Himachal Pradesh Power Corporation Limited
Standalone Balance Sheet as at 31st March, 2022

(Rs. in Lakhs)

	Particulars	Note No.	As at March 31,2022	As at March 31,2021	As at April 1,2020
	1	2	3	4	5
	ASSETS				
(1)	**Non - Current Assets**				
	(a) Property, Plant and Equipment	2.1	5,56,612	5,30,885	3,02,613
	(b) Capital Work-in-progress	2.2	2,20,497	1,92,904	3,29,527
	(c) Investment Property	2.3	27	28	30
	(d) Goodwill		-	-	-
	(e) Other Intangible Assets	2.4	16	21	8
	(f) Intangible assets under development		-	-	-
	(g) Biological Assets other than bearer plants		-	-	-
	(h) Financial Assets				
	(i) Investments	2.5	-	-	-
	(ii) Trade receivables				
	(iii) Loans	2.6	89	148	143
	(i) Deferred tax assets (net)				
	(j) Other Non-current Assets	2.9	99,548	55,464	26,964
(2)	**Current Assets**				
	(a) Inventories	2.10	874	843	563
	(b) Finacial Assets				
	(i) Investments				
	(ii) Trade Receivables	2.11	509	486	102
	(iii) Cash and cash equivalents	2.12	1,809	1,157	5,618
	(iv) Bank Balance other than above	2.13	3,320	2,284	2,348
	(v) Loans	2.14	63	7	14
	(vi) Others	2.15	19,577	19,113	18,213
	(c) Other Current Assets	2.16	26,606	16,207	14,787
	Total Assets		9,29,347	8,19,546	7,00,919
	EQUITY AND LIABILITIES				
	Equity				
	(a) Equity Share Capital	2.17	2,25,103	2,18,771	2,18,056
	(b) Other Equity		(68,557)	(57,698)	(36,895)
	Liabilities				
(1)	**Non- current Liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	2.18	64,379	1,17,109	2,55,505
	(ia) Lease Liabilities	2.19	683	49	138
	(ii) Trade Payables				
	(A) total outstanding dues of micro enterprises and small enterprises; and				
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises				
	(iii) Other Financial Liabilities	2.20	4,384	12,588	1,57,698
	(b) Provisions	2.21	6,695	5,600	3,919
	(c) Deferred tax liabilities (Net)	2.22	-	-	
	(d) Other Non- Current Liabilities	2.23	1,71,781	1,24,152	77,073
(2)	**Current Liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	2.24	2,08,077	1,52,273	10,577
	(ia) Lease Liabilities	2.25	167	111	192
	(ii) Trade Payables	2.26	-	-	-
	(A) total outstanding dues of micro enterprises and small enterprises; and				
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises				
	(iii) Other Financial Liabilities	2.27	3,16,630	2,46,496	14,656
	(b) Other Current Liabilities				
	(c) Provisions	2.28	-	95	-
	(d) Current Tax Liabilities (Net)				
	Inter unit transfer				
	Zero Balance Clr				
	Total Equity and Liabilities		9,29,347	8,19,546	7,00,919

See accompanying notes to the financial statements

Note: The figures for the year ended 31st March 2021 and 1st April 2020 as given above are restated

For and on behalf of the Board of Directors

(B. Verma)
A.G.M (Finance)

(Sudershan K Sharma)
Consultant (Company Secretary)

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

(Harikesh Meena)
Managing Director
DIN No. 09333558

Chartered Accountants
Firm Regn No. [illegible]

SONI GULATI & CO. SHIMLA CHARTERED ACCOUNTANTS

(CA Suresh Chand Soni)
Partner
M No 083106
Place: Shimla
Date: 18-12-2023

Himachal Pradesh Power Corporation Limited

Statement of Profit and Loss for the period ended 31st March, 2022

(Rupees in Lakhs)

	Particulars	Note	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
I	Revenue from Operations	2.29	40,056	12,208
II	Other Income	2.30	114	490
III	**Total Income (I+II)**		**40,170**	**12,698**
IV	**Expenses**			
	Cost of materials consumed		-	-
	Purchases of Stock-in-Trade		-	-
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress		-	-
	Employee Benefits Expense	2.31	2,968	1,744
	Finance Costs	2.32	20,278	14,277
	Depreciation and Amortization Expense	2.33	20,589	12,535
	Other Expenses	2.34	7,298	2,945
	Total Expenses (IV)		**51,133**	**31,501**
V	**Profit/(loss) before exceptional items and tax (I-IV)**		**(10,963)**	**(18,804)**
VI	Exceptional Items		-	-
VII	**Profit/ (loss) before exceptions items and tax(V-VI)**		**(10,963)**	**(18,804)**
VIII	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
IX	**Profit (Loss) for the period from continuing operations (VII-VIII)**		**(10,963)**	**(18,804)**
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)**		**(10,963)**	**(18,804)**
XIV	Other comprehensive income		-	-
	A (i) Items that will not be reclassified to profit or loss	2.35	**(171)**	**(1,269)**
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other comprehensive Income for the period)**		**(11,134)**	**(20,073)**
XVI	**Earnings per equity share (for continuing operation):**			
	(1) Basic (2) Diluted	2.36	**(50.17)**	**(91.90)**
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	2.36	(50.17)	(91.90)

see accompanying notes to the financial statements

For and on behalf of the Board of Directors

(BL Verma) **A.G.M (Finance)**	**(Sudershan K Sharma)** **Consultant (Company Secretary)**	**(Dr. Amit Kumar Sharma)** **Director (Finance)** **DIN No. 10071204**	**(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: 8.12.2.23

Himachal Pradesh Power Corporation Limited

Standalone Statement Of Cash Flows for the year Ended 31st March, 2022

(Rs. in Lakhs)

Particulars	For the Year Ended March 31, 2022		For the Year Ended March 31, 2021
Cash flow from operating activites			
Profit before tax (A)		(11,134)	(20,073)
change in other equity as per restated balancesheet (B)			(2,491)
Adjustment for:			
Depreciation and amortization	20,589		12,579
Finance Cost			-
Loss on disposal/write off of fixed assets	60		9
Profit on sale of fixed assets	-		-
Total Adjustment (C)		20,648	12,589
Adjustment for assets and liabilities			
Inventories	(32)		(290)
Trade receivable and unbilled revenue	(22)		(384)
Loans, other financial assets and other assets	(11,954)		(2,244)
Other financial liabilities and other liabilities	70,683		91,965
Other Current liabilities	-		-
Provisions	1,000		1,776
Total Adjustment (D)		59,675	90,824
Cash generated from operating activities (E)=(A+B+C+D)		69,189	80,849
Less: Income tax paid		-	-
Net cash generated from operating activities (F)		69,189	80,849
Cash flow from investing activities:			
Net expenditure on Property, Plant & Equipment and CWIP	(73,963)		(1,04,256)
Term Deposits with Banks (having maturity more than 3 months)			-
Interest on term deposits/ Sweep Deposits	59		(5)
Investment in Subsidiary/Associate/Joint Venture			-
Other non current asset	(44,085)		(28,500)
loss of Fixed/ CWIP assets from torrential rain & flood			
Net cash used in investing activities (G)		(1,17,989)	(1,32,761)
Cash flow from financing activities:			
Share Capital	825		715
Share money pending allotment	275		
Proceeds from borrowings	-		
Repayment of borrowings	(168)		(207)
Other Non Current Liabilities	47,629		47,079
Payment of lease liabilities	690		(137)
Interest and finance charges	-		
Net Cash used for financing activities (H)		49,252	47,451
Net increase in cash and cash equivalents (I)=(F+G+H)		452	(4,462)
Cash & Cash Equivalents at the beginning of the year		1,157	5,619
Cash & Cash Equivalents at the end of the year		1,609	1,157
Restricted cash balance			
Earmarked Balance (Unpaid Dividend)		-	-
Margin Money for BG/ Letter of Credit and Pledged deposits		3,320	2,284
Total		3,320	2,284

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

For and on behalf of the Board of Directors

(BL Verma)	**(Sudershan K Sharma)**	**(Dr. Amit Kumar Sharma)**	**(Harikesh Meena)**
A.G.M (Finance)	**Consultant (Company Secretary)**	**Director (Finance)**	**Managing Director**
		DIN No. 10071204	**DIN No. 09333558**

Chartered Accountants
Firm Regn No. 000477N

(CA Suresh Chand Soni)
Partner
M No 083106
Place: Shimla
Date: 18.1.2023

SONI GULATI & CO. SHIMLA CHARTERED

Himachal Pradesh Power Corporation Limited

Statement of changes in Equity

A. Equity Share Capital

(1) For FY 2021-22

(Rupees in Lakhs)

	Balance as at 1st April, 2021	Changes in equity shares capital due to prior period errors	Restated balance as at 1st April, 2021	Changes in equity shares capital during the year	Balance as at 31st March, 2022
	2,18,771	-	2,18,771	6,331	2,25,103

(2) For FY 2020-21

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

B. Other Equity

(1) For FY 2021-22

(Rupees in Lakhs)

	Share application on money pending allotment	Equity component of compound financial instrument	Reserve & Surplus				Total
			Capital Reserve	Securities Premium	Other Reserve (Specify nature)	Retained Earning	
Balance as on 1st, April, 2021	-	-	-	-	-	(56,968)	(56,968)
Changes in accounting policy or prior period errors	-	-	-	-	-	(730)	(730)
Restated balance at the beginning of the current reporting period	-	-	-	-	-	(57,698)	(57,698)
Total comprehensive income for the current year	-	-	-	-	-	(171)	(171)
Dividends	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	(10,963)	(10,963)
Any other change	275	-	-	-	-	-	275
Balance as on 31st March, 2022	275	-	-	-	-	(68,832)	(68,557)

(2) For FY 2020-21

(In Rs)

	Share application on money pending allotment	Equity component of compound financial instrument	Reserve & Surplus				Total
			Capital Reserve	Securities Premium	Other Reserve (Specify nature)	Retained Earning	
Balance as on 1st, April, 2020	-	-	-	-	-	(35,134)	(35,134)
Changes in accounting policy or prior period errors	-	-	-	-	-	(1,761)	(1,761)
Restated balance at the beginning of the current reporting period	-	-	-	-	-	(36,895)	(36,895)
Total comprehensive income for the current year	-	-	-	-	-	(1,289)	(1,289)
Dividends	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	(18,804)	(18,804)
Any other change	-	-	-	-	-	-	-
Balance as on 31st March, 2021	-	-	-	-	-	(56,968)	(56,968)

For and on behalf of the Board of Directors

(BL Verma)
A.G.M (Finance)

(Sudershan K Sharma)
Consultant (Company Secretary)

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

(Harikesh Meena)
Managing Director
DIN No. 09333668

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

(CA Suresh Chand Soni)
Partner
M No 083106
Place: Shimla
Date: 17-11-2023

SONI GULATI & CO. SHIMLA CHARTERED ACCOUNTANTS

Himachal Pradesh Power Corporation Limited

Statement Of Cash Flows for the year Ended 31st March, 2022

(Rupees in Lakhs)

Particulars	For the Year Ended March 31, 2022		For the Year Ended March 31, 2021
Cash flow from operating activites			
Profit before tax (A)	-	(11,134)	(20,073)
change in other equity as per restated balancesheet (B)	-	-	(2,481)
Adjustment for:	-	-	-
Depreciation and amortization	20,589	-	12,578
Finance Cost	-	-	-
Loss on disposal/write off of fixed assets	60	-	9
Profit on sale of fixed assets	-	-	-
Total Adjustment (C)	-	20,648	12,589
Adjustment for assets and liabilities	-	-	-
Inventories	(32)	-	(290)
Trade receivable and unbilled revenue	(22)	-	(384)
Loans, other financial assets and other assets	(11,954)	-	(2,244)
Other financial liabilities and other liabilities	70,683	-	91,965
Other Current liabilities	-	-	-
Provisions	1,000	-	1,776
Total Adjustment (D)	-	59,675	90,824
Cash generated from operating activities (E)=(A+B+C+D)	-	69,189	80,849
Less: Income tax paid	-	-	-
Net cash generated from operating activities (F)	-	69,189	80,849
	-	-	-
Cash flow from investing activities:	-	-	-
Net expenditure on Property, Plant & Equipment and CWIP	(73,963)	-	(1,04,256)
Term Deposits with Banks (having maturity more than 3 months)	-	-	-
Interest on term deposits/ Sweep Deposits	59	-	(5)
Investment in Subsidiary/Associate/Joint Venture	-	-	-
Other non current asset	(44,085)	-	(28,500)
loss of Fixed/ CWIP assets from torrential rain & flood	-	-	-
Net cash used in investing activities (G)	-	(1,17,989)	(1,32,781)
	-	-	-
Cash flow from financing activities:	-	-	-
Share Capital	825	-	715
Share money pending allotment	275	-	-
Proceeds from borrowings	-	-	-
Repayment of borrowings	(168)	-	(207)
Other Non Current Liabilites	47,629	-	47,079
Payment of lease liabilities	690	-	(137)
Interest and finance charges	-	-	-
Net Cash used for financing activities (H)	-	49,252	47,451
Net increase in cash and cash equivalents (I)=(F+G+H)	-	452	(4,482)
Cash & Cash Equivalents at the beginning of the year	-	1,157	5,618
Cash & Cash Equivalents at the end of the year	-	2,651	1,157
Restricted cash balance			
Earmarked Balance (Unpaid Dividend)		-	-
Margin Money for BG/ Letter of Credit and Pledged deposits		3,320	2,284
Total		-	-

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

(BL Verma)
A.G.M (Finance)

(Sudershan K Sharma)
Consultant (Company Secretary)

(Dr. Amit Kumar Sharma)
Director (Finance)
DIN No. 10070204

(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: 8.12.2023

SONI GULATI & CO. SHIMLA CHARTERED ACCOUNTANTS

HIMACHAL PRADESH POWER CORPORATION LIMITED

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

1. Company Information and Significant Accounting Policies:

A. Reporting Entity

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

B. Significant Accounting Policies

1.1 Basis of Preparation:

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

Use of estimates and management Judgements:

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

1.2 Basis of Measurement:

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

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

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

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

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

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

A liability is current when:

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

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

1.5 Property, plant and equipment (PPE)

a) The Company has opted to utilize the option under para D7AA of Appendix D to Ind AS 101 which permits to continue to use the Indian GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS. Therefore, the carrying amount of property, plant and equipment according to the Indian GAAP as at April 1, 2015 i.e. Group's date of transition to Ind AS, were maintained in transition to Ind AS.
b) An item of PPE is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
c) PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to the acquisition/construction of the asset. Where final settlement of bills with contractors is pending/under dispute, capitalization is done on estimated/provisional basis subject to necessary adjustment in the year of final settlement.
d) After initial recognition, Property, Plant & Equipment is carried at cost less accumulated depreciation/ amortisation and accumulated impairment losses, if any.
e) Deposits, Payments / liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.
f) Asset created on land not belonging to the company, where the company is having control over the use and access of such asset are included under Property, Plant and Equipment.
g) Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised when no future economic benefits are expected from its use or upon disposal. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of profit and loss as and when incurred. Other spares are treated as "stores & spares" forming part of the inventory and expensed when used/ consumed.
h) Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the company and the cost of the item can be measured reliably.
i) Property, plant and equipment is derecognized when no future economic benefits are expected from its use or upon its disposal. Gains and losses on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss.

1.6 Capital Work-in-progress

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

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

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

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

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

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

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

1.7 Investment Property

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

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

ii). Sale in the ordinary course of business.

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

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

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

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

d) Investment properties are derecognised either when they have been disposed off or when they are permanently with drawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and

the carrying amount of the asset is recognised in the statement of profit and loss in the period of de-recognition.

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

1.8 Intangible Assets

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

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

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

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

SONI GULATI & CO. SHIMLA CHARTERED ACCOUNTANTS

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

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

e) Expenditure on development activities is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the company intends to & has sufficient resources to complete development and to use or sell the asset.
f) Expenditure incurred which are eligible for 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:

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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 for 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

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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.

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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.

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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.

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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.

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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.

(Rupees in Lakhs)

	Particulars	Sub Note	As at March 31,2022	As at March 31,2021
2.1	Property, Plant and Equipment	2.1.1	556612	530885
2.2	Capital Work-in-progress	2.2.1	220497	192904
2.3	Investment Property	2.3.1	27	28
2.4	Other Intangible Assets	2.4.1	16	21
			777153	723838

2.5 Investments

(Rupees in Lakhs)

	Particulars	As at March 31,2022	As at March 31,2021
	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

(Rupees in Lakhs)

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

2.7 Others

(Rupees in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Other Deposits	-	-
Bank Deposit with more than 12 months maturity	-	-
Total	-	-

2.8 **Regulatory Deferral Accounts -Debit Balance**

(Rupees in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Regulatory Deferral Accounts -Debit Balance	-	-
Total	-	-

Himachal Pradesh Power Corporation Limited

2.9 Non Current Assets
Other Non Current assets

(Rupees in Lakhs)

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

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Current Assets

2.10 Inventories

(Rs. in Lakhs)

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

2.11 Trade Receivables

(Rs. in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Secured Consisdered good		
Unsecured considered good:		
Sale of Power	485	462
Others(HPTCL)	24	24
Total	509	486

2.12 Cash and cash equivalents

(Rs. in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
'Term Deposits (having original maturity of upto 3 months)		-
Cash and Bank Balances		
Cash in Hand	0	0
Stamps in Hand	0	0
Balance with Banks		
Current Deposits	1,608	1,156
Term Deposits with maturity upto 3 months	-	-
Total	1,609	1,157

2.13 Bank Balance - Other than above

(Rs. in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
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	3,320	2,284
Total	3,320	2,284

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2.14 Loans

(Rupees in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Security Deposits		
Secured Considered Good	-	-
Unsecured considered good	61	2
Doubtful	-	-
Recoverable from Staff	2	5
Advances to Employees	-	-
Secured considered good	-	-
Unsecured Considered Good	0	1
Doubtful	-	-
Total Loans	63	7

2.15 Other Assets

(Rupees in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Interest Accrued but not due on deposits with Banks	36	159
Interest recoverable	19	185
Amount Receivable from Others	229	100
Amount Recoverable from Contractor & Suppliers	19,294	18,670
Others- Secured Considered Good	-	-
Others- Unsecured Considered Good	-	-
Total Other Financial Asssets	19,577	19,113

2.16 Other Current Assets

(Rupees in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Advances Others		
Secured Considered Good	-	-
Unsecured considered good	22	-
Advance to Suppliers and Contractors	-	-
Secured Considered Good	-	-
Unsecured considered good	4,417	2,592
Advances to Govt Departments	-	-
Secured Considered Good	-	-
Unsecured considered good	635	462
Others	-	-
Prepaid Expenses	313	187
Amount Recoverable from tax authorities	10	10
Deposits with Courts	21,180	12,956
Other Recoverable	0	0
Recv from Rent	30	-
Total	26,606	16,207

Himachal Pradesh Power Corporation Limited

Non Current Liabilities

2.18 Borrowings

(Rupees in Lakhs)

	Particulars	As at March 31,2022	As at March 31,2021
Term Loans			
	From Banks:		
A	Secured		
	From UCO Bank	-	1,807
		-	-
	Total (A)	-	1,807
B	Unsecured:		
	Government of Himachal Pradesh Loan for Shongtong HEP *(Rate of interest 3.83% p.a. payable in halfyearly instalments from july 2018 to January 2028)*	5,162	7,227
		-	-
		-	-
	Government of Himachal Pradesh Loan for Shongtong HEP *(Rate of interest 0.75% p.a. payable in halfyearly instalments from july 2023 to January 2053)*	4,959	4,959
		-	-
	Government of Himachal Pradesh Loan	-	-
	Government of Himachal Pradesh Loan (Trench 1) *(Rate of interest 10% pa payable in yearly instalments of principal and interest from april 18 to January 2023)*	-	15,407
		-	-
		-	-
	Government of Himachal Pradesh Loan (Trench 2) *(Rate of interest 10% pa payable in yearly instalments of principal and interest from april 18 to January 2025)*	5,544	11,088
		-	-
		-	-
	Government of Himachal Pradesh Loan (Trench 3) *(Rate of interest 10% pa payable in yearly instalments of principal and interest from april 18 to January 2026)*	31,580	52,833
		-	-
		-	-
	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)*	17,134	23,988
		-	-
	Government of Himachal Pradesh Loan (SEC.TRM.LOAN HP Govt)	-	-
		-	-
	Total (B)	64,379	1,15,502
		-	-
	Total Term Loans from Banks (A+B)	64,379	1,17,109

2.19 Lease Liabilities

(Rupees in Lakhs)

	As at March 31,2022	As at March 31,2021
Lease Liabilities -Non Current	683	49
Total	683	49

2.20 Other Financial Liabilities

(Rupees in Lakhs)

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

Himachal Power Corporation Limited

2.17 Equity Share Capital

	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Share Capital (Rs. in Lakhs)	No. of Shares	Share Capital (Rs. in Lakhs)
AUTHORISED				
Equity Shares of par value @ 1000/- each	2,50,00,000.00	2,50,000.00	2,50,00,000.00	2,50,000.00
	-	-	-	-
	-	-	-	-
ISSUED, SUBSCRIBED AND FULLY PAID UP	-	-	-	-
Equity Shares of par value @ 1000/- each fully paid up	2,25,10,279.00	2,25,102.79	2,18,77,133.00	2,18,771.33
	-	-	-	-
Total	-	2,25,102.79	-	2,18,771.33

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

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of shares	%	No. of shares	%
Government of Himachal Pradesh (GoHP)	93,30,991	41.45	86,97,845	39.76
Himachal Pradesh Infrastructre Development Board	1,18,71,507	52.74	1,18,71,507	54.26
Himachal Pradesh Electricity Board Limited	13,07,731	5.81	13,07,731	5.98
	2,25,10,229	**100.00**	**2,18,77,083**	**100.00**

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	Share Capital (Rs. in Lakhs)	No. of Shares	Share Capital (Rs. in Lakhs)
Number of shares at the beginning	2,18,77,133	2,18,771.33	2,18,05,633	2,18,056.33
No. of shares issued during the year	6,33,146	6,331.46	71,500	715.00
No. of shares Bought Back during the year	-	-	-	-
Number of shares at the end	**2,25,10,279**	**2,25,102.79**	**2,18,77,133**	**2,18,771.33**
	-		-	

SONI GULATI & CO. SHIMLA CHARTERED ACCOUNTANTS

Himachal Pradesh Power Corporation Limited

Non Current Liabilities

2.21 Provisions

(Rupees in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Unfunded Employee benefit		
Pension Contribution	1,241	1,121
Gratuity	1,621	1,333
Leave Enchasment	3,833	3,146
	-	-
Total	6,695	5,600

2.22 Deferred tax liabilities (Net)

(Rupees in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Deferred Tax Liabilities	-	-
Total	-	-

2.23 Other Non-Current Liabilities

(Rupees in Lakhs)

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

Himachal Pradesh Power Corporation Limited

Current Liabilities

2.24 Borrowings

(Rupees in Lakhs)

	Particulars	As at March 31,2022	As at March 31,2021
A	**Secured**		
	From Banks		
	From UCO Bank	1,639	-
	From Others	-	-
	From KCCBL	13,967	11,345
	HPSCBL CCL	3,359	2,739
		-	-
B	**Unsecured:**	-	-
	Government of Himachal Pradesh Loan	1,89,112	1,38,189
	Total	2,08,077	1,52,273

2.25 Lease Liabilities

(Rupees in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Lease Liabilites	167	111
	-	-
Total	167	111

2.26 Trade Payables

(Rupees in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Trade Payables	-	-
Total	-	-

2.27 **Other Financial Liablities** (Rupees in Lakhs)

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

2.28 **Provisions**

(Rupees in Lakhs)

Particulars	As at March 31,2022	As at March 31,2021
Unfunded Employee benefit		
Gratuity	-	47
Leave Enchasment	-	48
Total	-	95

Himachal Pradesh Power Corporation Limited

2.29 Revenue from Operations

(Rupees in Lakhs)

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

2.30 Other Income

(Rupees in Lakhs)

	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Miscelaneous Income	114	490
Total	114	490
	-	-
	-	-
#Miscellaneous Income	-	-
Income for providing Design works/Lab Receipt	0	1
Interest from Banks	8	5
Late Payment Surcharge	5	-
Rebate NRLDC Fee Chg	2	0
Interest on Bank Deposit - FDR's	25	11
Others	74	472
Total	**114**	**490**

2.31 Employee Benefits Expense

(Rupees in Lakhs)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Salaries,Wages, Allowances and Benefits	2,291	1,432
Contribution to Provident and Other Funds	96	76
Leave Salary and Pension Contribution *	335	127
Welfare Expenses	277	110
	-	-
	-	-
Total	2,998	1,744

2.32 Finance Costs

(Rupees in Lakhs)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Bank Charges	0	0
Interest on Term Loan	19,653	14,274
Interest on Other Loan	624	3
Total	20,278	14,277

2.33 Depreciation and Amortization Expense

(Rupees in Lakhs)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Depreciation for the Year	20,589	12,535
	-	-
Depeciation Charged to Statement of Profit & Loss	20,589	12,535

Note No. 2.37 Disclosure as per Ind AS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'

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

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

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

(Rupees in Lakhs)

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

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

Particulars	Note No.	As at March 31,2021					As at March 31,2020				
		As Previously Reported	IND AS 8 Adjustment	IND AS 40 Adjustment	IND AS 116 Adjustment	As Restated	As Previously Reported	IND AS 8 Adjustment	IND AS 40 Adjustment	IND AS 116 Adjustment	As Restated
		-	-	-	-	-	-	-	-	-	-
Finance Costs	(i)	14,277	-	-	3	14,280	13,013	-	-	-	13,013
Depreciation and Amortization Expense	(i)	12,535	17	-	5	12,556	10,824	28	-	5	10,852
Other Expenses	(i)	2,945	712	-	(7)	3,651	2,913	1,759	-	(7)	4,672
Interest From deposits		-	-	-	-	-	0	25	-	-	25

Notes:

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

2.34 Other Expenses

Office and Administrative Expenditure

(Rupees in Lakhs)

	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Repair and Maintenance		
Buildings	75	73
Roads	120	41
Plant & Machinery	854	1,113
Office Equipments & Furnitures	1	1
Civil Works	340	194
Vehicles	0	1
	1,390	1,423
	-	-
Rent, rates and Taxes	3	33
Insurance -Other Assets	331	117
Electricity & Water Charges	36	40
Travelling & Conveyance	1	3
Traning Expenses	0	20
Legal and Professional Charges	74	95
Communication Expenses	11	13
Printing & Stationery	5	6
Statutory Audit Fees	8	8
Consultancy fees	3	1
Publicity and Advertisement Expenses	16	3
Expenses in relation to sale of power	4,389	816
Free Power	62	47
Hiring of Vehicles	138	117
Vehicle Running Charges and Insurance Charges	4	2
Annual Technical Support- SAP	1	1
Fees and subscription	5	5
Expenses on Transit Camps	0	0
Books & Periodicals	1	1
Hospitality and Entertainment Expense	2	1
Freight and Labour Charges	0	0
Postage and Telegram Expenses	0	0
Raising Day Expense	11	0
Rebate to Customers	37	38
Meeting Expenses	0	0
Environment & Ecology Expenses	(25)	43
Office Expenses	23	42
Interest & penalties under I.Tax	0	1
Loss on Sale of Fixed Assets	60	9
Miscellaneous Expenses	199	61
Training Expense O&M	-	-
Contribution to IIIT	480	-
Intt./Penalty- Entry	0	-
Round Off	0	-
Total	7,269	2,945

SHIMLA CHARTERED ACCOUNTANTS

2.35 Other Comprehensive Income

(Rupees in Lakhs)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
A. Items that will not be reclassified to profit & loss		
(ii) Remeasurement of the defined benefit plans	171	1,269
Total	**171**	**1,269**

2.36 Earning Per Share Basic and Dilluted

(Rupees in Lakhs)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Net Profit After Tax	(11,134)	(20,073)
Wighted Average No. of shares	2,25,10,749	2,18,41,383
Face value of shares	1,000	1,000
EPS	**-49.46**	**-91.90**

SONI GULATI & CO. SHIMLA CHARTERED ACCOUNTANTS

Note No 2.38

Disclosure on Financial Instruments and Risk Management

i) Fair Value Measurement

a) Financial Instruments by Category

(Rs. In lacs)

Particulars	Note No	As at March 31,2022 Amortised Cost	As at March 31,2021 Amortised Cost
Financial Assets			
Non Current Financial Assets			
(i)Investments	2.5		-
(ii)Loans	2.6	89	148
(iii)Others	2.7		-
Bank Deposits with more than 12 Months Maturity			
Current Financial Assets			
(i)Trade Receivables	2.11	509	486
(ii)Cash and Cash Equivalents	2.12	2,651	1,157
(iii)Bank Balance other than above	2.13	2,277	2,284
(iv)Loans	2.14	63	7
(v)Other Assets			
Interest Accrued	2.15	36	159
Other Recoverable	2.15	19,542	18,954
Total Financial Assets		**25,166**	**23,195**
Financial Liabilities			
(i)Long Term Borrowings			
a)Term Loans Financial Institutions	2.18	-	1,807
b)Term Loans from Others	2.18 and 2.20	64,379	1,15,302
(ii) Deposits / retention non current	2.20	4,384	12,588
Current Financial Liabilities			
(iii)Other Financial Liabilities			
a)Current Maturity of Term Loans Financial Institutions	2.27	-	1,38,189
b)Current Maturity of Term Loans other	2.27	-	-
c)Deposit/ retention Money	2.27	8,814	2,134
d)Liability against Capital Works	2.27	2,580	1,741
e)Other Payables	2.24 and 2.27	3,24,205	2,54,280
Total Financial Liabilities		**4,04,363**	**5,26,041**

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

SHIMLA

B) FAIR VALUATION MEASUREMENT

(i) Fair Value Hierarchy

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

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

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

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

(Rs. in lacs)

(a) Financial Assets/ Liabilities Measured at Fair Value- recurring Fair Value Measurement							
	Note no	As at March 31,2022			As at March 31,2021		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets at FVTOCI							
(i) Investments							
-In equity Instrument quoted							
- In government Securities		-	-	-	-	-	-
- In public sector undertakings/ Public Financial Institution and Corporate Bonds		-	-	-	-	-	-
Total		-	-	-	-	-	-
		-	-	-	-	-	-

(b) Financial Assets/ Liabilities measured at amortised cost for which fair value are not disclosed							
	Note no	As at March 31,2022			As at March 31,2021		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets							
(i) Loans to employees and Others	2.6 and 2.14		152			155	
(ii) Other		-	-	-	-	-	-
Bank deposits with more than 12 months maturity		-	-	-	-	-	-
		-	-	-	-	-	-
Total Assets		-	152	-	-	155	-
Financial Liabilities							
(i) Long term Borrowings(including current Maturity and interest	2.18 and 2.27	-	2,60,409		-	2,88,843	
(ii) Deposit / Retention Money/others (Including Current Liabilities)	2.19 and 2.27	-		-	-	14,722	-
Total Liabilities		-	2,60,409	-	-	3,03,565	-
		-	-	-	-	-	-
Total		-					

Valuation techniques and process used to determine fair values

The Company values financial assets or financial liabilities using the best and most relevant data avai able. 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 31,2022		As at March 31,2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
(i) Loans to employees and Others	2.6 and 2.14				
(ii) Other		152	152	155	155
Bank deposits with more than 12 months maturity		-	-	-	-
		-	-	-	-
Total Assets		-	-	-	-
Financial Liabilities		**152**	**152**	**155**	**155**
(i) Long term Borrowings(including current Maturity and Interest	2.18 and 2.27	2,60,409	2,60,409	2,88,843	2,88,843
(ii) Deposit / Retention Money/others (Including Current Liabilities)	2.19 and 2.27	13,162	13,162	14,722	14,722
Total Liabilities		**2,73,571**	**2,73,571**	**3,03,565**	**3,03,565**

Significant Estimates:

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

Sub Note No 2.1.1

Schedule of Property Plant and Equipment

Himachal Pradesh Power Corporation Limited

(Rupees in Lakhs)

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
A) Own Assets:										
LAND - LEASEHOLD	(2)	10	0	8	(3)	-	-	(3)	11	0
LAND - FREEHOLD	1,58,500	46,215	2,226	1,98,489	-	-	-	-	1,98,489	1,58,500
RESIDENTIAL BUILDINGS	2,617	17	-	2,635	605	91	-	696	1,939	2,013
NON RESIDENTIAL BUILDINGS	1,780	-	44	1,736	370	53	13	416	1,319	1,410
TEMPORARY SHEDS/ERECTIONS	10	-	-	10	6	4	0	10	0	3
PROJECT CIVIL WORKS	2,99,565	652	-	3,00,217	30,734	14,302	-	44,998	2,55,219	2,68,831
ROADS, BRIDGES & TRAFFIC TUNNELS	(0)	-	-	(0)	-	-	-	-	(0)	(0)
PROJECT ELECTRO MECHENICAL WORKS	1,08,201	222	-	1,08,423	12,332	5,185	-	17,506	90,917	95,869
PLANT (CURRENTLY FOR WATER TREATMENT)	21	45	-	67	3	3	-	6	61	18
OFFICE MACHINARY (LIKE LAB, FIRE, SAFETY)	137	9	-	146	55	7	-	62	84	83
ELECTRONICS & ELECTRICAL ITEMS	444	18	-	462	161	24	-	184	278	284
FURNITURES & FIXTURES	399	17	-	417	166	27	-	193	224	233
COMPUTERS & DATA PROCESSING MACHINES	169	101	-	270	80	14	1	93	178	89
VEHICLES	144	-	8	138	53	20	15	58	80	91
KITCHEN ITEMS	3	0	-	3	2	0	-	2	1	0
FIRE FIGHT EQUIPMNT	0	0	-	0	0	0	-	0	0	0
SMALL OFFICE ITEMS	0	0	-	1	0	0	-	0	0	0
HELIPAD	23	-	-	23	7	1	-	7	16	17
BRIDGES & CULVERTS	580	-	-	580	144	19	-	163	417	436
SERVER AND NETWORKS	899	-	-	899	750	-	-	750	149	149
ROADS	4,991	-	34	4,957	1,238	160	11	1,386	3,571	3,753
ASSETS NOT OWNED BY COMPANY Roads	-	-	-	-	-	-	-	-	-	-
ASSETS NOT OWNED BY COMPANY OTHERS	-	-	-	-	-	-	-	-	-	-
INFRASTUCTURE DEVELOPMENT CONSTRUCTION POWER	2,620	-	-	2,620	686	124	-	813	1,807	1,931
Total (A)	5,78,101	47,308	2,309	6,23,100	47,389	20,036	40	67,339	5,55,761	5,30,712
B) Right of Use:										
Building	141	915	-	1,056	-	200	-	206	851	141
Land	31	-	-	31	-	0	-	0	31	31
Total (B)	172.46	915.49	-	1,087.79	-	206.06	-	206.06	881.73	172.46
Grand Total (A+B)	5,78,273.65	48,223.13	2,309.16	6,24,157.43	47,388.69	20,242.36	40.34	67,544.99	5,56,612.44	5,30,884.96

SONU GULATI & CO. CHARTERED ACCOUNTANTS SHIMLA

Himachal Pradesh Power Corporation Limited

Note No 2.2.1

Capital work in progress

(Rupees in Lakhs)

Particulars	Note	Amount As at 31.03.2021	Addition during FY 2021-22	Deletion during FY 2021-22	Net Adj.During FY 2021-22	Amount as at 31.03.2022
Residential Buildings	2.2.1.1	-	-	-	-	-
Non Residential Buildings	2.2.1.1	179	6	-	6	184
Roads, Bridges & Culverts	2.2.1.1	465	216	6	210	675
Civil Works	2.2.1.1	66,800	8,611	151	8,456	75,261
Electro-Mechanical Works	2.2.1.1	30,428	3,522	3	3,520	33,948
Construction Power	2.2.1.1	-	2	-	2	2
Plant & Machinery	2.2.1.1	8	-	-	-	8
Land Submerged Area	2.2.1.1	-	-	-	-	-
Investigation & Survey	2.2.1.1	-	4	4	-	-
Environment & R&R Expenses	2.2.1.1	-	6	6	-	-
AUC office item	2.2.1.1	-	1	-	-	1
G.Total		97,879	12,368	169	12,193	1,10,078
Expenditure during construction	2.2.2	95,021	20,605	(5,210)	15,395	1,10,417
IND AS adjustment		3	-	-	-	3
Total Carried forward to Balance Sheet)		1,92,904	32,973	5,379	27,588	2,20,497

Note No 2.2.1.1

(Rupees in Lakhs)

Particulars		Residential Buildings as at 31.03.2022	Non Residential Buildings as at 31.03.2022	Roads, Bridges & Culverts as at 31.03.2022	Civil Works as at 31.03.2022	Electro-Mechanical Works as at 31.03.2022	Construction Power as at 31.03.2022	Plant & Machinery as at 31.03.2022	Land Submerged Area as at 31.03.2022	Investigation & Survey as at 31.03.2022	Environment & R&R Expenses as at 31.03.2022	Office Item	G.Total
Sundernagar		-	-	-	-	-	-	-	-	-	-	-	-
Sewra Kuddu HEP		-	-	20	38	-	-	-	-	-	-	-	58
Kashang HEP Stage-I		-	-	58	-	-	-	-	-	-	-	-	58
Sainj HEP		-	184	308	101	-	-	-	-	-	-	-	593
Renuka Dam Project		-	-	-	-	-	-	8	-	-	-	-	8
Shongtong HEP		-	-	-	58,759	33,948	1	-	-	-	-	-	92,708
Triveni HEP		-	-	-	-	-	-	-	-	-	-	-	-
Thana Plaun HEP		-	-	-	-	-	-	-	-	-	-	0	0
Nakthan HEP		-	-	-	-	-	-	-	-	-	-	1	1
Gypsa HEP		-	-	-	-	-	-	-	-	-	-	-	-
Surgani Sundla HEP		-	-	-	-	-	-	-	-	-	-	-	-
Deothal Chanju		-	-	10	-	-	-	-	-	-	-	-	10
Chanju-III		-	-	19	-	-	-	-	-	-	-	-	19
Berra-Dol Solar Power Project		-	-	-	-	-	-	-	-	-	-	-	-
Kashang HEP Stage-II		-	-	261	16,363	-	1	-	-	-	-	-	16,624
G.Total		-	184	675	75,261	33,948	2	8	-	-	-	1	1,10,078

SOM GULATI & CO. CHARTERED ACCOUNTANTS SHIMLA

HIMACHAL PRADESH POWER CORPORATION LIMITED

Note 2.3.1

Investment Property

As at 31-3-22

(Rupees in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	NET BLOCK
	As at 01.04.2021	Addition durng the year	Deductions / Adjustments	As at 31.03.2022	As at 01.04.2021	Addition durng the year	Deductions / Adjustments	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Building -Investment	47	-	-	47	18	1	-	20	27	28
	-	-	-	-	-	-	-	-	-	-
Total	47	-	-	47	18	1	-	20	27	28

As at 31-3-21

(Rupees in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	NET BLOCK
	As at 01.04.2020	Addition durng the year	Deductions / Adjustments	As at 31.03.2021	As at 01.04.2020	Addition durng the year	Deductions / Adjustments	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020
Building -Investment	47	0	0	47	17	1	0	18	28	30
	0	0	0	0	0	0	0	0	0	0
Total	47	0	0	47	17	1	0	18	28	30

SONI GULATI & CO. SHIMLA CHARTERED ACCOUNTANTS

Himachal Pradesh Power Corporation Limited

Sub Note No 2.4.1 Other Intangible Assets

(Rupees in Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2021	Addition durng the year	Deductions / Adjustments	As at 31.03.2022	As at 01.04.2021	Addition durng the year	Deductions / Adjustments	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Software	69	0	0	69	48	4	0	53	16	21
Total	**69**	**0**	**0**	**0**	**48**	**4**	**0**	**53**	**16**	**21**

(ii) Financial Risk Management

Financial risk factors:

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

a) Credit risk:

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

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

b) Liquidity risk:

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

c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risks: currency rate risk, interest rate risk and other price risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments. Foreign currency risk is the risk that the fair value or future cash flows of financial instrument/advances/retention money will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and financial liabilities held as at 31st March, 2022 and 31st March, 2021.The Company's risk management is carried out as per policies approved by Board of Directors from time to time.

(A) Credit Risk:

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

a) Trade Receivables:

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

GULATI & CO. SHIMLA CHARTERED ACCOUNTANTS

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

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

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

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

Maturities of Financial Liabilities:
The table below provides undiscounted cash flows towards company's financial liabilities into relevant maturity based on the remaining period at the Balance Sheet date to the contractual maturity date. Balance due within 1 year is equal to their carrying balances as the impact of discounting is not significant. (Refer note 2.18, 2.20, 2.24 & 2.27)

(Rs. in lacs)

As at 31st March, 2022						
Contractual maturities of financial liabilities	**Note No.**	**Outstanding debt on 31.03.2022**	**Within 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	2,53,130	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	-	-

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(Rs. In Lacs)

As at 31st March, 2021						
Contractual maturities of financial liabilities	**Note No.**	**Outstanding debt on 31.03.2021**	**Within 1 year**	**More than 1 year and less than 3 years**	**More than 3 years and less than 5 years**	**More than 5 years**
1. Borrowings (Including interest accrued but not due)	2.20, 2.22, 2.26 & 2.29	255298.25	139996.10	33736.02	36988.51	44577.62
2. Other current & financial liabilities	2.22 & 2.29	270742.32	269701.88	1040.44	-	-

(C) Market Risk:

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

(i) Interest rate risk and sensitivity:

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

(Rs. in Lacs)

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

ii) Price Risk: Exposure:

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

iii) Foreign Currency Risk: Foreign Currency Risk Exposure:

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

Particulars	**As At 31st March 2022**			**As At 31st March 2021**		
Foreign Currency	USD	Euro	CHF	USD	Euro	CHF
Financial Assets						
Net Exposure to foreign currency risk -Asset (A)	7.92	0	0	7.92	0.84	0
Financial Liabilities						
Retention Money	0	0	0	0	1.32	0

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Other Payables	0	0	0	0	0	0
Net Exposure to foreign currency risk –Liabilities(B)	0	0	0	0	(1.32)	0
Net Exposure to foreign currency risk (A-B)	7.92	0	0	7.92	(0.48)	0

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

(iii) Capital Management

(a) Capital Risk Management:

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern, in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended 31st March, 2022.

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

(Rs. In Lacs)

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

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

(b) Loan Covenants:

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

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

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SHIMLA
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(c) Dividends:

The Company started commercial operation during the year 2016-17 and total cumulative loss as on 31.03.2022 is Rs. 68557 Lakhs, thus no dividend has been declared by the company.

Other Explanatory Notes to Accounts:

2.41 Contingent Liabilities:

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

(i) Capital works:

Contractors have lodged claims as on 31.3.2022, aggregating to approx. Rs. 77378.51 lacs, against the Company on account of rate & quantity deviation, cost relating to extension of time and idling charges due to stoppage of work/delays in handing over the site etc. These claims are being contested by the company as being not admissible in terms of provisions of the respective contracts or are lying at arbitration tribunal/other forums/other Courts. As the amounts recommended by the Dispute Boards (DBs) are much less than the amounts claimed by the contractors, the claims on account of further interest and escalation, if any, have not been considered.

		Rs. In Lac
Particulars	**31st March 2022**	**31st March 2021**
Capital Works	77378.51	80166.75
Land Compensation	79245.46	168618.40
Others	457.52	5489.65
Total	**157081.49**	**254274.8**

(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.79245.46 lacs as on 31.03.2022, before various authorities/courts. Company has shown the same as contingent liability as the matter is subjudice.It is worthwhile to mention here that the calculations of 445 number court cases (on 31.01.2023) of enhanced compensation in respect of Renukaji Dam Project have been considered till 31.03.2023.

(iii) Others:

a) Claims on account of other matters as on 31.03.2022, amounting to Rs. 457.52 Lacs, mainly on account of claims for EPF, Data Centre & building etc

The above is summarized below as at 31.03.2022:

Rs. In Lac

Particulars	Claims as on 31.3.2022	Provision Against The Claims	Contingent Liability as on 31.3.2022	Contigent Liability as on 31.3.2021	Addition /deletion of Contigent Liability for the period
Capital Works	77,378.51	0	77,378.51	80,166.75	-2,788.24
Land Compensation	79,245.46	0	79,245.46	1,68,618.40	-89,372.94
Others	457.52	0	457.52	5,489.65	-5,032.13

(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	31/03/2021	31/03/2022
a	Present value of obligation	137,986,302	162,078,774
b	Fair value of plan assets	--	--
c	Net assets / (liability) recognized in balance sheet as provision	(137,986,302)	(162,078,774)

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

(Amt. in Rs.)

Date Ending	31/03/2021	31/03/2022
Present value of obligation as at the end of the period	137,986,302	162,078,774

Service Cost

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Current Service Cost	13,421,186	14,994,017
b)	Past Service Cost including curtailment Gains/Losses	--	--
c)	Gains or Losses on Non routine settlements	--	--
d)	Total Service Cost	13,421,186	14,994,017

Net Interest Cost

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Interest Cost on Defined Benefit Obligation	--	9,383,069
b)	Interest Income on Plan Assets	--	--
c)	Net Interest Cost (Income)	--	9,383,069

Change in Benefit Obligation

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Present value of obligation as at the beginning of the period	68,182,720	137,986,302

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

Bifurcation of Actuarial Gain/Loss on Obligation

		31/03/2021	31/03/2022
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	--	--
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	--	(8,058,500)
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	56,382,396	9,138,556

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

Balance Sheet and related analysis

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Present Value of the obligation at end	137,986,302	162,078,774
b)	Fair value of plan assets	--	--
c)	Unfunded Liability/provision in Balance Sheet	(137,986,302)	(162,078,774)

The amounts recognized in the income statement.

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Total Service Cost	13,421,186	14,994,017
b)	Net Interest Cost	--	9,383,069
c)	Expense recognized in the Income Statement	13,421,186	24,377,086

Other Comprehensive Income (OCI)

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--
b)	Actuarial gain / (loss) for the year on PBO	(56,382,396)	(1,080,056)

c)	Actuarial gain /(loss) for the year on Asset	--	--
d)	Unrecognized actuarial gain/(loss) for the year	(56,382,396)	(1,080,056)

Change in Net Defined Benefit Obligation

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Net defined benefit liability at the start of the period	68,182,720	137,986,302
b)	Acquisition adjustment	--	--
c)	Total Service Cost	13,421,186	14,994,017
d)	Net Interest cost (Income)	--	9,383,069
e)	Re-measurements	56,382,396	1,080,056
f)	Contribution paid to the Fund	--	--
g)	Benefit paid directly by the enterprise	--	(1,364,670)
h)	Net defined benefit liability at the end of the period	137,986,302	162,078,774

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

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Current liability (Amount due within one year)	4,710,990	10,008,744
b)	Non-Current liability (Amount due over one year)	133,275,312	152,070,030
	Total PBO at the end of year	137,986,302	162,078,774

Expected contribution for the next Annual reporting period.

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Service Cost	14,179,125	15,848,713
b)	Net Interest Cost	9,383,069	11,702,087
c)	Expected Expense for the next annual reporting period	23,562,194	27,550,800

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

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

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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	31/03/2021	31/03/2022
a	Present value of obligation	158,817,866	206,910,761
b	Fair value of plan assets	--	--
c	Net assets / (liability) recognized in balance sheet as provision	(158,817,866)	(206,910,761)

Plan Liability

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

(Amt. in Rs.)

Date Ending	31/03/2021	31/03/2022
Present value of obligation as at the end of the period	158,817,866	206,910,761

Service Cost

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Current Service Cost	15,308,664	18,755,314
b)	Past Service Cost including curtailment Gains/Losses	--	--
c)	Gains or Losses on Non routine settlements	--	--
d)	Total Service Cost	15,308,664	18,755,314

Net Interest Cost

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Interest Cost on Defined Benefit Obligation	--	10,799,615
b)	Interest Income on Plan Assets	--	--
c)	Net Interest Cost (Income)	--	10,799,615

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Change in Benefit Obligation

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Present value of obligation as at the beginning of the period	73,400,288	158,817,866
b)	Acquisition adjustment	--	--
c)	Interest Cost	--	10,799,615
d)	Service Cost	15,308,664	18,755,314
e)	Past Service Cost including curtailment Gains/Losses	--	--
f)	Benefits Paid	(409,101)	(925,922)
g)	Total Actuarial (Gain)/Loss on Obligation	70,518,015	19,463,888
h)	Present value of obligation as at the End of the period	158,817,866	206,910,761

Actuarial Gain/Loss on Obligation

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	--	--
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	--	(11,614,198)
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	70,518,015	31,078,086

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

Balance Sheet and related analysis

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Present Value of the obligation at end	158,817,866	206,910,761
b)	Fair value of plan assets	--	--
c)	Unfunded Liability/provision in Balance Sheet	(158,817,866)	(206,910,761)

The amounts recognized in the income statement.

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Total Service Cost	15,308,664	18,755,314
b)	Net Interest Cost	--	10,799,615
c)	Net actuarial (gain) / loss recognized in the period	70,518,015	19,463,888
c)	Expense recognized in the Income Statement	85,826,679	49,018,817

Change in Net Defined Benefit Obligation

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Net defined benefit liability at the start of the period	73,400,288	158,817,866
b)	Acquisition adjustment	--	--
c)	Total Service Cost	15,308,664	18,755,314
d)	Net Interest cost (Income)	--	10,799,615
e)	Re-measurements	70,518,015	19,463,888
f)	Contribution paid to the Fund	--	--
g)	Benefit paid directly by the enterprise	(409,101)	(925,922)
h)	Net defined benefit liability at the end of the period	158,817,866	206,910,761

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

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Current liability (Amount due within one year)	4,785,248	10,341,464
b)	Non-Current liability (Amount due over one year)	154,032,618	196,569,297
	Total PBO at the end of year	158,817,866	206,910,761

Expected contribution for the next Annual reporting period.

(Amt. in Rs.)

		31/03/2021	31/03/2022
a)	Service Cost	16,110,090	19,772,704
b)	Net Interest Cost	10,799,615	14,938,957
c)	Expected Expense for the next annual reporting period	26,909,705	34,711,661

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

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

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

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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	
		2021-22	2020-21	2021-22	2020-21
1	HPSEB Ltd.	349.18	356.04	0.87	2.93
2	M/s TPTCL	35204.63	11361.44	87.94	93.33
3	M/s PTC	4480.10	455.24	11.19	3.74

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

(a) List of Related Parties:

(i) **Directors & Key Management Personnel:**

Name	Designation	Period/Duration (w.e.f.)
Sh. Amit Kashyap, IAS	Managing Director	02.11.2020 to 24.06.2021
Sh. Devesh Kumar, IAS		25.06.2021 to 13.04.2022
Sh. Harikesh Meena, IAS		16.04.2022 to 25.05.2022
Dr. Ajay Kumar Sharma, IAS		25.05.2022 to 31.01.2023
Sh. Harikesh Meena, IAS		**04.02.2023 to till date**
Sh. Manmohan Sharma, IAS	Director (Personnel & Finance)	10.06.2019 to 24.06.2021
Ms. Priyanka Verma, IAS		28.06.2021 to 05.08.2022
Sh. Mukesh Repaswal, IAS		06.08.2022 to 19.01.2023
Dr. Amit Kumar Sharma		**19.01.2023 till date**
Sh. Shashi Kant Joshi	Director (Electrical)	20.05.2020 to 13.10.2022
Sh. Mukesh Repaswal, IAS		20.10.2022 to 19.01.2023
Dr. Amit Kumar Sharma		**19.01.2023 till date**
Sh. Dharam Singh Thakur	Director (Civil)	09.03.2018 to 10.06.2021
Sh. Surender Kumar		**22.07.2021 till date**
Sh. Sudershan Kumar Sharma	Company Secretary	07.08.2008 till date

(ii) Joint Ventures:

Name of Entity	Principal Place of operation	Principal Activities	Percentage of Shareholding/ voting Power	
			As At 31st March 2022	As At 31st March 2021
Himachal EMTA Power Limited	Kolkata	Thermal Power Generation	50%	50%

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

Particulars	Joint Venture Companies	
Transactions During the Year	2021-22	2020-21
Investment in Share Capital	-	-
Share Application Money	-	-
Amount Recoverable	-	-

2.48 Remuneration to Directors and Key Managerial Personnel:

(Rs In Lacs)

Sr. No.	Particulars	Year ended on 2021-22	Year ended on 2020-21
(i)	Short Term Employee Benefits	91.32	104.02
(ii)	Post Employment Benefits	6.17	Nil
(iii)	Other Long Term Benefits	Nil	Nil
(iv)	Termination Benefits	Nil	Nil
	Total	**97.49**	**104.02**

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

2.49 Interest in Other Entities:

(i) Interest in joint ventures:

The company's interest in joint ventures as at 31st March, 2022 are set out below, which in the opinion of the management, are material to the company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the company. The country of in Company or registration is also their principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held:

(Rs. In Lacs)

Name of Entity and place of Business	% of ownership Interest	Relation ship	Accounting Method	Quoted Fair value		Carrying Amount	
				31st March 2022	31st March 2021	31st March 2022	31st March 2021
Himachal EMTA Power Limited	50	Joint Venture	Equity Method	*	*	*	*

* Unlisted Entity- no quoted Price available

** The Company has made provision of doubtful investments amounting to Rs. 338 lakhs in the F.Y. 2017-18.

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

Summarised balance sheet as at 31 March 2022 using the Equity Method:

Himachal EMTA Power Limited (Rs In Lacs)

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

Summarised statement of Profit and Loss using Equity Method:

(Rs. In Lacs)

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

2.50 Impairment of Assets:

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

2.51 Fair Valuation of assets and liabilities:

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

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

(Rs. In Lacs)

	Particulars	Year ended on 2021-22	Year ended on 2020-21
A	Expenditure in Foreign Currency (EURO)	Nil	Nil
B	Earnings in Foreign Currency	Nil	Nil
C	Value of Import Calculated on CIF basis	Nil	Nil
i)	Capital Goods	Nil	Nil
ii)	Spare Parts	Nil	Nil
D)	Value of Component, Stores and Spare Parts Consumed	Nil	Nil
i)	Imported	Nil	Nil
ii)	Indigenous	Nil	Nil

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

Sr. No	Particulars	Year ended on 2021-22	Year ended on 2020-21
1)	Licensed Capacity	281MW	281MW
2)	Installed Capacity	281MW	281MW
3)	Actual Generation (million Units)	959.90MUs	463.32MUs

2.54 Payment to Auditors includes:

(Rs In Lacs)

Particulars	Year ended on 2021-22	Year ended on 2020-21
As Auditors		
Statutory Auditors	5.62	00
Tax Audit	1.00	00
Cost Audit		00
Other services (Certification fee-Actuarial)	0.20	0
Reimbursement of Expenses(TA/DA)	0.00	1.17
Reimbursement of GST	1.05	0
Total	7.87	1.17

2.55 Disclosure related to Corporate Social Responsibility (CSR) as per the Companies Act, 2013:
The company has started commercial operations from the year 2016-17 and has not generated any profits 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 2022 as required by Micro, Small and Medium Enterprises Development Act, 2006:

(Rs. In Lacs)

Particulars	Year ended on 2021-22	Year ended on 2020-21
a) Amount remaining unpaid to any supplier:	Nil	Nil
Principal amount	Nil	Nil

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

2.57 Opening balances/corresponding figures for previous year/period have 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 yet to be completed by the Assessing Officer.

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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 2022 in the following proportions:-

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

(ii) **Income Portion:**

The Company has apportioned the income of corporate office and Design Wing Sundernagar from 01 September 2016 to 31st March 2022 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. Disbursements for this loan facility have also been started.

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

Consequent upon the expiry of ADB loan and cancellation of KFW Loan, HPPCL has executed a loan agreement with Power Finance Corporation Limited on dated 06.10.2021 for a loan amounting to Rs 2207.63 crore for the balance works of STKHEP including IDC. Corporation has also availed the disbursements amounting to Rs.126.08 crores from the said loan.

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

2.64 Commissioning of a new Project:

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

2.65 A sum of □ 103.24 lacs (excluding Interest) has been shown as recoverable from Directorate of Energy, Govt. of H.P in respect of Tidong- II HEP. This amount is still recoverable. In 70th meeting of BoD held on dated 03.12.2019, BoD did not agree to the proposal to consider the investment of Rs. 103.24/- lakhs in Tidong-II Hydro Power Project as doubtful debt and advised to again take up the matter with the DoE, GoHP .Being a larger issues concerning HPSEB & HPPCL(huge amount of HPSEB is stuck up with different developers), a meeting was held on 25.08.2021under the chairmanship of worthy ACS(MPP& Power) alongwith DOE, HPPCL,HPSEBL and HIMURJA to discuss the issue with regard to reimbursement of Survey and Investigation expenditure incurred on various projects. Now, DoE, GoHP vide letter dated 18.10.2022 has been again requested to recover the total expenditure i/c 10% interest liability till September, 2022 amounting to Rs. 3,60,62,126/- (Three crore, Sixty Lakhs, Sixty Two Thousand & One Hundred Twenty Six Only) incurred by HPPCL on Survey & Investigation works of Tidong - II Hydro Electric Project (60 MW) from developer. Keeping in view that Directorate of Energy has not yet denied to refund/re-imburse the same; hence provision for doubtful debt has not been made in Books of Accounts.

2.66 Survey and Investigation of Khab Hydro Electric Project:

No Provision of survey and Investigation expenditure is made by the Corporation in its books of accounts with respect to Khab Hydro Electric project, for which the expenditure is incurred by SJVN as the same was allotted to the SJVN earlier by Department of Energy. The Company has communicated to the DoE, GoHP vide letter dated 22.07.2017 that as PFR prepared by 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. 1899.23 Crore has been utilized till 31-12-2022. The amount of Rs 1812.68 Cr contributed by GoI, Govt. of NCT Delhi, Govt. of Haryana, GoHP. However, Out of HP Govt. Share of Rs.50.94 crores, HPPCL has already contributed Rs. 86.55 crores from its own funds.The fund flow for the Project from Govt. of India has started. GoI has released Rs 1037.92 Crore as Central Assistance for financial year 2021-22, for the payment of enhanced compensation to land owners for land acquisition for depositing required amount in CAMPA account for Stage-II Forest Clearance. An amount of Rs 1037.77 Cr out of Rs 1037.9246 Cr has been utilized up to 17.02.2023.

In case of Gyspa HEP, Company has shown Rs 7.14 crore as grant receivable from Central Water Commission, Government of India. The Central Water Commission has sanctioned Rs

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

Now the tender for carrying out the topographical survey at project site has been floated. The detailed layout of the project including various components, position of spillway, intake & other concerned structures will be marked on the survey and a conceptual layout plan of the project will be submitted to CWC for approval. The technical and financial bids have been opened on dated 17.08.2022 and 28.09.2022 respectively. The work could not be awarded to L1 due to the non-working season, however, the willingness for the validity of rates have been extended for another one year by the L1.

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

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

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

2.71 Amount recoverable from contractors includes a sum of 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 have filed liquidation proceedings with NCLT and the company has 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 31.03.2022, keeping in view the bleak realization of such recoverable

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

2.72 Status of the Nakthan HEP: Nakthan HEP (460MW) was allotted to the HPPCL by the Government of Himachal Pradesh on 22 September 2009 as a Run-of-the- River project on Tosh Nala / Parbati River. The Detailed Project Report (DPR) of Nakthan HEP (460 MW) in Distt. Kullu is in advanced stages of appraisal in Central Electricity Authority (CEA)/ Central Water Commission (CWC. Clearances/approval for 8 aspects/chapters of DPR has been obtained from CWC/CEA out of total 9 aspects/chapters under Level-I stage. Defense clearance is also in Place. Project was taken up for appraisal by EAC earlier in 2015 and 2016. In the 91st meeting of EAC held in February 2016, Environment clearance was withheld due to pending court case with M/s Sai Engineering in Hon'ble High Court of HP. Forest Clearance case is being pursued; however, the same has been pending for past some time. Forest right claims have been filed by both Nakthan and Tosh ward. Matter regarding FRA certificates is pending for final decision by Deputy Commissioner. Efforts are going on Government level for amicable out of court settlement. However, no amicable settlement could be reached, as IPP is adamant on his assertion of exclusive use of Tosh water. Accordingly, matter was 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" is being terminated. The other pre-construction stage activities such as demarcation of wild life sanctuary, FRA case and forest clearance shall be taken up once the project domain is clear.

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

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

In case of Sawra Kuddu HEP, the PPA was signed on dt. 04.11.2020 for sale of Power at IEX between HPPCL and TPTCL after 21.01.2021.Further, PPA was signed on dt. 24.11.2021 for sale of Power at IEX between HPPCL and TPTCL. Now, PPA has been signed on dt. 28.04.2022 between HPPCL & HPSEBL @ Rs. 3.40/unit valid from 01.05.2022 to 31.03.2023.

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

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

2.75 Renukaji Dam, a Project of **"National Importance"** has been conceived as a storage project on Giri River in Sirmaur district of Himachal Pradesh. Live Storage will be 0.498

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

For Water component GoI will bear an expenditure of Rs. 5982.72 Crore and Rs. 664.74 Crore shall be borne by the beneficiary states including Himachal Pradesh. Govt. of NCT of Delhi has agreed to fund 90 % cost of the power component also, in MoWR meeting dated 12.09.2018 held in New Delhi. Technical Advisory Committee (TAC) of MoJS accepted this proposal in its meeting held on 09-12-2019. Investment Clearance has been accorded by MoJS in the meeting dated 07-08-2020. Expenditure Finance Committee has approved the project on 6th August 2021.

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

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

The estimates are almost ready for the roads to the component of the project. HPPWD has completed survey works of roads to be widened/ excavated by it and the DPRs are being prepared. Once the Forest Stage-II Clearance is accorded to the Project, the land will be handed over to HPPCL. Thereafter, construction activities, i.e. construction of approach roads to the project components, will commence.

Central Water Commission (CWC) has been hired as Design Consultant on nomination basis for carrying out the activities i.e. review of DPR, Detailed design and Engineering and Preparation of Tender stage Design and Drawings on 01-07-2022. CWC has carried out review of DPR and intends to affect some changes in the design to ensure that the reservoir capacity is maintained for whole of its service life and not encroached by siltation caused by heavy erosion in catchment area. To affect such changes in design, formation of a panel of geological experts is proposed which is under process. For the Project Management Consultant (PMC) online proposals/bid has been invited through Open-tendering on National Competitive Bidding (NCB) route on 28.09.2022. Pre-bid meeting was held on 14.10.2022 and queries have been replied. Date of receipt of bids has been extended upto 22.02.2023. PMC will be onboard by May 2023. Work on preparation of mining plan is underway. Diversion arrangement works are expected to start by January 2024.

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

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

- Appointing M/s AFRY as Design Consultant/ subcontractor of M/s PEL for carrying out Design and analysis for overall Diversion Barrage component of contract in respect of Shongtong Karchham HEP.
- Amendment to contract sub-clause 13.8 of PCC and Attachment –III of the contract executed between M/S PEL and HPPCL in respect of Shongtong Karchham HEP on dated 17.09.2021 to the extent that w.e.f. September, 2020, the Linking

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Factor=2.88 will be used for conversion of CPI number of new CPI-IW series 2016.

- Enhancement No. 2 to Change Order Variation -03 with respect to cover the cost of Haulage and dumping of muck beyond project area due to non-availability of dumping sites in the Shongtong Karchham project.
- Change Order/ variation Order no.05 with respect to cover the additional cost for the work of Installation of In-place Inclinometer.
- Change Order/ variation Order no.06 with respect to cover the additional cost for carrying out the work of Odex Drilling.
- Change Order/ variation Order no.07 with respect to cover the extra cost for carrying out additional hydraulic model study of Barrage and Power Intake.
- Change Order/ variation Order no.08 in respect of consultancy services rendered by M/s PEL for Design of additional hydraulic model study of Barrage. Intake and river training works etc.
- Change Order/ variation Order no.09 with respect to Design of niches in Power House and Transformer Hall cavern of Shongtong Karchham HEP.
- Change Order/ variation Order no.10 with respect to construction of benches/ platforms for installation of 2 no's 220/4 KV distribution Transformers near Adit -II to HRT.
- Amendment to contract sub-clause 13.8 of GCC of the contract executed between M/S PEL and HPPCL in respect of Kashang HEP II & III on dated 06.04.2022 to the extent that w.e.f. September, 2020, the Linking Factor=2.46 will be used for conversion of CPI number of new CPI-IW series 2016.

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

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

2.80 To finance the working capital requirements, Corporation is availing the cash credit limits of Rs. 200.00 Crore, each from KCC Bank Ltd and H.P State Cooperative Bank Limited, The Mall, Shimla. As on 17.02.2023, total limit exhausted /utilized against CCLs stands at Rs 9942.20 and Rs. 14821.40 respectively.

2.81 Surrender of Unviable/Idle Projects allotted to HPPCL:

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

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

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Non-monetary government grants

As per para 23 of IND AS 20

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

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

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

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

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

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

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

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

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partly for the Solar Project has been prepared on the basis of HPERC guidelines, land and revenue papers as available.

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

S.No.	Name of proposed Project/ Proposed site.	Revenue paper collected by HPPCL (Hectare)	Tentative capacity (MW)	Proposed Project name for official correspondence	Remarks
1	Tihra Khas Sub tehBihru Kalan District Una	44.7179	22	Tihra Khas Solar Photovoltaic Project-II	In-principally approved by Himurja on 04.02.2023.
2.	Laam, Village Laam, Tehsil Una, District UNA	71.1886	36	Laam, Solar Photovoltaic Project.	In-principally approved by Himurja on 04.02.2023.
3	Lamlehdi Nichli, Tehsil Una, District UNA	106.4628	54	Lamlehdi Nichli Solar Photovoltaic Project.	In-principally approved by Himurja on 04.02.2023.
4	Pekhbella Sub Tehsil Bihru Kalan Distt Una.	112.48	65	Pekhbella Solar Photovoltaic Project.	Provisional application submitted with Himurja.
5	Aghlor Village Aghlor, Sub Tehsil Bihru Kalan Distt Una	34.04	17	Aghlor Solar Photovoltaic Project.	Application for approval of provisional allotment already submitted to HIMURJA.
6	Kayarian Village Kayarian, Tehsil Bangana, District UNA	22.1005	11	Kayarian Solar Photovoltaic Project.	Application for approval of provisional allotment already submitted to HIMURJA.

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7	Lamlehdi Uparli, Tehsil Una, District UNA	94.71	47.10	Lamlehdi Uparli Solar Photovoltaic Project.	Application for approval of provisional allotment already submitted to HIMURJA.
8	Gondpur Vulla Uparla, Village Gondpur Vulla Uparla, Sub-Tehsil Dulehad, District UNA	27.2689	13.5	Gondpur Vulla Solar Photovoltaic Project.	Application for approval of provisional allotment already submitted to HIMURJA.
9	Santoshgarh Swan Up- Mohal Santoshgarh Swan, Sub-Tehsil Mehatpur Basdehra, District UNA	10.7500	5.5	Santoshgarh Swan Solar Photovoltaic Project.	Application for approval of provisional allotment already submitted to HIMURJA.

2.85 HPPCL is in process of identifying suitable locations for setting up of aggregate 150-200MW of Solar capacity by March 2028. Setting up of said 150 MW capacity has been agreed as a Disbursement Linked Indicator under the Himachal Pradesh Power Sector Development Program (HPPSDP) being funded by the World bank. So, on progressive achievement of the above target, alongwith some other indicators funds to the tune of net $112.5 M USD shall flow to the HPPCL out of the $250 M USD HPPSDP program of which $200 M USD shall come from the World Bank and $ 50 M USD from GoHP. The appraisal had got completed in October 2022 and invitation to negotiations and negotiations package containing draft Program Appraisal Document, draft Loan agreement, draft Program Agreement and draft Disbursement and Financial Information letter have been received vide Bank's letter dated 31.10.2022. Pre-Loan Negotiations meeting is to be held on 17th Feb 2023 and final negotiations shall be completed by February, 2023.Further, loan signing with World Bank shall be done by March 2023.

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

On reference of Central Vigilance Commission, CBI registered the case on 07.08.2014 and thereafter, on 31.08.2022, CBI court passed its judgment wherein all the accused i.e. M/s Himachal EMTA Power Ltd. (A-1), its two directors: Ujjal Kumar Upadhaya (A-2) and Bikash Mukherjee (A-3), and its CGM (Power): N.C. Chakraborty (A-4) were held guilty and convicted for the offence u/s 120-B IPC and 120-B r/w 420 IPC. All the above accuseds were also held guilty and convicted for the substantive offence u/s 420 IPC. Subsequently, orders dated 07.09.2022 on sentence were passed by the Hon'ble court wherein out of total four (4) convicts, M/s HEPL was fined with Rs.10,00,000/- under 120-B/420 IPC and Rs.10,00,000/- under 420 IPC, which was to be deposited within two weeks (till 21.09.2022), whereas, other three convicts were sentenced for three years of imprisonment with fine of Rs. 4 lakhs each. In view of aforesaid judgment and subsequent court orders, HPPCL sought opinion of Panel

Advocate, Sh. Aaditya Vijay Kumar, engaged by GoHP vide letter dated 29.01.2021, with respect to safeguarding the interest of GoHP/ HPPCL and its officers (who are on the Board of M/s HEPL). In response, Ld. Counsel opined that *"No steps have to be taken presently to safeguard the interests of the GoHP and/ or HPPCL and its officers. The entire judgment does not refer to the role of GoHP/ HPPCL and its officers. Infact, it only discloses the manner in which the Accused misrepresented and cheated the Government of India. In this background, it would only be advisable to keep a watch on the appeals which are filed and observe such proceedings, as and when the appeals are filed."*

Subsequently, Legal Cell of HPPCL opined that the Managing Director, M/s HEPL, may be requested to deposit the fine imposed on Accused No. 1 i.e. M/s HEPL till 21.09.2022 as ordered by the Court and also, to assail the order of the CBI Court by way of filing appeal before the concerned High Court. Accordingly, Managing Director, M/s HEPL, was requested vide letter dated 13.09.2022, in response of which M/s HEPL vide letter dated 17.09.2022 intimated that *"...we need to pay a total amount of Rs. 32 Lakhs for the Company itself, its two Directors and Ex-CGM (Power) and fund be provided by the partners of the Joint Venture, EMTA and HPPCL in the ratio of 50:50 basis."* Further, it was intimated by M/s HEPL that they have made the payment regarding the aforesaid amount of Rs. 32 Lakhs and requested HPPCL to remit its share of Rs. 16 Lakhs in favour of EMTA Coal Limited. In this regard, legal aspects in the matter are being looked into. Further, as per order dated 18.10.2022 of Hon'ble High Court of Delhi, the fine imposed on M/s HEPL stands deposited and the appeal filed by M/s HEPL is admitted for hearing, which is to be listed with other connected matters in 'Regular List'.

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

For and on behalf of Board of Directors

(B. L. Verma)	(Sudershan K Sharma)	(Dr. Amit K. Sharma)	(Harikesh Meena)
A.G.M (Finance)	**Consultant (Company Secretary)**	**Director (Finance)**	**Managing Director**
		DIN No.10071204	**DIN No.09333558**

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

(CA Suresh Chand Soni)
Partner
M No 083106
Place: Shimla
Date: 04.12.2023

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INDEPENDENT AUDITOR'S REPORT

To

The Members of HIMACHAL PRADESH POWER CORPORATION LIMITED

Report on the Stand alone Ind AS Financial Statements

Qualified Opinion

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

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

Basis for Qualified Opinion

We conducted our audit of the Stand alone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand alone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Stand alone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Stand alone financial statements.

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

B. Preparation of the Financial Statements

Financial statements are prepared on excel sheets but ,No units' financial statements were made available to us showing comparative figs for the previous year .This is worth mentioning that this task of preparing IndAs financial Statements including unit wise balance sheets is given to a firm of CAs who neither prepared them unit wise nor in terms of IND AS as per

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appointment letter . The details of vouchers in SAP were asked for but submission of such information was delayed /given late and incomplete.

The qualification as to differences in details provided & financial statements reported in previous audit reports remained unverified by us & not reproduced here.

C .Material Misstatements: i) The expenses on repair maintenance booked Rs 2.58 crore (reported during previous year audit report) at Kashang HOP are doubtful for material misstatements , no proof of seepage was made available to us on our visit this year also, but were assured to supply the same during next year audit.

ii) The payment of GST @ 18% to contractor PEL is doubtful for material misstatements, the claim of management that this payment was made on the advise of some consultant (being CA) but neither any proof of advise nor any opinion was made available to us .After going through the contract documents we doubt it to be a excess payment , actual excess amount or otherwise will be checked & calculated during next year audit.

D. Consolidation of subsidiary financial statements:

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

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

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

(i) Indian Accounting Standard (Ind As 1) Preparation of Financial Statements
The Para 15 of Ind As 1 Presentation of Financial Statements states that where Financial Statements comply with IND As the company shall make an explicit and unreserved statement of such compliance in the notes. No Disclosure for the same has been made in the note

ii) Indian Accounting Standard 115 & 116:

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

(iii) Indian Accounting Standard (Ind AS) 20 Accounting for Government Grants and Disclosure of Government Assistance.
The Company has been granted the deferment of repayment of principal payment and payment of interest till FY 2020-21 refer Note 2.74 .No letter of deferment afterwards was shown to us till signing of this report. The company must account for the interest payable on such deferment till the close of the year at market rate as grant from the government and has to be accounted for as the addition to cost and the same has also to be shown as addition of grant. No such interest has been accounted for by the company till the close of the year as per para 10 A of the IND AS. In the absence of the information we are unable to comment on same.

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

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

(v) **Indian Accounting Standard (Ind AS) 10 Events After the Reporting Period**
The financial Statements for the year under review are provided to us on 19thJune 2022 which was approved by the BOD on 18th March, 2022. The financial statements are not adjusted for the events occurred between the Balance sheet date both favourable and unfavourable till date of the finalisation of this report.

(vi) **Indian Accounting Standard (Ind AS) 113 Fair Value Measurement**
The Company has not made Fair Value of the assets and Labilities as on 31st March 2022, **(Refer** *Note No 2.46*). The same is not in line with the IND as 113 Fair Value Measurement which is mandatory applicable to the company.

(vii) **Indian Accounting Standard (Ind AS) 109 Financial Instruments**
The Company has not applied the Ind As 109 while disclosing the Government Loan in the financial statements below market rate interest and its impact on the profit and loss and Balance sheet has not been disclosed in the financial statements.

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

ix) **Indian Accounting Standard (Ind AS) 8 Accounting Policies, Changes in Accounting in Accounting Estimates and Errors**
as reported in earlier audit reports ,the Company has not applied the Ind As 8 in relation to accounting of the Prior Period Adjustments of errors while preparing the Financial Statements as stated in the para 1.25 of the Significant Accounting Policies of the company.

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

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 tentative provision has been made as the amount of lease has not been ascertained. In the absence of information, we are unable to comment on the same. This observation was also reported in previous year report.

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

(iii) The Himachal Pradesh Electricity Regulatory Commission Hydro Generation Tariff Regulation has provided that the Depreciation @ 3.34% is leviable on submerged Land. The HP CAG issued comment on the same in the Supplementary audit for the year 2016-17 .The company claims depreciation is to be provided after the land is submerged .We were made to understand that the proposed reservoir is for water supply for drinking & irrigation & generation of electricity is incidental to it .

(iv) The Renukaji HEP has paid ₹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

(v) No effect has been given by the management in the financial statements to the comments issued by CAG of India dated 23-08-22022 on financial statements for the year ended 31.3.2020 nor on 31.3.2021 although the management claims compliance of the same. Same is the status of statutory audit reports. In addition the management Claims that these pertains to prior period and current auditors has to do nothing on this .

2 Capital Work in Progress 2.2

(i) We Invite attention to Note No 2.70 where in it is stated that the Court case has been filed by the Toss Mini Hydel Project in the Hon'ble High Court of Himachal Pradesh against the Government of Himachal Pradesh. The matter is still under litigation and may have impact on the Development of the Project.

(ii) The Sainj Unit has paid Entry Tax amounting to ₹ 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

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₹ 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 Sudarnagar and rest has been allocated to the other units in the proportion of capital expenditure incurred by the remaining units. The above apportionment ratio has not been approved by the Board of Directors of the company. The allocation percentage and ratio adopted by the company is also not in compliance to accounting policy of the company mentioned at Note no 1.6 (g) The Company has provided no justification for approving the percentage of 15 % for allocation of corporate office and Sundarnagar expenditure to Renukaji HEP.

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

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 Steal Limited for which another Joint Venture has been made in the Name of Gourangdih Coal Limited.

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"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

(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 2.67 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.

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The Management has informed the previous auditors through a letter from the Director Finance dated 9th June 2022 that in case of non recovery of the amount from the contractor the same will be charged to the cost of the " Main Civil Works" after obtaining the necessary approval from the Board of Directors.

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

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

In our opinion as the amount is doubt full of recovery necessary provision should be made in the books of accounts. Thus, Other Non-Current Financial Assets are overstated to the extent of above and Capital work in progress are understated to the extent of above. However ,as per management ,this matter is pending before the High Court of H.P.against the arbitration award.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 Viswas se Vivad Scheme. The Liability of payment of the service tax was of the company in the pre GST period which was Charged from the HCC on account of Rent Charges of use of Machinery of the Coastal Projects by the HCC . The Amount was credited to the Costal Projects without depositing the service tax from the rent credited to the Coastal Projects. Thus the services are covered Under Principal agent relationship and GST has to be charged on the same and a sum of ₹ 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 2.37. The Official Liquidator has not accepted the claim of the company stating the reason that the matter is pending with the Hon'ble High Court of Himachal Pradesh

(iv) We invite attention to Note No 2.61 where in it is stated that the company has not made a provision for ₹ 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.

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

(viii) The 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 .

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

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(x) 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.

(xi) 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 extant of above and expenditure is understated to that extant.

(xii) 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 extant of above and expenditure is understated to that extant.

(xiii) 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 extant of above as the amount has not been recovered and adjusted till date.

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

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

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

(xvii) 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

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

Sr no	Item No	Description	Amount		Remarks
1	2000000751	G.I pipe 80 mmΦ 248.3 Rmt	₹	1,06,140.80	Trasnfered from HPSEB
2	2000000744	Portable magzine 4 Nos	₹	1,55,567.00	Trasnfered from HPSEB
3	2000000765	Steel tubler pole 10 mtr 42 Nos	₹	4,51,035.90	Trasnfered from HPSEB
4	2000000727	Angle iron 100x100x6 mm 17.787 M	₹	6,06,688.42	Trasnfered from HPSEB
5	2000000766	ACSR conductor 14,078 M	₹	6,22,205.05	Trasnfered from HPSEB
6	2000005637	Needle Tips & Seat Ring 1 Set	₹	16,60,593.94	Spares for E and M work
			₹	36,02,231.11	

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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.

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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 2022.

Particulars	as on 31st March 2022	as on 31st March 2021
Tangible Assets	142421.47	97435.05
Advances & Deposits	11427.84	10320.35
CWIP	7.54	7.54
Incidental Expenses	16834.03	15268.25
Advances	186.42	186.42
	170877.30	123217.61
Grant Received	74371.39	71086.80
Shortfall	96505.92	52130.81

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

(ii)We invite attention previous year audit report regarding allocation of expenses to Renukaji HEP wherein its stated that the allocation of expenditure of Corporate office and sundarnagar Design office to the unit has not been confirmed / approved by the participating states and the central government. In the absence of confirmation and approvals we are unable to comment on the apportionment of expenditure charged to the Renukaji HEP. The company has allocated ₹ 168.34 crore (previous year ₹ 152.68 crore) as share of corporate office and design wing expenses to the Renukaji HEP for current year viz 31st March 2022.

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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₹ 87.13 lakhs (Previous Year ₹80.07 lakhs) as unclaimed money on account of payables, retention, security and other payables to the contractors. The amount has been shown under this head because the persons to whom amount is payable is not traceable. In our opinion the other current financial liabilities are overstated to the extent of above and necessary provision for amount written back should be provided.

(v) The Swara 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 on15.12.2023

(vii) Local Area Development Fund: -
We Invite attention to Note 2.69 where in the company has not made any provision of amount payable to LADA fund on account of increase in cost of the Projects ,as final cost determination of commissioned projects is under process

(viii) Reported by previous auditors the Kashang Unit has not Charged GST on the Liquidation Charges amounting to ₹ 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 extant and other non current assets is also understated to that extant. Claim of management that this pertain to pre-GST erais wrong as date of billis 21-11-2017.

(ix) The Swara Kuddhu 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

SGM GULATI & CO. SHIMLA CHARTERED ACCOUNTANTS 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) Note no 2.56 The company is showing only net sale instead of gross sale.

(ii) The Beradol Solar Power unit while fixing the tariff rate has adopted HPREC AD benefit Rate of ₹ 4.31 per unit while approving the Tariff Rate with HPSEB. The Corporation is not availing the advance deprecation benefit thus Tariff rate of ₹ 4.79 per unit is applicable to the corporation. Thus Sale of power is understated to the extent of ₹ 38.89 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 (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 Note No 2.79 where in no provision has been made by the company for income tax during the year under review.

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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 uncertainly involved and the matter is subjudice we are unable to comment on the recoverability of the above amount and its effect on the Financial Statements.

16 Quantitative Details in respect of energy generated and sold

We invite attention to Note 2.53 where in the Company has stated that it has installed capacity of 281 MW as on 31st March 2022. The company has capacity 65 MW *3 i.e. 195 MW but water supply was only for one turbine at Kashang stage I against installed 3 turbines. and the installed capacity of the Sainj HEP is 100 Sawra kuddu HEP installed capacity is 111 and one solar unit with the capacity of 5MW was installed .However ,the installed capacity 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 the file Regular First Appeal in the Hon'ble High Court against the awards passed by the Lower Courts and against the decision of the Hon'ble High Court. Refer Note 2.41 Notes where in its stated that the company has made contingent provision in respect of the awarded amount amounting to ₹ 79245.46 lakh. The Decision of the company not to file the appeal will make the contingent provisions as regular provisions and thus the provisions on account of land compensation of Renuka Ji Project is understated to the extent of above.

19 Amount llaying in Bank accounts of LAO has been added to the cost of land instead of showing as bank balance under current assets amount on 31.3.2022 was Rs 31731982/-

Emphasis of Matter:

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

2 We further draw attention to the following matters in the Notes to the stand alone Ind As Financial statements: -

(i) Balances of trade receivables,advances ,deposits ,trade payables are subject to reconciliation/ confirmation and respective consequential adjustments.

(ii) Note No 2.62 to the Stand alone Ind AS financial statements regarding statement on State Government loan for Shontong Karcham HEP (450MW) where the ADB funding to state government has expired and stopping of funding by the KFW to the project.

(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 .....

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.

	Key Audit Matter	How our audit addressed the key audit matter
1.	***Tendering:*** Tendering is key audit matter & we have started scrutiny of major tenders & will be completed next year audit .	Some has been checked & rest will be checked & accessed as to controls during next year audit.
2	***Contingent Liabilities and Provisions*** *There are a number of litigations pending before various forums against the Company and the management's judgement is required for estimating the amount to be disclosed as contingent liability and for creating the adequate amount of provision, wherever required. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgment in*	*We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures:* *- understood and tested the design and operating effectiveness of controls as established by the*

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	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)	management for obtaining all relevant information for pending litigation cases; - discussed with the management any material developments and latest status of legal matters; - examined management's judgements and assessments whether provisions are required; - considered the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote; - reviewed the adequacy and completeness of disclosures; Based on the above procedures performed, the estimation and disclosures of contingent liabilities and creation of provisions are considered to be adequate and reasonable.
3	**Property, Plant & Equipment** There are areas where management judgement impacts the carrying value of property plant and equipment and the irrespective depreciation rates. These include the decision to capitalise or expense costs; the annual asset life review; the timeliness of the capitalisation of assets and the use of management assumptions and estimates for the determination or the measurement and recognition criteria for assets retired from active use. Due to the materiality in the context of the balance sheet of the Company and the level of judgement and estimates required, we consider this to be as area of significance. (Refer Note No. 2.1 to the Stand alone Financial Statements, read with the Significant Accounting Policy No. 1.5)	Due to corona epidemic ,none of the units where property plant & equipment are kept could not be visited . Actual Controls will be assessed during next year audit as these were not practicable at HO in the absence of information .However ,we have reviewed the same through discussions with management at HO.
4	**Capital work-in-progress(CWIP)** The company is involved in various capital works like construction of new power projects, installation of new plant and machinery, civil works etc. These projects/works take a substantial period of time to get ready for intended use and due to their materiality in the context of the balance sheet of the Company, this is considered to be an area which had the	We performed an understanding and evaluation of the system of internal control over the capital work-in-progress, with reference to identification and testing of key controls .Deficiencies were found and same reported at appropriate place in our Audit report. Actual controls will be assessed during next year audit .

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	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)	

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

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

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

In connection with our audit of the Stand alone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Stand alone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Stand alone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Stand alone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Stand alone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the Stand alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Stand alone financial statements.

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

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

-Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

-Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

-Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Stand alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

-Evaluate the overall presentation, structure and content of the Stand alone financial statements, including the disclosures, and whether the Stand alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

3. As required by section143(3) of the Act, we report that:

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

b) Except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Statement of Profit and Loss and statement of Cash Flows and Statement of changes in equity dealt with by this report are in agreement with the books of account;

d) Except for the effects of the matter described in the Basis of Qualified Opinion paragraph above ,in our opinion, the aforesaid Stand alone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act,

e) The Matter described in the Basis for Qualified Opinion paragraph above , in our opinion may have adverse effect on the functioning of the company.

f) In view of the exemptions given vide Notification No. G.S.R. 463 (E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164 (2) of the Companies Act, 2013 regarding disqualification of directors, are not applicable to the company.

g)The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

h) With respect to adequacy of Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-3" in our opinion the internal financial controls system is adequate but the operating effectiveness of such controls need be improved.

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i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 2.41 to the Stand alone Ind AS financial statements.

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

iii. There were no amounts as at 31.03.2023 which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

(CA Suresh Chand Soni)
Partner
M No083106
Place: Shimla
Date: 08 /12/2023
UDIN 23083106BGTDEG3924

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ANNEXURE 1 TO THE AUDITORS' REPORT

Annexure referred to in our report of even date to the members of HIMACHAL PRADESH POWER CORPORATION LIMITED on the accounts for the year ended 31st March 2022.

(i) (a) The company has generally maintained proper records showing **full particulars, including quantitative details** and situation of its fixed assets. except that identification **,location etc need be mentioned.**

(b) As explained to us all the assets were got physically verified by **the management during the year under review.** We were informed that **no material discrepancies were noticed on such verification. However** ,verification reports of HO , Transit camp, Shongtong-Karcham HEP, **Thana Plaun HEP,** Renukaji Dam Project, Sainj HEP, Triveni Mahadev **HEP and BeraDol Solar Power Project** were shown to us ,but no report of ,land , Plant **machinery ,stores & spares of any unit** was shown to us.

(c) Title deed of immovable properties are in the name of the company **except in cases of Renukaji HEP, Sainj** HEP Shongtong HEP and Chirgaon HEP **where the land has not been transferred in the** name of the Company.

(ii) The inventory of the company consisting of Capital Stores, stores, **spare parts and other Items. We were** informed that these have been physically verified by **the management during the year under review.** But no reports were made available to us.

(iii) According to the information and explanations given to us, **the company has not granted any loans, secured** or unsecured to companies, firms or other parties **covered in the register maintained under** section 189 of the Companies Act, 2013. In view of above, **the clauses 3(iii)(a) and 3(iii)(b)** of the Order are not applicable.

(iv) The Company has not given any loan, made investments and issued **guarantees under section 185 and** 186 of the Companies Act,2013.

(v) The company has not accepted any deposits from the public in **terms of section 73 to 76 or any provisions** of the Companies Act, 2013 and rules there under.

(vi) The company has made and maintained cost accounts and records as **specified by the Central Government** under section 148 (1) of the Companies Act 2013. **However, we have not made a detailed** examination of these accounts and records with a **view to determine whether they are** accurate and complete. The companies cost accounting **records has been audited by the Cost** Auditors M/s Balwinder and Associates and they **have submitted the report on 30/09/2022.**

(vii) (a) The company is generally regular in depositing with **appropriate authorities undisputed statutory dues including** provident fund, income tax, sales tax, wealth tax, **service tax, custom duty, excise duty,** value added tax, cess and other statutory dues **applicable to it, and there are no undisputed** dues outstanding as on 31st March 2022 for a period of more than six **months from the date** they became payable. However the Liability on account of Goods and **Service Tax can** not be quantified as GST audit is under progress till the finalisation of this **report. We are informed** that the provisions of Employees' State Insurance Act are not **applicable to the company.**

The Company has not made any default in any repayment of loans or borrowing to any financial institution or bank or dues to debenture holders. However, the Government of Himachal Pradesh has given the sanction to the deferment of repayment Loan and interest up to 31-03- 2021. No Deferment has been given by the State Govt after that and the request for

SONI GULATI & CO. ★ SHIMLA CHARTERED ACCOUNTANTS the same has been given by the company for further deferment. and company has not paid the amount of instalment of loan and interest after January 2017 till the finalisation of the report. The State Government has not given deferment for the year 2021-22 .

(ix) No money was raised by way of initial public offer or further public offer during the year. The amount raised by the term loans from the Government of Himachal Pradesh has been utilised for the purpose it was raised during the year under review .The company had raised CC limit of Rs 200 Lakh for working capital from KCCB, secured by charge on Plant & Machinery. However , we could not get any evidence of utilisation of limit ,so cannot comment ,whether it has been used for the intended purpose.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information/ explanation given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we have been informed of any such cases by the management except in the year 2015 at Renukaji HEP and the same is pending with State Vigilance.

(xi) This being a government company Section 197 of the Act is not applicable.

(xii) Company is not a Nidhi Company.

(xiii) As per information available to us all transactions with related parties are in compliance with Section 177 & 188 of the Companies act 2013, wherever applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable Accounting Standards.

(xiv) As informed by the management, the company has not made any preferential allotment to private placement of shares or fully convertible debentures during the year under review.

(xv) As informed to us the company has not entered in to any non-cash transaction with directors or persons connected with him.

(xvi) Section 45-IA of the Reserve Bank of India Act, 1934 is not applicable to the company.

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

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

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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 2022

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.	According to the information and explanations given to us and based on our audit, the Company has a system in place to process the accounting transactions through M M Module , Project System , Human Capital Module and Financial and Controlling Module through IT system and for this purpose SAP-ERP has been implemented by the Company. Period end Financial Statements are compiled offline based on balances and transactions generated from such SAP-ERP system for the purpose of preparing The Accounting transactions for sale of power is not generated though Sales and distribution Module and being directly posted in FI Module. We have neither been informed nor have we come across during the course of our audit any accounting transactions which have been processed outside the IT system having impact on the integrity of the accounts. The company has maintained separate Data Centre but does not have Disaster Recovery Centre. Also ,the cost of land in balance sheet is different in SAP and balance sheet due to uploading of deposits with Court to Cost of land in Balance sheet.	Nil
2	Whether there is any restructuring of an existing loan or cases of waiver/write No such case come off of debts/loans/interest etc. made by a lender to the company due to the across during If yes, the financial impact may be stated. company's inability to repay the loan?	The State Government Loans has been restructured for repayment of loan and interest up to Jan 2017 till the year2018-19. The Company had requested the State Government for further deferment in the month of September 2022 . The State Government has deferred only the dues for the year FY 2022-21 till FY2022-22.	NIL

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

Annexure 3

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, except in the areas given below based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

- Making preparation of financial statements on SAP instead of Excel sheets.
- Implementation and Compliance of Indian AS at unit level to ensure the compliance of the Indian AS on the company as a whole.
- Classification of account heads in SAP according to the disclosure and classification requirements of the Schedule II of the companies act 2013 and requirements of the Ind AS
- Harmonisation in creation of account heads at Corporate Level in relation to advances, liabilities and vendors according to the nature of expenditure so that no duplication of account code exits and only single account code is allotted to individual vendors in the company as a whole.
- Payment to contractors strictly on the basis of authorisation of the BOD.
- Option of marking of clearing entries in the SAP should be followed by all the accounting units in respect of current as well as old accounting entries.
- Scrutiny of old Earnest Money Deposits, security deposits, Retention money and other payables to contractors.
- Capitalisation of Capital Work in Progress in timely and efficient manner.
- Reconciliation of retro entries in SAP for CPT Module.
- Payment to Contractors of Additional Advance/ Advance Against Retention Money and its accounting treatment.
- Recovery of delay damages from the contractors and accounting thereof
- Provision of Expenses should be made on realistic basis and the payment in subsequent financial year should be adjusted from the provision only.
- Long Term Advances and Deposit Work should be regularly reviewed and accounted for where the significant work has been completed.
- Accounting of Provision is respect of doubtful advances and other recoverable.
- Review of Negative Balances in liabilities and assets heads.
- Accounting of EMD in the nature of FDR in the books of accounts.

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

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

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

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

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