulars	Year ended on 2022-23	Year ended on 2021-22
(i)	Short Term Employee	59.78	91.32



	Benefits		
(ii)	Post Employment Benefits	Nil	6.17
(iii)	Other Long Term Benefits	Nil	Nil
(iv)	Termination Benefits	Nil	Nil
	Total	59.78	97.49

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

2.49 Interest in Other Entities:

(i) Interest in joint ventures:

The company's interest in joint ventures as at 31st March, 2023 are set out below, which in the opinion of the management, are material to the company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the company. The country of incorporation of Company or registration is also their principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held:

(Rs. In Lacs)

Name of Entity and place of Business	% of ownership Interest	Relationship	Accounting Method	Quoted Fair value		Carrying Amount	
				31 st March 2023	31 st March 2022	31 st March 2023	31 st March 2022
Himachal EMTA Power Limited	50	Joint Venture	Equity Method	*	*	*	*

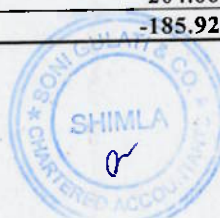
* Unlisted Entity- no quoted Price available

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

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

Summarised balance sheet as at 31 March 2023 using the Equity Method:

Himachal EMTA Power Limited		(Rs In lacs)
	As At 31 st March 2023	As At 31 st March 2022
Current Assets:		
Cash and cash Equivalents	17.06	16.33
Other Assets	0.55	0.73
Total Current Assets	17.61	17.06
Total Non Current Assets	3.44	3.39
Current Liabilities:		
Financial Liabilities	0.71	0.71
Current Liabilities	1.60	1.66
Total Current Liabilities	2.31	2.37
Non Current Liabilities:		
Financial Liabilities	121.00	121.00
Other Liabilities	83.66	45.83
Total Non Current Liabilities	204.66	166.83
Net Assets	-185.92	-148.75



Summarised Statement of Profit and Loss using Equity Method:**(Rs. In lac)**

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

2.50 Impairment of Assets:

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

2.51 Fair Valuation of assets and liabilities:

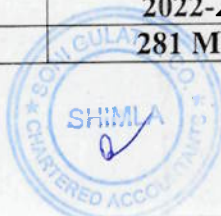
The company had adopted the carrying cost / value of all liabilities and assets as on 1st April 2015 and also on 1st April 2021, as the fair value of the assets and liabilities cannot be measured accurately due to the uncertainty involved in the estimating the exact date of commissioning of the projects,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

2.52 Other disclosures as per Schedule-III of the Companies Act, 2013 are as under:**(Rs. In Lacs)**

	Particulars	Year ended on 2022-23	Year ended on 2021-22
A	Expenditure in Foreign Currency (EURO)	Nil	Nil
B	Earnings in Foreign Currency	Nil	Nil
C	Value of Import Calculated on CIF basis	Nil	Nil
i)	Capital Goods	Nil	Nil
ii)	Spare Parts	Nil	Nil
D)	Value of Component, Stores and Spare Parts Consumed	Nil	Nil
i)	Imported	Nil	Nil
ii)	Indigenous	Nil	Nil

**2.53 Quantitative details in respect of energy generated & sold :
Hydro & Solar Power:**

Sr. No	Particulars	Year ended on 2022-23	Year ended on 2021-22
1)	Licensed Capacity	281 MW	281 MW



2)	Installed Capacity	281 MW	281 MW
3)	Actual Generation (million Units)	912.18 MUs	959.90 MUs

2.54 Payment to Auditors includes:

(Rs In Lacs)

Particulars	Year ended on 2022-23	Year ended on 2021-22
As Auditors		
Statutory Auditors	5.62	5.62
Tax Audit	1.00	1.00
Cost Audit	2.03	0.00
Other services	0.00	0.20
Reimbursement of Expenses(TA/DA)	0.27	0.00
Reimbursement of GST	1.56	1.05
Total	10.48	7.87

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

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

2.56 Information in respect of Micro and Small Enterprises as at 31st March 2023 as required by Micro, Small and Medium Enterprises Development Act, 2006:

(Rs. In Lacs)

Particulars	Year ended on 2022-23	Year ended on 2021-22
a) Amount remaining unpaid to any supplier:	Nil	Nil
Principal amount	Nil	Nil
Interest due thereon	Nil	Nil
b) Amount of interest paid in terms of section 16 of the MSMED Act along with the amount paid to the suppliers beyond the appointed day.	Nil	Nil
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	Nil	Nil
d) Amount of interest accrued and remaining unpaid	Nil	Nil
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under section 23 of MSMED Act.	Nil	Nil

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

2.58 Status of pending Income Tax cases:

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



- For the FY 2015-16, an amount of Rs. 11,05,28,339/- has been deposited as Advance tax (including TDS & TCS) and Rs. 29,25,700/- as statutory deposit @20% against total demand raised by the AO Shimla circle for Rs. 1,46,28,230/- and the corporation have preferred to file an Appeal before CIT (Appeal) camp at Solan, against the demand raised by the Assessing Officer. The Appeal is yet to be decided by the CIT (Appeal).
- For the FY 2016-17, an amount of Rs. 6,55,52,279/- (Rs. 6,06,67,400+ Rs. 48,84,879) has been deposited as Advance tax (including TDS & TCS). The assessment proceeding is completed and a partial refund of Rs. 4,61,89,669/- is received along with interest of Rs. 79,14,291/-. The appeal is pending before CIT (Appeal) for full Income Tax relief.
- For the FY 2017-18, an amount of Rs. 7,62,66,645/- (Rs. 6,46,89,324 + Rs. 1,15,77,321) has been deposited as Advance tax (including TDS and TCS) with Income Tax authorities. The assessment proceeding is completed and a Refund of Rs. 7,62,66,645/- is received along with interest. An appeal is pending with CIT Appeal against the penalty imposed u/s 271 (1) (c).
- For the FY 2018-19, an amount of Rs. 1,71,74,779/-, (Rs. 62,96,381+ Rs. 1,08,74,148) has been deposited as Advance tax, TDS & TCS. Assessment proceedings by AO has been completed and a refund of Rs. 1,79,47,641/- along with interest of Rs. 7,72,862/- is issued in favour of HPPCL. An appeal is filed with CIT (Appeal) against the Assessment orders passed by the A.O. vide which the carry forward expenses are not considered for the Assessment of Income of the Corporation and appeal is yet to be decided by the CIT Appeal.
- For the FY 2019-20 (AY 2020-21) Assessment Proceeding has been completed and a Refund of Rs. 32,62,495/- (TDS Rs. 32,33,524 + TCS 28,971) along with interest has been issued in favor of HPPCL and No Liability/Demand has been raised yet.
- For the FY 2020-21 (AY 2021-22) and FY 2021-22 (AY 2022-23), the Assessment proceedings are completed by the Assessing Officer and partial Refund has also issued after adjustment/Recovery against Demand of AY 2018-19 (i.e. Rs. 22,88,000 plus Interest).

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

2.60 Apportionment of expenditure of Corporate Office and DW Sundernagar:

Pre COD

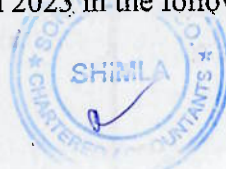
The Company has apportioned the expenditure net of income of corporate office and Design Wing Sundarnagar up to 31st August 2016 since incorporation of the company in the following proportions :-

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

Post COD

(i) Expenditure :

The Company has apportioned the expenditure of corporate office and Sundernagar (Design Wing) from 01 September 2016 to 31st March 2023 in the following proportions:-



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

(ii) **Income Portion:**

The Company has apportioned the income of corporate office and Design Wing Sundernagar from 01 September 2016 to 31st March 2023 in the following proportions:-

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

2.61 AFD during Dec, 2015 has agreed to provide Euro 80 million for construction of Chanju-III and Deothal Chanju HEP. Credit Facility agreement between GoI and AFD was signed on 04.07.2017 and **Project Agreement** among HPPCL, GoHP and AFD was signed on dated 02.02.2018. As on date, the total loan raised from AFD stands at Rs. 57.76 Lakh only.

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

Consequent upon the expiry of ADB loan and cancellation of KFW Loan, HPPCL has executed a loan agreement with Power Finance Corporation Limited on dated 06.10.2021 for a loan amounting to Rs 2207.63 crore for the balance works of STKHEP including IDC. Corporation has also availed the disbursements amounting to Rs. 181.48 crores from the said loan.

2.63 Demands by the PF Authorities:

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

2.64 Commissioning of a new Project:

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

2.65 A sum of ₹ 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) alongwith DOE, HPPCL, HPSEBL and HIMURJA to discuss the issue with regard to reimbursement of Survey and Investigation expenditure incurred on various projects. DoE apprised that the various correspondences have been made with all Project Developers for reimbursement time to time. But no response was received from the Project Developers till date. In the meeting, it was decided that DoE and HPSEBL will come with exact total figures with interest detail and proposal for recovery of the dues and requisite notices shall be issued to all the defaulting companies/ PSUs so that the due amount could be recovered. Now, DoE, GoHP vide letter dated 24.05.2023 has been again requested to recover



the total expenditure i/c 10% interest liability till May, 2023 amounting to Rs. 3,82,39,781/- (Three crore, Eighty Two Lakhs, Thirty Nine Thousand & Seven Hundred Eighty One Only) incurred by HPPCL on Survey & Investigation works of Tidong - II Hydro Electric Project (60 MW) from developer. Keeping in view that Directorate of Energy has not yet denied to refund/re-imburse the same; hence provision for doubtful debt has not been made in Books of Accounts.

2.66 Survey and Investigation of Khab Hydro Electric Project:

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

2.67 Grant Receivable:

Cabinet Committee of Economic Affairs (CCEA) approved funding of the water component of Renukaji Dam Project (a National Project) under PMKSY-AIBP on 15.02.2021. The Project has entered in construction stage. Hon'ble Prime Minister has laid foundation stone on 27.12.2021. A sum of Rs. 2480.38 Crore has been utilized till 31.07.2023. The amount of Rs 1876.25 Cr contributed by GoI, Govt. of NCT Delhi, Govt. of Haryana, GoHP. The fund flow for the Project from Govt. of India has started. GoI has released Rs 1037.92 Crore as Central Assistance for the project for financial year 2021-22 on dated 03.03.2022 which is further received from GoHP through DoE on dated 21.04.2022 amounting to Rs. 451.54 cr and on dated 10.05.2022 amounting to Rs. 586.38 cr., for the payment of enhanced compensation to land owners and for land acquisition for depositing required amount in CAMPA account for Stage-II Forest Clearance respectively. An amount of Rs 1037.77 Cr out of Rs 1037.9246 Cr has been utilized up to 05.09.2023. CA proposed for FY 2022-23 has not been released by GoI due to pending compliances related to SNA & PFMS system. The Proposal for Central Assistance for FY 2023-24 for Rs 828.9 Cr as Central grant has been submitted to CWC on 29-08-2023.

In case of Gyspa HEP, Company has shown Rs 7.65 crore as grant receivable from Central Water Commission, Government of India. The Central Water Commission has sanctioned Rs 12.50 crore to the company for field survey and investigation and preparation of Detailed Project report of the Gyspa HEP (300MW). The Central Water Commission has released Rs 5.00 crore to the company for the above work on 31 March 2012; with the condition that next installment will be paid on the submission of the DPR of the project. The work for conducting the investigation /preparation of DPR was allotted and the same was started by the consultant. But could not be completed due to sustained opposition and hindrance by local people. The Company has incurred expenditure in excess of the amount released by the authorities and the same has been shown as grant receivable from the Central Water Commission. HPPCL vide letter dated 16.08.2021 submitted that the detailed geological investigation desired by CWC shall be carried out after approval of ToR from MoEF&CC and hence requested to convey the prima-facie acceptance of location of the dam so that case for approval of ToR can be processed. CWC vide letter dated 03.09.2021



reiterated that it is essential to examine the layout of spillway and proposed sediment management measures to examine the suitability of Dam location. To solve the above issue a meeting was held under the chairmanship of Member (WP&P), CWC on 04.01.2022 wherein it was informed that BoD of HPPCL has decided that the matter for construction of Gyspa Dam shall be taken up with GoHP/Directorate of Energy (DoE) to allot this project to some other CPSU and HPPCL has communicated the same to DoE. However, CWC desired that till the time project is allotted to some other organization, HPPCL may work on the project and reply to observations may be submitted for approval at the earliest.

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

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

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

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

2.71 Amount recoverable from contractors includes a sum of Rs.129.92 crores recoverable from Coastal Projects on account of works being executed on their risk and cost awarded to M/s HCC Limited. The Lender Banks of the Contractor had filed liquidation proceedings with Ld. NCLT and the company had filed claim of Rs.405.67 crores against the contractor. Provision for doubtful amount for recovery has been made for Rs.129.92 Crores in the Books of Accounts as on 31.3.2022, keeping in view the bleak realization of such recoverable amount. The matter has been disposed of by the Ld. NCLT Cuttack Bench on 18.04.2023 by dismissing the Application/Claim of HPPCL. However, on such dismissal, the HPPCL has filed the appeal against the order of NCLT before the Ld. NCLAT (National Company Law Appellate Tribunal) at Delhi on 30.05.2023 with the filing No. 9910133/04372/2023. The case was listed on dated 01.08.2023 and Hon'ble Chairman NCLAT Bench has issued notice to the respondents with the directions to file reply within 4 weeks and rejoinder thereafter in two weeks. The matter is further listed on 21.09.2023.

2.72 Status of the Nakthan HEP: Nakthan HEP (460MW) was allotted to the HPPCL by the Government of Himachal Pradesh on 22 September 2009 as a Run-of-the- River project on Tosh Nala / Parbati River. The Detailed Project Report (DPR) of Nakthan HEP (460 MW) in Distt. Kullu is in advanced stages of appraisal in Central Electricity Authority (CEA)/ Central Water Commission (CWC. Clearances/approval for 8 aspects/chapters of DPR has been obtained from CWC/CEA out of total 9 aspects/chapters under Level-I stage. Defense clearance is also in Place. Project was taken up for appraisal by EAC earlier in 2015



and 2016. In the 91st meeting of EAC held in February 2016, Environment clearance was withheld due to pending court case with M/s Sai Engineering in Hon'ble High Court of HP. In pursuance of Forest Clearance, Forest rights for Nakthan ward have been settled for Tosh ward were submitted. The matter regarding FRA certificates is pending for final decision by Deputy Commissioner. Efforts are going on Government level for amicable out of court settlement. However, no amicable settlement could be reached, as IPP is adamant on his assertion of exclusive use of Tosh water. Accordingly, matter was apprised to Govt of HP. Subsequently, HPPCL has also filed an intervention petition in Hon'ble High Court of HP.

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

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

As per the order of Hon'ble Apex court dated 03.06.2022 in IA no. 1000 of 2023 (as intimated by Forest Deptt.), the present domain of the project will fall inside the ESZ of the Great Himalayan National Park Conservation Area. Position regarding possibility of development of the project with due permission of Wild life Board is being clarified from Forest Deptt/ Wild life Board. If such development is not admissible at all and wild life Board cannot give such permission, then project domain will be required to be revised.

2.73 Power sale arrangements:

IKHEP:

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

Sawra KudduHEP:

The Agreement was signed on dt. 04.11.2020 for sale of Power at IEX b/w HPPCL & TPTCL after 21.01.2021. Further, Agreement was signed on dt. 24.11.2021 for sale of Power at IEX b/w HPPCL & TPTCL. Now, PPA has been signed on dt. 28.04.2022 b/w HPPCL & HPSEBL @ Rs. 3.40/unit valid from 01.05.2022 to 31.03.2023.

Sainj HEP:

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

On the basis of meeting held on 19.02.2022, subsequent meetings were held in the Chairmanship of the Managing Director HPPCL on 29.06.2022 and 26.07.2022. After detailed deliberations it has been agreed between both HPPCL and HPSEBL for sale/purchase of power from HPPCL Hydro Electric Projects viz-a-viz Kashang HEP Stage I (1X65 MW), Sawra Kuddu HEP (3X37 MW) and 50% generation of HPPCL share of



power from Sainj HEP (2 X 50MW) for useful life of these projects at Ex-Bus on HPERC determined tariff.

A joint petition was submitted at HPERC for the approval of Power Purchase Agreements to be executed between HPPCL and HPSEBL here-to for sale of power by Himachal Pradesh Power Corporation Limited to Himachal Pradesh State Electricity Board Limited from Kashang HEP (1X65 MW), Sainj HEP (2X50 MW) and Sawra Kuddu HEP (3X37 MW). The HPERC vide its order dt. 13.02.2023 had approved these PPAs with minor amendments. The approved PPAs were signed between HPPCL and HPSEBL on dt. 29.03.2023 and has come into force from 01.04.2023 and shall remain operative till the useful life of the project. The power of Sawra Kuddu, Kashang & Sainj HEPs is being supplied to HPSEBL as per the Long Term PPA and balance 50% power of Sainj HEP is being sold through IEX. 50% generation of HPPCL share of power from Sainj HEP has been committed to World bank for their mission regarding "INDIA: Himachal Pradesh Power Sector Development Program (P176032)" as the pilot project (i.e Bundled power project for RTC power) that's why, only 50% generation of HPPCL share of power from Sainj HEP (2 X 50MW) has been tied up with HPSEBL. Further the tariff petitions for approval of capital cost along with additional capitalization and determination of tariff i.r.o Sainj, Sawra Kuddu & Kashang HEPs has been filed with HPERC during the month of June 2023 respectively.

PPA details Berradol SPP:

PPA from COD till 25 years with HPSEBL.

2.74 HPPCL has requested the State Government to restructure the loan liabilities of the corporation. As on date, the said proposal is under active consideration at the Finance Department of the State Government. Parallely, a proposal for deferment of loan dues towards the State Govt. has also been sent to GoHP.

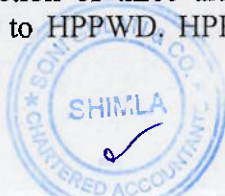
2.75 Renukaji Dam, a Project of "National Importance" has been conceived as a storage project on Giri River in Sirmaur district of Himachal Pradesh. Live Storage will be 0.498 billion cubic meters (BCM). 23 cumecs of drinking water will be supplied to Delhi and 200 Million Units of electricity will be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

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

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

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

The estimates are ready for the roads to the component of the project. Deposit work for preparation of DPRs for construction of three alternate road widening/ improvement of existing roads has been awarded to HPPWD, HPPWD has prepared two DPRs and will



submit these DPRs shortly, while one DPR is being prepared. Once the Forest Stage-II Clearance is accorded to the Project, the land will be handed over to HPPCL. Thereafter, construction activities, i.e. construction of approach roads to the project components, will commence.

Central Water Commission (CWC) has been hired as Design Consultant on nomination basis for carrying out the activities i.e. review of DPR, Detailed design and Engineering and Preparation of Tender stage Design and Drawings on 01-07-2022. CWC carried review of DPR and intended to affect some changes in the design to ensure that the reservoir capacity is maintained for whole of its service life and not encroached by siltation caused by heavy erosion in catchment area. Panel of geological experts (PoGE) was formed for appraisal of geology for finalising the dam type and design. As suggested by CWC to Form Panel of Standing Expert with experts from other disciplines beside geology, EX-CWC Chairman Sh. Ranjan Kr. Sinha has been appointed as standing Expert from Engineering side, making addition to PoGE to form Panel of Standing Expert. Some investigations have been carried out as suggested by PoGE. A meeting to review progress of investigations was held on dated 18-08-2023 in which PoGE informed that on the basis of the findings of the explorations carried out so far the geological conditions are not suitable for a concrete gravity dam and now CW has decided to go for a Rock-fill cum Earth dam. For the Project Management Consultant (PMC) online proposals/bid were invited through Open-tendering on National Competitive Bidding (NCB) route. PMC will be onboard by 15 October 2023. Work on preparation of mining plan is underway. Construction of Project roads will be started in February 2024 and Diversion arrangement works are expected to start by 15 June 2024.

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

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

- ❖ Appointing M/s AFRY as Design Consultant/ subcontractor of M/s PEL for carrying out Design and analysis for overall Diversion Barrage component of contract in respect of Shongtong Karchham HEP.
- ❖ Amicable Settlement Agreement No. 1 i.e. amicable settlement of disputes between M/s PEL and HPPCL executed on 05.04.2023.
- ❖ Change Order/ Variation Order No. 11 w.r.t. additional work/ extra effort carried out by M/s PEL for construction of niches in Power House and Transformer cavern.
- ❖ Supplementary Agreement No. 12 executed between HPPCL and M/s PEL on 23.07.2022 regarding release of retention money.
- ❖ Supplementary Agreement No. 13 executed between HPPCL and M/s PEL on 20.12.2022 regarding recovery of mobilization advance from IPC(s) of milestone payments.

2.78 The Enforcement Directorate vide Provisional Attachment Order 03/2017 dated 29/12/2017 (F No ECIR/ 02/54520/2014/07/7537) dated 29/12/2017, has attached the assets of the Himachal Emta Private Limited (a Joint Venture Company), amounting to ₹ 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 RenukaJi HEP only



and the land so far acquired is under the full ownership of the Corporation, hence the depreciation is not applicable on it.

2.80 To finance the working capital requirements, Corporation is availing the cash credit limits of Rs. 200.00 Crore, each from KCC Bank Ltd and H.P State Cooperative Bank Limited, The Mall, Shimla against the State Govt. Guarantee. As on 29.08.2023, total limit exhausted /utilized against CCLs stands at Rs 120.82 lakhs and Rs. 14749.93 lakhs respectively. In case of H.P State Cooperative Bank Limited, escrow arrangement w.r.t. revenue receipts of Kashang Stage-I HEP has been made and charge over current assets of corporation equivalent to limit amount has been created. In respect of KCC Bank Ltd, the charge over assets of Kashang Stage-I equivalent to limit amount has been created.

2.81 Surrender of Unviable/Idle Projects allotted to HPPCL:

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

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

Non-monetary government grants

As per para 23 of IND AS 20

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

Further para 23, substituted vide Notification No. G.S.R. 903(E) dated 20th September 2018:

A Government grant may take the form of a transfer of a non-monetary asset, such as land or other resources, for the use of the entity. In these circumstances, it is usual to assess the fair value of the non-monetary asset and to account for both grant and asset at that fair value. An alternative course that is sometimes followed is to record both assets and grant at a nominal amount.

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

- Sawara kuddu HEP
- Sainj HEP
- Kashang HEP Stage I
- Kashang HEP Stage II & III
- Shongtong Karchham HEP

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

2.83 HPPCL has assailed the Arbitration Award which was passed against the HPPCL on 31.03.2023 amounting Rs. 101.00 crore approx. by AT-III titled as HPPCL Vs M/s HCC Ltd. in respect of EPC contract for (Civil & HM Works) of Sainj HEP before the Hon'ble High Court of HP which were first listed on 30.06.2023 and has been further ordered to be listed on 11.09.2023 and the matter is still *sub judice* before the said Hon'ble Court. HPPCL has assailed the Arbitration Award of Rs. 124.75 crores which was passed by the Arbitral Tribunal titled as HPPCL Vs M/s HCC Ltd. in respect of Contract Agreement No. Kashang/Civil-I for Civil & HM Works of Kashang HEP before the Hon'ble High Court of HP on 5th September, 2023. The matter is now *sub judice* before the said Court.



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

In this regard, HPPCL has identified several land parcels in different districts of Himachal Pradesh. Accordingly, the following projects have been allotted by HIMURJA the lists of projects are as follows:-

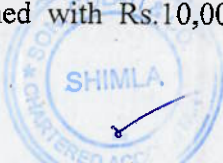
Sr. No.	Name of Solar Power Project (SPP)	Capacity (MW)	Allotted by HIMURJA on
1	Mata Hateshwari	5	15.09.2022
2	Shivnagar	3.4	12.10.2022
3	Pekhubella	52	18.03.2023
4	Aghlor	10	17.02.2023
5	Sainj	3	16.08.2023
6	Gondpur Bulla	10	17.02.2023
7	Bella Ludhiancha	12	06.06.2023
8	Laam	36	17.02.2023
9	Santogarh Swan	5.5	18.03.2023
10	Bhanjal & Khad	5	06.06.2023
11	Kolar	28	06.06.2023
12	Ropa	10	06.06.2023
13	Dalyaoo	6	06.06.2023
14	Saned	16	06.06.2023
15	Bela	11.5	06.06.2023
16	Kaloor	5	06.06.2023
17	Lamlehdi Uperli	15	18.03.2023
18	Lamlehdi Nichli	8	17.02.2023
19	Tihra Khas	22	17.02.2023
20	Kayarian	11.5	18.03.2023
21	Tanda Uperla	56	16.08.2023.
22	Kopda-I	33	06.06.2023
23	Kopda_II	16	06.06.2023
24	Hadal	27	06.06.2023
25	Dol Nadoli	19	16.08.2023
26	Ghangar	53	16.08.2023.
27	Dabhota	19.5	06.06.2023
28	Kirpalpur	6.5	06.06.2023
29	Bhangla	15	06.06.2023
30	Plasi Kalan	16	06.06.2023
31	Bada Basot	18	06.06.2023
32	Jhida	5	06.06.2023
33	Mazra	22	06.06.2023
34	Dabhota Majra	8.5	06.06.2023
35	Kohlari	17	16.08.2023.



- **2.85** HPPCL is in process of identifying suitable locations for setting up of aggregate 200MW of Solar capacity by March 2024. Setting up of 150 MW capacity has been agreed as a Disbursement Linked Indicator under the Himachal Pradesh Power Sector Development Program (HPPSDP) being funded by the World Bank although total capacity of 200 MW will qualify under the program boundary for expenditure under the sub head. So, on progressive achievement of the above target, alongwith some other indicators funds to the tune of net 112.5 M USD shall flow to the HPPCL. The appraisal had got completed in October 2022 and invitation to negotiations and negotiations package containing draft Program Appraisal Document, draft Loan agreement, draft Program Agreement and draft Disbursement and Financial Information letter was received vide Bank's letter dated 31.10.2022. The loan negotiations meeting was held on May 27,2023 and negotiations have been concluded successfully. Further, the program has received approval of Executive Board of Directors of the World Bank on 27.06.2023.
- A meeting to deliberate future course of actions under the World bank funded Himachal Pradesh Power Sector Development Program (HPPSDP) was held among all power sector utilities under the chairmanship of Chief Engineer (Energy), GoHP on dated 13.07.2023 and subsequently under the chairmanship of Director(Energy)-cum-MD HPPCL- MD HPSEBL on 24.07.2023. The following actions to be completed prior to loan signing as per the readiness criteria for Loan Signing were discussed:
 - 30 % of civil works to be executed under the program should be awarded
 - Prior actions part of Disbursement linked indicators agreed under the program should be achieved.
- In respect of point (i) above, Rs 675 crore of civil works have been estimated under the program and accordingly 30 % of civil works to be awarded are estimated to be around Rs. 202.5 crore. HPPCL has been able to achieve the 30% criteria after award of Solar Power Project (32MW) on 19.05.2023 to M/s Prozeal Infra Engineering Pvt Ltd., Gujarat for Rs. 220.24 crore.
- In respect of point (ii) above, HPPCL is to achieve in total three prior actions of which one stand achieved regarding commitment of hydro project for bundling. HPPCL is in process of achieving other two prior actions regarding approval of Scope of Work for new CEIA study of Beas Basin and uniform ESPP and shall be completed soon.
- Regarding 200 MW of Solar Power Projects proposed under the program, works for the Pekhubella Solar Power Project (32MW) have awarded on 19.05.2023 to M/s Prozeal Green Energy Pvt Ltd., Gujarat.
- Tenders for 10MW of projects have been opened and are being negotiated. NITs have been floated for 27 MW of projects. Further about 65.5 MW of projects are in advanced stage of DPR and NoC. w CEIA study of Beas Basin and uniform ESPP and shall be completed soon.

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

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

Subsequently, Legal Cell of HPPCL opined that the Managing Director, M/s HEPL, may be requested to deposit the fine imposed on Accused No. 1 i.e. M/s HEPL and to assail the order of the CBI Court by way of filing appeal before the concerned High Court. Accordingly, Managing Director, M/s HEPL, was requested vide letter dated 13.09.2022, in response of which M/s HEPL vide letter dated 17.09.2022 intimated that *"...we need to pay a total amount of Rs. 32 Lakhs for the Company itself, its' two Directors and Ex-CGM (Power) and fund be provided by the partners of the Joint Venture, EMTA and HPPCL in the ration of 50:50 basis."* Further, it was intimated by M/s HEPL that they have made the payment regarding the aforesaid amount of Rs. 32 Lakhs and requested HPPCL to remit its share of Rs. 16 Lakhs in favour of EMTA Coal Limited. The matter was examined by the Legal Cell of HPPCL, who opined the following regarding liability of HPPCL for paying the fine imposed on M/s HEPL and other three accused from EMTA side:-

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

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

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

Further, as per order dated 18.10.2022 of Hon'ble High Court of Delhi, the fine imposed on M/s HEPL stands deposited and the appeal filed by M/s HEPL is admitted for hearing, which is to be listed with other connected matters in 'Regular List'.

2.87 Disclosure: HPPCL has made an investment of Rs: 337.5 Lacs in the equity of Himachal EMTA Power Limited (HEPL), which is a Joint Venture (JV) with EMTA Limited for setting up (2*250 MW) Thermal Power Plant at Raniganj, West Bengal. The company has 50% equity participation in HEPL. The objective of JV is coal block for ensuring the uninterrupted fuel supplies thereto. However, Hon'ble Supreme Court of India has cancelled all allotment of coal block and termed all captive coal block allocation since 1993 as illegal. The JV Company of Himachal EMTA has filed a claim to the Ministry of Coal for expenditure incurred on the project and has not received the claim 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 Govt. of Himachal Pradesh has imposed Water cess on Hydropower generation and the provisions of the Himachal Pradesh Water Cess on Hydropower Generation Act, 2023 have been made applicable w.e.f. 10.03.2023. Sainj HEP, Kashang Stage-I HEP and Sawrakuddu



HEP have also registered with the Commission. As per GoHP, Jal Shakti Vibhag New Notification no. JSV-B(A)3-1/2022-1 dated 26.08.2023, the rates of the water cess on Hydro-power Generation projects in the State of HP for use of water for Hydro-power Generation have been fixed. But the same has not been accounted for in books of accounts of FY 2022-23.

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

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

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

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

2.90 Himachal Pradesh Power Corporation Ltd., (HPPCL) formed a 50:50 joint venture company with Eastern Mineral Trading Agency (EMTA) on 9th January 2007. The company was named as Himachal EMTA Power Limited (HEPL).

In the books of accounts of HPPCL, it had recognised the investment at cost of Rs. 3.375 Crores (no. of shares 33,75,000 having face value Rs. 10 each). However, owing to the joint venture being involved in litigation and also no business operation was conducted since 2007, consecutively no profit has been earned over the years.

Thus, considering these factors, HPPCL had reduced its value of its investment to zero by recording provision in the FY 2016-17 which was duly approved by management in its 61st Board Meeting.

Since provision for doubtful investment of Rs. 3.375 Crores has already been recognised in the books of accounts. In case of loss incurred by the joint venture, investment value shall be adjusted by the share in loss incurred in a year from this provision of doubtful investment.

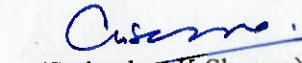
Thus, in the Financial Statement of FY 2022-23, the Investment value of Rs 3.375 Crores by the share of our loss accumulated over the years from M/s Himachal EMTA Power Limited has been adjusted from Provision of doubtful Investment created earlier. (Refer to Note No. 2.5 and Note No. 2.49 of the Notes to Accounts).



Investment Equity in Himachal EMTA Power Limited			
FY 2021-22	Opening Balance		3,37,50,000.00
	Accumulated loss of Himachal EMTAtill FY 2021-22	(4,88,09,024.00)	
	Proportionate share in loss (50% of Rs. 4,88,09,024/-)		(2,44,04,512.00)
	Closing Balance		93,45,488.00
FY 2022-23	Opening Balance		93,45,488.00
	Add / (Less): Profit / (Loss) During the Year	(31,93,396.00)	
	Proportionate share in loss (50% of Rs. 31,93,396/-)		(15,96,698.00)
	Closing Balance		77,48,790.00

For and on behalf of Board of Directors

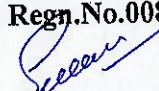

(B. L. Verma)
AGM (Finance)


(Sudershan K Sharma)
Cosultant(Company Secretary)


(Shivam Pratap Singh)
Director (Finance)
DIN No.10243812


(Harikesh Meena)
Managing Director
DIN No.09333558

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


(CA Suresh Chand Soni)
Partner
M No 083106
Place: Shimla
Date: 12-01-25





INDEPENDENT AUDITOR'S REPORT

To the Members of Himachal Pradesh Power Corporation Limited

Report on the Audit of the Ind AS Consolidated Financial Statements Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the Consolidated 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 as it contains only debit credit entries 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, only generating units' financial statements without previous year figs were made available to us. 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 (see deficiencies hereunder in this report) 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

SONI GULATI & CO.

CHARTERED ACCOUNTANTS

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previous audit reports remained unverified by us & not reproduced here.

C .Material Misstatements: i) The expenses on repair maintenance booked Rs 2.58 crore (reported during 2021 year audit report) at Kashang HOP are doubtful for material misstatements, no external evidence or proof of seepage was made available to us on our visit this year also.

ii) The payment of GST @ 18% to contractor PEL is doubtful for material misstatements, the claim of management that this payment was made on the advise of some consultant (being CA) but neither any proof of advise nor any opinion was made available to us .After going through the contract documents we doubt it to be a excess payment , actual excess amount could not be ascertained in the absence of information which is required from inception of this contract. The management claims to have opinion of some CA but in terms of contract /tender this was not payable as contract was all inclusive .This should be recovered from the contractor as the company has undertaking cum indemnity bond.

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

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

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

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

The Para 15 of Ind As 1 Presentation of Financial Statements states that where Financial Statements comply with IND As the company shall make an explicit and unreserved statement of such compliance in the notes. No Disclosure for the same has been made on the face of the Balance Sheet or in the notes

ii) Indian Accounting Standard 115 & 116:

Accounting for supply of 100% Generation of power to HPSEB applicable provision of

IND AS 115/116 not complied with.

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

The Company has been granted the deferment of repayment of principal payment and payment of interest till FY 2021-22 refer Note 2.74 .No letter of deferment afterwards was shown to us till signing of this report. The company must account for the interest payable on such deferment till the close of the year at market rate as grant from the government and has to be accounted for as the addition to cost and the same has also to be shown as addition of grant. No such interest has been accounted for by the company till the close of the year as per para 10 A of the IND AS. In the absence of the information we are unable to comment on same.

(iv) Indian Accounting Standard (Ind AS) 19 Employees Benefits

The para 55 to 62 of the Indian accounting standard is applicable to the company in respect of the **Post Employment Benefit: Defined Benefit Plans** which requires





that actuarial valuation of the liability of employees defined benefit plan has to be made at the end of the year and same has to be accounted for on in the books of accounts. The Company has accounted for the liability on the basis of the actuarial valuation but neither any policy have ben taken nor any trust has been created to cover the liability for post employment benefits of employees.

(v) Indian Accounting Standard (Ind AS) 37 Provisions, Contingent Liabilities and Contingent Assets:

The Company has disclosed the provisions contingent liabilities and contingent assets only up to the date when the accounts has been approved by the BOD. No Disclosures of Provisions , contingent liabilities and contingent Assets after the accounts approved by the BOD and till the date of finalisation of this report is considered in these financial statements.

(vi) Indian Accounting Standard (Ind AS) 10 Events After the Reporting Period

The financial Statements for the year under review are provided to us 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.

(vii) Indian Accounting Standard (Ind AS) 113 Fair Value Measurement

The Company has not made Fair Value of the assets and Liabilities as on 31st March 2023, (Refer Note No 2.46). The same is not in line with the IND as 113 Fair Value Measurement which is mandatory applicable to the company.

(viii) Indian Accounting Standard (Ind AS) 109 Financial Instruments

The Company has not applied the Ind As 109 while disclosing the Government Loan in the financial statements below market rate interest and its impact on the profit and loss and Balance sheet has not been disclosed in the financial statements.

(ix) Indian Accounting Standard (Ind AS) 12 Income Tax

The Company has not followed the IND as in respect of Income tax for calculating the deferred tax assets and Liabilities and its accounting in the books of accounts. The same is also not in line with note no 1.22 of the significant accounting policies adopted by the company. No information in respect of the same has been provided to us. In the absence of the information we are unable to comment on the impact of the same on the Balance Sheet at the close of the year.

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.

E. Full Time Management: In our opinion the Company should have full time

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management including the Managing Director .Compliance with requirements of Section 203 of The Companies Act 2013 should be done.

F. Observations on the Financial Statements

1 Property Plant and Equipment Note 2.1

- i) We invite attention to Note No 2.59 wherein its stated that the Company is in possession of forest land at, Sainj HEP, Shongtong HEP, and Sawra Kuddu and provision has been made @Rs1 per bigha as amount of lease pending lease deed execution.
- ii) As reported during previous year audit report , the company has not accounted for the cost of the Land and Buildings of HPSEB Limited amounting to Rs ₹ 4,599 lakhs. In our Opinion the Property Plant and Equipment are understated to the extent of above and correspondingly the other Current Financial Liabilities are also understated to the extent of above. The Sainj HEP has entered into agreement to lease out the land from the above land in possession to AFCONS Infrastructure Limited Lease agreement in the month of September 2019 for four years.
- (iii) Reported in previous audit reports , the Renukaji HEP has accounted for ₹ 44276 Lakh on account of compensation paid for the land. The Himachal Pradesh Electricity Regulatory Commission Hydro Generation Tariff Regulation has provided that the Depreciation @ 3.34% is leviable on submerged Land. The HP CAG issued comment on the same in the Supplementary audit for the year 2016-17 .The company claims depreciation is to be provided after the land is submerged .We were made to understand that the proposed reservoir is for water supply for drinking & irrigation & generation of electricity is incidental to it. Further Renukaji HEP has paid ₹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
- (iv) Partial effect has been given by the management in the financial statements to the comments issued by CAG of India dated 23-08-2022 & Statutory Audit Reports on financial statements for the year ended 31.3.2020 nor on 31.3.2021or 31.3.22 although the management claims compliance of the same.

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 ₹ 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 .

(iii) Reported by previous auditors the Kashang Unit has charged interest paid on PFC loan of ₹ 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 ₹ 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 ₹ 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 ₹ 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 ₹ 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 ₹ 337.50 Lac (previous year ₹. 337.50 Lakhs) in the equity of Himachal EMTA Power Limited (HEPL) which has been established as Company's joint venture with EMTA for setting up a (2*250 MW) thermal power plant. The Company has 50% equity participation in HEPL. The Government of India has allotted coal block to Himachal EMTA Power Limited and JSW 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."

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

(iii) The company Independent auditors of Gourangdih Coal Limited 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 ₹ 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

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(i) The Chirgaon Unit is showing a sum of ₹ 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 ₹ 44.06 Lakhs (previous year ₹ 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.

(iii) (a) We invite attention to Note No 2.71 where in it is stated that the amount recoverable from contractors includes a sum of ₹ 12992 lakhs 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.

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In our opinion as the amount is doubt full of recovery necessary provision should be made in the books of accounts. Thus, Other Non-Current Financial Assets are overstated to the extent of above and Capital work in progress are understated to the extent of above. However, as per management, this matter is pending before the High Court of H.P. against the arbitration award.s

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

(c) The Company has debited the amount of service tax payable by the company amounting to ₹ 65.30 Lakh to the service tax authorities and the same has been paid by the company in its own service tax number under the Vivad se Viswas 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 ₹ 11.70 Lakh is to be paid as GST on the above. The Liability is understated to the extent of above.

d) Further the Company has filed a claim of ₹ 40,736.90 Lakhs inclusive of interest with the NCLT against the Coastal Projects Limited as the contractor company has gone into liquidation which is in the nature of Contingent Assets and same has been disclosed as Contingent Assets as per Note 2.42. The Official Liquidator has 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 the fact that the company has not made a provision for ₹ 103.24 lakhs (Previous Year ₹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 ₹ 186.42 Lakh with HPSEB for deposit work. The HPSEB has fully utilised the advance and given the Utilisation certificate to the company. However the company has not capitalised the assets. In our opinion the other Non-Current Financial Assets are overstated to the extent of above and Capital work in progress is understated to the extent of above.

(vi) Grant Receivable
In case of Gyspa HEP ,we invite attention to Note No 2.67 where in it is stated that





company is showing ₹ 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 not be recognised until there is reasonable assurance that:

- (a) the entity will comply with the conditions attaching to them; and
(b) the grants will be received.***

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

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

(vii) The Shongtong unit is showing huge advances to the contractors the recoverability of the same is dependent on the **completion** of the project and the same has not been discounted and shown as per the fair value as required by IND AS 113. In the absence of information, we are unable to comment on the same.

(viii) The Shongtong unit is showing advance of ₹ 28.65 Lakh (Previous Year ₹ 35.49 lakhs) to HPSEB as on 31st March 2023 and as the advance will not be recovered from the agencies and assets are being used by the corporation the same should be capitalised. In our opinion the Non-Current Financial Assets are overstated to the extent of ₹ 28.65 lakhs and CWIP are understated to the extent of above.

(ix) The Sawra Kuddu HEP is showing a sum of ₹ 440.10 lakhs (₹ 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 .

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





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

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

(xiii) The Sainj unit has shown ₹ 131 Lakh (Previous year ₹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.

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

(xv) The Sainj unit has booked advance to XEN IPH amounting to ₹ 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

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

(xvii) The Chanju III has not capitalised the amount of ₹ 187 Lakh paid to HPSEBL as the work has not been completed.

(xviii) The Deonthal Chanju has not capitalised the amount of ₹ 187 lakh paid to HPSEBL ,as the work has not been completed.

5 Inventory Note 2.11

Reported in previous earlier years Kashang stage 1 Unit is showing the following inventories at the close of the year

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Sr no	Item No	Description	Amount	Remarks
1	2000000751	G.I pipe 80 mmφ 248.3 Rmt	₹ 106,140.80	Trasnfered from HPSEB
2	2000000744	Portable magazine 4 Nos	₹ 155,567.00	Reported scraped
3	2000000765	Steel tubler pole 10 mtr 42 Nos	₹ 451,035.90	Trasnfered from HPSEB
4	2000000727	Angle iron 100x100x6 mm 17.787 M	₹ 606,688.42	Trasnfered to IKHEP-II&III
5	2000000766	ACSR conductor 14,078 M	₹ 622,205.05	Trasnfered from HPSEB
6	2000005637	Needle Tips & Seat Ring 1 Set	₹ 1,660,593.94	Spares for E and M work
			₹ 3,602,231.11	

The Item from sr no 1 to 5 amounting to ₹ 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 ₹ 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 ₹ 77.50 lakh (previous year ₹ 84 lakhs). The case is reported to be in High Court .In our opinion the other Current Assets are understated to the extent of above and CWIP is overstated to the extent of above.

8 Non-Current Other Financial Liabilities Note 2.21

(i) Long Term Borrowings

The Company has taken loan from the State Government for construction of Hydro projects. The Company has not paid the Instalment and interest on the State Government loans. In our opinion the Company has defaulted in payment of instalments and interest to the state government which is holding 41.45%(Previous Year 39.76 %) of the equity. However there is no other default in payment of loan and interest to any other Financial institutions/Banks. The Company has not complied with Requirements of the IND AS 20 Accounting of the Government Grant which states that the any concession from the government should be added as addition to the cost and should be credited to the revenue.

(ii) The loan to the company was sanctioned by the Central Government to the State Government as 90 % grant and 10 % loan basis has been further advanced to the company as 100 percent loan which was sanctioned to the state government under Clean energy program. The Funding of the Grant to State Government as Loan to the Company has increased the financial cost Liability on account of interest payable to the State





Government. This will increase the cost per unit of the generation of power and will not be recovered from the consumer and have to be borne by the company. The charging of the interest will not make the company profitable as it constitutes 40% to 45% of the revenue cost and the company has not paid the interest to the state government even after four units are commissioned and the company is pursuing for the deferment of principal and interest till 2024 and in earlier year also the deferment has been granted by the State Government.

The CAG has also raised concern over the same in their report and suggested that the matter be taken up with the state government to get the benefit of the Govt of India Policies.

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

9 Non-Current Liabilities Provisions Note 2.23

(i) For Company Employees

We invite attention to note 1.20 and 2.40 where in the policy adopted for employees benefit and accounting in respect of the same has been disclosed. The Above policy is not in compliance with the Ind AS 19 Employees Cost in relation to Post Employment defined Benefits plan in the matter of its recognition and measurement. In the absence of Information, we are unable to comment on the same of its impact in the balance sheet and profit and Loss Account. Neither any policy has been taken nor any trust has been made for the same.

(ii) For HPSEB Employees

The provision for leave encashment liability, gratuity liability and pension Liability of HPSEB employees has been calculated based on formula adopted by HPSEB Limited. The Liability provided for is subject to the confirmation from HPSEB Limited.

In the absence of information and confirmation from HPSEB Limited we are unable to comment on the effect of the same on the financial statements at the close of the year.

10 Other Non-Current Liabilities Note 2.24

a) Utilised Grant Renuka ji

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

Particulars	as on 31 st March 2022	as on 31 st March 2023
Tangible Assets	142421.47	155561.41
Advances & Deposits	11427.84	11461.27
CWIP	7.54	7.54
Incidental Expenses	16834.03	80355.07
Advances	186.42	186.42
	170877.30	247571.72
Grant Received	74371.39	187624.91
Shortfall	96505.92	59946.80

There is a shortfall of grants received & expenditure incurred Rs.59946.80 (previous year shortfall of expenditure to the tune of ₹ 96505.92 Lakhs). In absence of information we are not able to comment on the same. Tangible Assets include allocated expenses of HO & Sunder nagar design office @15% as reported in our audit reports every year. Grant





Rs 1038 cr received on 31.03.2022 not accounted for as funds were received by Govt of H.P & transferred to company' account on 20-4-22 & 10-5-22.

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

11 Current Liabilities Other Financial Liabilities Note 2.27

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

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

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

(iv) The Other Financial Current Liabilities includes ₹115.61 lakhs (Previous Year ₹87.13 lakhs) as unclaimed money on account of payables, retention, security and other payables to the contractors. The amount has been shown under this head because the persons to whom amount is payable is not traceable. In our opinion the other current financial liabilities are overstated to the extent of above and necessary provision for amount written back should be provided.

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

(vi) The Corporate Office has not made the provision for demand raised by the PF Commissioner for the period 09/2008 to 06/2011 on account of PF contributions of Unregistered Contractors amounting to ₹189 Lakhs on 02nd August 2018(refer Note 2.59). Thus, current liabilities are understated to the extent of above . Next hearing on 13.02.2025.

(vii) Local Area Development Fund: -

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





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

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

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

13 Generation & Sale of Power

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

(ii) The Beradol Solar Power unit while fixing the tariff rate has adopted HPREC AD benefit Rate of ₹ 4.31 per unit while approving the Tariff Rate with HPSEB. The Corporation is not availing the advance depreciation benefit thus Tariff rate of ₹ 4.79 per unit is applicable to the corporation. Thus Sale of power is understated to the extent of ₹ 39 Lakh for this year.

14 Apportionment of expenditure and Income of Corporate Office and Sundarnagar

(i) Expenditure of Corporate Office and Sundarnagar

It has been observed that 15% of total expenditure of HO & Sundarnagar has been apportioned to Renukaji project (refer Significant Accounting Policy no 1.6 g and Note no 2.60). The above apportionment is not in line with the accounting policy referred in note 1.6 g which states that the *"The Expenditure of Corporate office and 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

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- Imp rest Funds for ADB Funded Projects State Govt Loan
- Interest on Funds With LAO

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

(iii) **Apportionment of Expenses of Corporate Office and Sundernagar Design Office**
The qualification of previous year auditors on apportionment stands for this year also.

15 Provision for Income Tax

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

We also invite attention to note 2.58 where in the cases for earlier years are pending with different authorities and the outcome of which are uncertain and may affect the amount shown as Deposits with Income Tax authorities ₹ 7599 lakhs (Previous Year ₹7557 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.

16 Quantitative Details in respect of energy generated and sold

We invite attention to Note 2.53 where in the Company has stated that it has installed capacity of 281 MW as on 31st March 2023. The company has capacity 65 MW *3 i.e. 195 MW but water supply was only for one turbine at Kashang stage I against installed 3 turbines. and the installed capacity of the Sainj HEP is 100. Sawra kuddu HEP installed capacity is 111 and one solar unit with the capacity of 5MW was installed. However, the installed capacity at Kashang is not utilizable in the absence of water as the stage II & III are under construction. Out of 3 turbines water is sufficient for running one turbine only. For rest 2, work is in progress.

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.

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 in its stated that the company has made contingent provision in respect of the awarded amount amounting to ₹ 76100.36- lakh. The Decision of the company not to file the appeal will make the contingent provisions as regular provisions and thus the provisions on account of land compensation of Renuka Ji Project is understated to the extent of above.

19 Amount laying in Bank (HPSCB) accounts of LAO has been added to the cost of land instead of showing as bank balance under current assets amount on 31.3.2023 was Rs 28960520 /- in bank accounts of LAO has not been shown as bank balance ,instead it has been added to cost of land '

Emphasis of Matter:

1 No serious efforts has been made to remove the qualification raised in earlier year audit reports and the same has not been considered in this year report also.

2 We further draw attention to the following matters in the Notes to the stand alone Ind As Financial statements: -

(i) Balances of trade receivables, advances ,deposits ,trade payables are subject to reconciliation/ confirmation and respective consequential adjustments.

(ii) Note No 2.62 to the Stand alone Ind AS financial statements regarding statement on State Government loan for Shontong Karcham HEP (450MW) where the ADB funding to state government has expired and stopping of funding by the KFW to the project. HPPCL has executed a loan agreement with PFC Ltd on dated 6.10.2021 for a loan amounting to 2207.63 crore for the balance works of STKHEP including IDC. Corporation has availed the disbursement amounting to Rs 181.48 crore from the said loan as on 31.3.23 & 1002.80 crore as 3-1-2025.

(iii) Note No 2.72 to the Stand alone Ind AS financial statements regarding statement on Nakhtan project pending with Hon'ble High court of Himachal Pradesh the fate of which is dependent on the outcome of the case .

(iv) The company has entered into agreement with HPSEBL for purchase of 100% generation of some units ,but company did not comply with provisions of IND AS 115/116

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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.

SONI GULATI & CO.

CHARTERD ACCOUNTANTS

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	Key Audit Matter	How our audit addressed the key audit matter
1.	Tendering: Tendering is key audit matter & we have started scrutiny of major tenders & will be completed next year audit .	Some has been checked & found some deficiencies in works orders /contractors bills compared to tenders and reported in our audit report at appropriate places .The deficiencies noticed in tenders & execution has been reported at appropriate place
2	Contingent Liabilities and Provisions <i>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.</i> (Refer Note No. 2.41 to the Stand alone Financial Statements, read with the Accounting Policy No.1.18)	<i>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:</i> - 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; <i>Based on the above procedures performed, the estimation and disclosures of contingent liabilities and creation of provisions are considered to be adequate and reasonable.</i>
3	Property, Plant & Equipment <i>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</i>	<i>We assessed Actual Controls and found them to be effective during the year .However ,we have reviewed the same through discussions with management .</i>





	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 Stand alone Financial Statements, read with the Significant Accounting Policy No. 1.5)	
4	Capital work-in-progress(CWIP) The company is involved in various capital works like construction of new power projects, installation of new plant and machinery, civil works etc. These projects/works take a substantial period of time to get ready for intended use and due to their materiality in the context of the balance sheet of the Company, this is considered to be an area which had the significant effect on the overall audit strategy and allocation of resources in planning and completing our audit. (Refer Note No.2.2 to the Stand alone Financial Statements, read with the Significant Accounting Policy No. 1.6)	We performed an understanding and evaluation of the system of internal control over the capital work-in-progress, with reference to identification and testing of key controls. Deficiencies were found and same reported at appropriate place in our Audit report. Actual controls will be assessed during next year audit .

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

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

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Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with¹ the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended]². This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain

professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit

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procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.³

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report





Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books .
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account ;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid vided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act (No remuneration was paid to the management.
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. As informed by the Management ,the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements (except as otherwise stated in notes) .
 - ii. As informed to us ,the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.





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

For Soni Gulati & Co
Chartered Accountants

Suresh Chand Soni (Partner)

083106

12/01/2025

ICAI Firm Registration Number: 008770N

Udin :25083106BMGUTK4053



CA Suresh Soni
MIRN 083106
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