

HIMACHAL PRADESH POWER CORPORATION LIMITED  
Consolidated Balance Sheet As At 31st March 2016

Rupees In Lacs

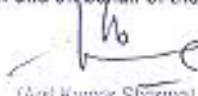
Particulars	Note No	Current Year	Previous Year
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds:</b>			
(a) Share Capital	2.1	151,059.58	135,059.58
(b) Share Application Money Pending Allotment	2.2	7,457.00	4,302.00
<b>(2) Reserves &amp; Surplus</b>	<b>2.3</b>	<b>68,672.34</b>	<b>20,051.79</b>
<b>(3) Non-Current Liabilities:</b>			
(a) Long-Term Borrowings	2.4	174,824.07	171,691.99
(b) Long Term Liabilities	2.5	76,221.43	41,766.79
(c) Long Term Provisions	2.6	3,302.20	2,760.51
<b>(4) Current Liabilities:</b>			
(a) Other Current Liabilities	2.7	64,180.81	27,420.16
(b) Short Term Provisions	2.8	33.11	-
<b>Total</b>		<b>567,750.54</b>	<b>403,082.79</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets:</b>			
(a) Fixed Assets	2.9		
(i) Tangible Assets	2.9.1	31,078.17	30,683.91
(ii) Intangible Assets	2.9.2	46.54	93.16
(iii) Capital Work-in-Progress	2.9.3	421,300.80	300,420.99
(b) Non-current Investments	2.10	-	-
(c) Long Term Loans and Advances	2.11	29,088.20	25,937.12
(d) Other Non-Current Assets	2.12	9,153.41	9,104.97
<b>(2) Current assets:</b>			
(a) Inventories	2.13	21.81	-
(b) Trade Receivables	2.14	-	0.50
(c) Cash and Cash Equivalents	2.15	26,265.33	36,704.77
(d) Short-Term Loans and advances	2.16	1,000.97	11.99
(e) Other Current Assets	2.17	49,795.31	125.39
<b>Total</b>		<b>567,750.54</b>	<b>403,082.79</b>

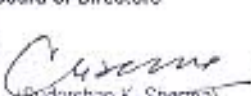
Significant Accounting policies

1

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

For and on behalf of the Board of Directors

  
(Anil Kumar Sharma)  
Dy. G.M. (Finance)

  
(Bodarshan K. Sharma)  
Company Secretary

  
(Naresh Kumar)  
Director (Finance)  
DIN 7351150

  
(Devendra K. Sharma)  
Managing Director  
DIN 3147065



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

For Anil Karol and Company

Chartered Accountants

FRN No 4816N

(CA Wallia Umesh)

Partner

Membership No. 098287

Place: Shimla

Date: 08/02/17

**HIMACHAL PRADESH POWER CORPORATION LIMITED**  
Consolidated Statement of Profit and Loss for the year ended 31st March 2016

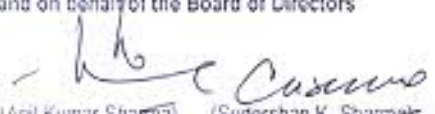
Particulars	Note No	Rupees in Lacs	
		Current Year	Previous Year
<b>I. Revenue</b>			
Revenue from operations	2.18	-	-
Other income	2.19	1.65	3,045.86
		-	
<b>Total Revenue (A)</b>		<u>1.65</u>	<u>3,045.86</u>
<b>Expenses</b>			
Employee Benefit Expenses	2.20	-	421.67
Finance Cost	2.21	0.18	2,725.09
Depreciation and Amortization expenses	2.22	0.83	656.79
Other Expenses	2.23	26.88	1,351.06
		-	
<b>Total Expenses (B)</b>		<u>27.89</u>	<u>5,154.61</u>
<b>Profit/Loss before extra ordinary items &amp; tax (A+B)</b>		<u>(26.24)</u>	<u>(2,108.75)</u>
<b>Extra Ordinary Items</b>			
Loss of Fixed/CWIP Assets			
Kashang HEP	63.29	(17.92)	(63.29)
Sawra Kuddu HEP	0.53		(0.53)
<b>Profit/Loss Before Tax</b>		<u>(44.17)</u>	<u>(2,172.57)</u>
<b>Income Tax</b>			
Current Tax		(0.45)	0.68
Deferred Tax			
<b>Profit/Loss for the year</b>		<u>(43.71)</u>	<u>(2,173.25)</u>

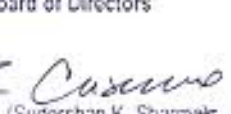
**Significant Accounting policies**

1

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

For and on behalf of the Board of Directors

  
(Anil Kumar Sharma)  
Dy. G.M. (Finance)

  
(Sudershan K. Sharma)  
Company Secretary

  
(Neeraj Kumar)  
Director (Finance)  
DIN 7351150

  
(Devendra K. Sharma)  
Managing Director  
DIN 3147065

This is the Statement of Profit and Loss referred to our report of even date

For Anil Karol and Company  
Chartered Accountants  
FRN No 4816N



  
(CA Walia Umesh)  
Partner  
Membership No. 098287

Place: Shimla

Date: 08/02/17

HIMACHAL PRADESH POWER CORPORATION LIMITED	
(Rs in Lacs)	
Consolidated Cash Flow Statement for the year ended 31st March 2016	
Particulars	Current Year
(A) Cash flow from operating activities	(43.71)
Adjustment for:	
Loss of Fixed CWP Assets	-
Depreciation	0.83
Interest Income	(1.55)
Finance Interest Cost	-
Operating profit before Working Capital Changes	(54.53)
Adjustment for Increase / Decrease:	
Long Term Loans and Advances	(2,151.08)
Other Non Current Advance	(48.44)
Inventories	(21.81)
Trade Receivables	0.50
Short Term Loans and Advances	(588.98)
Other Current Assets	(4,532.22)
Long Term Liabilities	26,710.64
Long Term Provisions	541.70
Other Current Liabilities	37,817.32
Short Term Provisions	33.11
Cash Generated from Operation	56,360.74
Less: Income Tax Paid	-
Net Cash from operating activities	56,316.21
(B) Cash flow from Investing activities	
Net Expenditure on Tangible Assets	(1,395.31)
Net Expenditure on Intangible Assets	(0.00)
Depreciation in CWP	1,037.74
Expenditure on CWP*	(120,879.80)
CWP from Deficit Account	3,564.57
Investment in JV	-
Less: Loss of Fixed CWP assets from torrential rain & flood	(0.83)
Net Cash from Investing activities	(117,673.72)
(C) Cash flow from Financing activities	
Share Capital	16,000.00
Share Application Money	3,125.00
Long Term Borrowings - Proceeds	32,309.41
Long Term Borrowings - Repayment	(580.00)
Capital Grant	(0.00)
Depreciation on Capital Grant	(27.57)
Finance Charges less interest earned	1.65
Net Cash from Financing activity	50,918.89
Gross Total (A+B+C)	(10,439.42)
Add: Opening Cash and Equivalents	36,704.77
Closing Cash and Equivalents	26,265.33
	10,439.44

\* Net Expenditure on CWP is net of finance interest cost during the year.

The substantial amount of both Current Liabilities and Current Assets belongs to Projects which are under construction and HPPCL has not yet begun its revenue generation, therefore, effect of charge is capital nature and shown accordingly under investing activity.

(Anil Karol Sharma) Dy. G.M. (Finance)  
 (Gudmankar Sharma) Company Secretary  
 (Hemraj Khatua) Director (Finance)  
 DIN 7351156

(Devendra K. Sharma) Managing Director  
 DIN 3147055  
 04/02/17



This is the Cash Flow Statement referred to our report of even date  
 For Anil Karol and Company  
 Chartered Accountants  
 FRN No 4316N

Place: Shimla

Date: 02/02/17

(CA Walla Urvesh)  
 Partner  
 Membership No. 098297



**HIMACHAL PRADESH POWER CORPORATION LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup>**  
**MARCH, 2016**

**1. Significant Accounting Policies:**

**1.1 System of Accounting**

The financial statements are prepared according to the historical cost convention on accrual basis in line with the generally accepted accounting principles in India and the provisions of the Companies Act, 2013, including accounting standards notified thereunder as amended from time to time.

**Basis of Consolidation**

a) The consolidated financial statements (CFS) relate to Himachal Pradesh Power Corporation Limited. (the Company), and interest in Joint Ventures, together referred to as 'Group'

**b) Basis of Accounting**

(i) These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

ii) The financial statements of the Subsidiary Joint Ventures in the consolidation are drawn up to the same reporting date as of the Company for the purpose of consolidation.

iii) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21- 'Consolidated Financial Statements' and Accounting Standard (AS) 27- 'Financial Reporting of Interest in Joint Ventures'.

**c) Principles of consolidation.**

The consolidated financial statements have been prepared as per following principles:

(i) The consolidated financial statements include the interest of the Company in Joint Ventures, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the Company's share of each asset, liability, income and expense of a jointly controlled entity is considered as a separate line item.

ii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

**1.2 Fixed Assets**

i) Fixed Assets are stated at historical cost less accumulated depreciation and any impairment in value. 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.

ii) Cost comprises the cost of procurement/construction inclusive of any attributable cost (i.e. freight, taxes, duties and incidental expenses) of bringing the asset to its working condition for its intended use.

(iii) Fixed Assets created on land not belonging to the company where the company is having control over the use and access of such assets are included under Fixed Assets.

iv) Capital expenditure incurred on assets not owned by the Company are included under the head fixed assets.

v) Payments made provisionally towards compensation and other expenses relating to land in possession are treated as cost of land.

vi) The assets acquired from grant in aid has been shown at full cost inclusive of any attributable cost there on.



### 1.3 Capital Work in Progress

- i) In respect of supply-cum-erection contracts, the value of supplies received at site/construction store and accepted is treated as Capital Work-in-progress.
- ii) Administration and Other General Overhead expenses at the Corporate Office, Design Wing and Projects under Construction / Survey & Investigation attributable to construction of fixed assets are identified and allocated on systematic basis on major immovable assets other than land, infrastructure facilities and bought out items on commissioning of Projects.
- iii) Expenditure during construction period relating to Survey and Investigation, LADA, Relief & Rehabilitation, environment & ecology, are treated as "Incidental Expenditure during construction" under capital work in progress and will be allocated to respective fixed assets on completion/construction of the project.
- iv) 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.
- v) Claims for price variation / exchange rate variation in case of contracts are accounted for on acceptance.

### 1.4 Depreciation:

- i) Depreciation has been provided for on Written Down Method on useful life basis and in the manner specified in schedule II of Companies Act, 2013.
- ii) Depreciation on assets till start of commercial production has been shown under "Incidental Expenditure during construction" under capital work in progress
- (iii) 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.
- (iv) Expenditure on software is recognized as 'Intangible Asset' and amortized fully over three years on Straight Line Method or over a period of its legal rights to use whichever is less.
- v) Leasehold land is amortized pro-rata through depreciation over the period of lease or 32 years, whichever is lower.

### 1.5 Grant in Aid

- i) The Grant in aid received/recoverable from Central and State Governments in respect of cost of the project and other expenses in relation to projects has been shown under Capital Reserve.
- ii) The Depreciation on assets acquired from the grant in aid has been reduced from the capital reserve on year to year basis.

### 1.6 Investments

Non-Current Investments including investment in Joint ventures are valued at cost less provision for permanent diminution in value.



## 1.7 Inventories:

- i) Inventories consist of loose tools and spare parts at project sites and valued at cost or net releasable value whichever ever less.
- ii) Scrap is accounted for as and when sold.
- iii) The diminution in the value of obsolete, unserviceable and surplus stores & spares is ascertained on review and provided for.

## 1.8 Foreign Currency Transactions

- i) Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- ii) Monetary items denominated in foreign currency are restated at exchange rates prevailing on the Balance Sheet date. Non- Monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
- iii) Exchange differences, are recognized as 'Incidental Expenditure during construction' in case of projects under construction under Capital Work in progress.

## 1.9 Borrowing costs

Borrowing costs attributable to fixed assets during construction of the projects are capitalized.

## 1.10 Provision, Contingent Liabilities & Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation because of past events and it is probable that there will be outflow of resources. Contingent liabilities are not recognized, but are disclosed in the notes. Contingent assets are neither recognized, nor disclosed in the financial statements.

## 1.11 Income

Rental income has been accounted for on receipt basis

## 1.12 Employee Benefits

### i) Defined Contribution Plan (Provident Fund):

Corporation's Contribution paid/payable during the year to Provident Fund is recognized in the statement of Incidental Expenses during construction Pending Allocation.

### ii) Defined Benefit Plan (Gratuity):

Liability towards Gratuity for the year has been provided based on Payment of Gratuity Act, 1972 in respect of HPPCL employees.

### iii) Defined Benefit Plan (Pension Contribution & Leave Encashment):

Liability towards Pension contribution in respect of HPSEBL & other employees, who are on secondment basis with HPPCL has been provided as per provisions contained in FRSR. Leave salary in respect of these employees has been provided at the rate of 11% on basic pay plus grade pay, however amount for leave availed by employees during the year has been deducted from pension contribution and leave salary.



- vi) Provision for leave encashment in respect of HPPCL employees has been provided by taking basic pay plus grade pay plus dearness allowance.

#### 1.13 Miscellaneous

- i) Expenses and Capital losses which are not identifiable for bringing the capital assets to its working condition has been charged to the profit and loss account.
- ii) Interest received on the short-term parking of funds, has been settled against the cost of loan, received from the State Govt.
- iii) The difference of the cost to the Company of its investment in joint venture over its proportionate share in the equity of the respective investee company as at the date of acquisition of stakes recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

#### 1.14 Taxes on Income

- i) No provision for Income Tax for the current year has been made as all generating units of corporation are currently under construction.
- ii) No Provision of tax on current rental income has been made as the company has brought forward Business losses under Income Tax Act.

#### 1.15 Cash Flow Statement

Cash Flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) – 3 'Cash Flow Statements'.



## 2 Notes on Accounts

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

### 2.1 SHARE CAPITAL

	Numbers of Shares	Amount	Numbers of Shares	Amount
<b>AUTHORISED</b>				
Equity Shares of par Value of Rs 1,000/- each	20,000,000.00	200,000.00	15,000,000.00	150,000.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>				
Equity Shares of par Value of Rs 1,000/- each fully paid up	15,105,958.00	151,059.58	13,505,958.00	135,059.58
Total		<u>151,059.58</u>		<u>135,059.58</u>

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

Name of Shareholder	Current Year		Previous Year	
	Number of Shares	Percentage	Number of Shares	Percentage
Government of Himachal Pradesh	1,926,700.00	12.75	1,326,700.00	9.82
Himachal Pradesh Infrastructure Development Board	11,871,477.00	78.59	10,871,477.00	80.49
Himachal Pradesh Electricity Board Limited (13,07,731 Equity Shares Issued in kind)	1,307,731.00	8.66	1,307,731.00	9.68
<b>TOTAL</b>	<b>15,105,908.00</b>	<b>100.00</b>	<b>13,505,908.00</b>	<b>100.00</b>

#### 2.1.2 Reconciliation of shares outstanding is set out below:

PARTICULARS	Current Year		Previous Year	
	No. of shares	Amount	No. of shares	Amount
No of shares at the beginning	13,505,958.00	135,059.58	11,823,896.00	118,238.96
No of shares issued during the year	1,599,950.00	15,999.50	1,682,062.00	16,820.62
No of shares at the end	<u>15,105,908.00</u>	<u>151,059.08</u>	<u>13,505,958.00</u>	<u>135,059.58</u>

### 2.2 ADVANCE SHARE APPLICATION MONEY

PARTICULARS	Amount	Amount
	Current Year	Previous Year
Share Application money pending allotment	7,457.00	4,332.00
<b>TOTAL</b>	<u>7,457.00</u>	<u>4,332.00</u>

PARTICULARS	Amount	Amount
	Current Year	Previous Year
Share Application money pending allotment	7,457.00	4,332.00
<b>TOTAL</b>	<u>7,457.00</u>	<u>4,332.00</u>

### 2.3 Reserves & Surplus

#### 2.3.1 Capital Reserve:

Capital Grant Government of India

##### A) Utilised Grant

Renuka

Opening Balance	23,983.80	23,983.80
Addition during the year	44,696.00	
Less: Accumulated Depreciation on Fixed Assets	(189.15)	(162.47)
Closing Balance	<u>68,490.65</u>	<u>23,821.33</u>

Jyspa

Opening Balance	500.00	500.00
Addition during the year	441.70	
Less: Accumulated Depreciation on Fixed Assets	(11.07)	(9.78)
Closing Balance	<u>930.63</u>	<u>490.22</u>
<b>Total Utilised Grants</b>	<b>69,421.28</b>	<b>24,311.55</b>

The Renukaji Dam Hydro Electric project and Gyspa Dam project is being implemented by HPPCL as a National project and is fully funded by the Government of India and Governments of beneficiary states. The contributions received for Renukaji Dam project from the Delhi Jal Board and the Haryana Government aggregating Rs. 23,983.80 Lacs and for Gyspa Dam project from CWC Rs. 500.00 Lacs have been treated as Capital Reserve (Net of depreciation) in compliance with AS-12.

##### B) Unutilised Grant





Opening Balance	-	-
Addition during the year	-	-
Less Depreciation on Fixed Assets Adjusted	-	-
Closing Balance	69,421.28	24,311.55

### 2.3.1 Surplus/Deficit

Opening Balance	(4,259.79)	(2,085.54)
Less Previous years adjustment	3,554.56	-
Add: Profit/Loss for the year as per Statement of Profit and Loss	(43.71)	(2,173.25)
Closing Balance	(748.94)	(4,259.79)
Total 2.3.1 and 2.3.2	68,672.34	20,051.76

Due to change in accounting policy referred in para 1.3 (i) during the year, loss relating to previous years 2014-15 and 2013-14 has been adjusted amounting to Rs 3,554.56 lacs. The Unit wise details is as under -

Corporate Office	3,032.15
Sunder Nagar	546.40
Kashang	10.00
Other HEP	(33.99)
	3,554.56

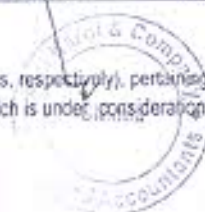
### 2.4 LONG TERM BORROWINGS:

PARTICULARS	Amount Current Year	Amount Previous Year
<b>Long Term Loans</b>		
<b>From Other Parties</b>		
<b>Secured</b>		
<i>(Mortgage against assets of HEP)</i>		
Power Finance Corporation for Sawara Kuddu HEP <i>(Rate of interest 12.75 % payable in Quarterly instalments from July 2017 to October 2044)</i>	1,471.16	1,771.16
Power Finance Corporation for Kasang HEP <i>(Rate of interest 9.75 % payable in Quarterly instalments up to October 2013)</i>	150.00	150.00
	1,621.16	1,921.16
<b>Unsecured</b>		
Government of Himachal Pradesh Loan for Shongtong HEP <i>(Rate of interest 3.83 % pa payable in half yearly instalments from July 2018 to January 2028)</i>	2,567.03	16.12
Government of Himachal Pradesh Loan for Shongtong HEP <i>(Rate of interest 0.75 % pa payable in half yearly instalments from July 2021 to January 2028)</i>	1,036.01	6.51
Government of Himachal Pradesh Loan ( Trench I ) <i>(Rate of interest 10 % payable in yearly instalments of principal with interest up to January 2022)</i>	30,233.43	37,224.53
Government of Himachal Pradesh Loan ( Trench II ) <i>(Rate of interest 10 % payable in yearly instalments of principal and interest from 15 Jan 2016 up to January 2023)</i>	52,863.44	51,952.52
Government of Himachal Pradesh Loan ( Trench III ) <i>(Rate of interest 10 % payable in yearly instalments of principal and interest from 15 Jan 2017 up to January 2026)</i>	48,108.21	45,475.78
Government of Himachal Pradesh Loan ( Trench IV ) <i>(Rate of interest 10 % payable in yearly instalments of principal and interest from 15 Jan 2016 up to January 2021)</i>	38,394.76	34,095.30
	173,202.91	169,770.83
<b>TOTAL</b>	174,824.07	171,691.99

The company has been regular in repayment of The loans or interest thereon during the year

The Government of HP has allowed deferment of loan and interest until the commencement of at least one project

Case for deferment of repayment of Loan and Interest thereon amounting to Rs. 28,372.00 Lacs (i.e. Rs. 9744.00 Lacs and Rs. 18628.00 Lacs, respectively), pertaining to Calendar Year 2015, vide letter No. HPPCL/F&A/ADB-Loan HP Govt/2016-18825-27 dated 23.01.2016, has been submitted to GoHP, which is under consideration of GoHP



2.5 LONG TERM LIABILITIES:

PARTICULARS	Amount	Amount
	Current Year	Previous Year
Deferred Repayment of Interest of Government of Himachal Pradesh Loan	48,355.00	29,727.00
Deferred Repayment of Principal of Government of Himachal Pradesh Loan	21,766.00	12,022.00
Deposits Retention Money from contractors and others	8,089.92	-
Less Investment held as Security	(8.38)	-
Payable to JSW Limited	18.89	17.79
<b>TOTAL</b>	<b>78,221.43</b>	<b>41,766.79</b>

The Loan from GOHP and Interest thereon amounting to Rs. 28,372.00 Lacs has been deferred during the year. Total Loan amounting Rs.9,744.00 Lacs has been deferred by the GoHP for FY 2015-16, until the commencement of at least one of the project of HPPCL.

Total interest deferment for Rs.18,628.00 Lacs has been approved by GoHP, until the commencement of at least one project of HPPCL.

2.6 LONG TERM PROVISIONS:

PARTICULARS	Amount	Amount
	Current Year	Previous Year
Unfunded Employees Benefit		
Provision for Pension Contribution	1,031.33	763.94
Provision for Gratuity	406.56	355.62
Provision for Leave Encashment	1,864.32	1,640.95
<b>TOTAL</b>	<b>3,302.20</b>	<b>2,760.51</b>

	As at 10/4/2015	For The Year			As At 31/03/2016
		Additions	Write Back	Utilization	
Unfunded Employee Benefits					
Pension Contribution	763.94	279.18	11.79		1,031.33
Gratuity Provision	355.62	66.15	11.12	24.09	406.56
Leave Encashment	1,640.95	248.96	10.21	15.39	1,864.31
Others					
	<b>2,760.51</b>	<b>614.29</b>	<b>33.12</b>	<b>39.48</b>	<b>3,302.20</b>

(0.01)

2.7 OTHER CURRENT LIABILITIES:

PARTICULARS	Amount	Amount
	Current Year	Previous Year
Liabilities for Employee's remuneration and benefits	174.76	108.45
Liabilities for Contractors & Suppliers	2,681.55	2,772.21
Liabilities for Government Departments	259.51	506.84
Interest accrued and due on Unsecured Loans	5,027.55	4,382.36
Interest accrued and due on Secured Loans	48.31	60.42
Current portion of Power Finance Corporation Loan payable	300.00	580.22
Current portion of Govt of Himachal Pradesh Loan	19,193.00	-
Provision for Expenses	53,412.57	7,888.72
Deposits Retention Money from Contractors and Others	2,626.65	11,013.27
Advance for Deposit Work	70.00	-
Taxes and Duties payable	184.08	107.68
Bank Overdrawn due to Bank Reconciliation	2.83	-
<b>TOTAL</b>	<b>84,180.81</b>	<b>27,420.16</b>

2.8 Short Term Provisions

A) Unfunded Employee Benefits

Gratuity Payable	11.12	-
Leave Encashment Payable	10.21	-
Pension Payable	11.79	-
Others		
	<b>33.11</b>	





	As at 1/04/2015	For The Year		As At 31/03/2016
		Additions	Write Back	Utilization
Unfunded Employee Benefits				
Pension Contribution	-	11.79	-	11.79
Gratuity Provision	-	11.12	-	11.12
Leave Encashment	-	10.21	-	10.21
Others	-	-	-	-
	-	33.11	-	33.11

	Amount Current Year	Amount Previous Year
2.9 FIXED ASSETS:		
2.9.1 Tangible Assets	31,123.81	30,776.15
2.9.2 Intangible Assets	-	-
	31,123.81	30,776.15
2.9.3 Capital Work in progress	421,300.80	300,420.99
	421,300.80	300,420.99
2.11 LONG TERM LOANS AND ADVANCES		
PARTICULARS	Amount Current Year	Amount Previous Year
Capital Advances:		
Secured by Hypothecation of Equipment and / Material	129.51	-
Unsecured Considered Good	-	-
Covered by Bank Guarantee	13,361.57	-
Others	139.87	16,178.49
Security Deposits- Unsecured Considered Good		
Security/EMD Deposited	144.38	143.11
Loans and advances to Related Parties		
Loans and Advances to Joint Ventures		
Secured Considered Good		
Unsecured Considered Good		
Advances to Others		
Others - Secured Considered Good	5.02	-
Others - Unsecured Considered Good	6,071.03	9,615.52
Deposit with Judicial Authorities	9,238.81	-
<b>TOTAL</b>	<b>29,088.20</b>	<b>25,937.12</b>



2.12 Other Non Current Assets

Capital Stores At Cost ( as Certified by the management)		
Steel	7.08	-
Cement	-	-
Others ( Capital Stores)	8.50	-
Material at site	-	-
Other items	3.47	-
Recoverable Contractors and Others	2,901.17	1,420.57
Others Recoverable	232.76	206.25
Fixed Deposits with Banks having Maturity for more than 12 months	300.00	-
Recoverable from Staff	0.08	-
Deposits With Income Tax Authorities	5,665.39	6,755.78
TDS Recoverable/Amount Recoverable from Tax Authorities	34.96	716.38
	<u>9,153.41</u>	<u>9,104.97</u>

2.13 INVENTORIES

PARTICULARS	Amount	Amount
	Current Year	Previous Year
Loose Tools	0.05	-
Stores and Spares	21.76	-
Less Provision for Shortage and Obsolescence	-	-
<b>TOTAL</b>	<u>21.81</u>	<u>-</u>

Note 2.14 Trade Receivables

Outstanding for a period exceeding six months from the due date of payment

Secured considered good

Unsecured considered good

Lab Charges

	0.50
	<u>0.50</u>
	<u>0.50</u>

**TOTAL - A**

Outstanding for a period less than six months from the due date of payment

Secured considered good

Unsecured considered good

Lab Charges

	-
	-
	-
	<u>-</u>
	<u>0.50</u>

**TOTAL - B**

**TOTAL - A+B**

2.15 CASH AND BANK BALANCES

PARTICULARS	Amount	Amount
	Current Year	Previous Year
Cash and Bank Balances		
(1) Cash in hand (including Imp rest)	0.62	0.58
(2) Stamps in hand	0.19	0.10
(3) Bank Balances		
(i) Current Deposits	20,989.45	33,632.86
(ii) Term Deposits with maturity period up to 3 months	565.57	3,071.24
Cheques and Drafts in hand		
	<u>24,545.83</u>	<u>36,704.77</u>
Other Bank Balances		
Margin Money for BG/ Letter of Credit and Pledged Deposits	113.26	-
Other Term Deposits Having Maturity period for more than 3 Months	1,606.24	-
<b>TOTAL</b>	<u>26,265.33</u>	<u>36,704.77</u>





## 2.16 SHORT TERM LOANS AND ADVANCES:

PARTICULARS	Amount Current Year	Amount Previous Year
Loans and Advances to Related Parties		
Loans and Advances to Directors		
Secured Considered Good	-	-
Unsecured Considered Good	-	-
Advances to Contractors & Suppliers		
Secured Considered Good	-	-
Unsecured Considered Good	624.12	-
Considered Doubtful	-	-
Less Provision for Doubtful Advances	-	-
Advances to Employees (Unsecured Considered Good)	0.34	2.53
Advances Others		
Secured Considered Good	-	-
Unsecured Considered Good	352.63	-
Prepaid Expenses	13.88	9.46
<b>TOTAL</b>	<b>1,000.97</b>	<b>11.99</b>

## 2.17 OTHER CURRENT ASSETS

PARTICULARS	Amount Current Year	Amount Previous Year
Interest Accrued but not due on Deposits with Banks	224.57	76.55
Amount Recoverable from Contractors	239.94	-
Income Tax Refund	4,190.75	-
Grant Receivable	45,137.70	-
Recoverable from Staff	2.23	1.18
Other Current Assets	0.11	47.66
<b>TOTAL</b>	<b>49,795.31</b>	<b>125.39</b>

## Inter Unit Transfers

IUT	(0.00)	(0.00)
	(0.40)	(0.00)

## 2.18 Revenue from Operations

Sale of services	-	-
Rent of Land	-	-
Rent from Property	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

## 2.19 MISCELLANEOUS INCOME:

	Amount Current Year	Amount Previous Year
Interest on Bank Deposits/FDRs	1.64	3,029.94
Interest from Banks	-	15.01
Income from Providing Design Works/Lab Receipts	-	0.91
Adjustment of Depreciation on Capital Grants	-	-
Other	0.00	-
<b>TOTAL</b>	<b>1.65</b>	<b>3,045.86</b>

## 2.20 EMPLOYEE BENEFITS EXPENSES

PARTICULARS	Amount Current Year	Amount Previous Year
Salaries, Wages, Allowances and Benefits	-	123.77
Contribution to Provident and Other Funds	-	0.56
Leave Salary and Pension Contribution	-	240.53
Welfare Expenses	-	56.82
<b>TOTAL</b>	<b>-</b>	<b>421.67</b>



## 2.21 FINANCE COST

PARTICULARS	Amount	Amount
	Current Year	Previous Year
Interest on Term Loans	(0.00)	2,721.32
Bank Charges/LC Charges	0.18	3.77
<b>TOTAL</b>	<b>0.18</b>	<b>2,725.09</b>

## 2.22 DEPRECIATION EXPENSES:

PARTICULARS	Amount	Amount
	Current Year	Previous Year
Depreciation for the year	0.83	656.79
<b>TOTAL</b>	<b>0.83</b>	<b>656.79</b>

## 2.23 OFFICE AND ADMINISTRATIVE EXPENDITURE

PARTICULARS	Amount	Amount
	Current Year	Previous Year
Repairs and Maintenance Vehicle	-	6.44
Repairs and Maintenance Office Furniture & Equipments	-	10.51
Repairs and Maintenance Plant and Machinery	-	-
Repairs and Maintenance Buildings	-	7.48
Repairs and Maintenance Others	-	0.34
Office Expenses	25.07	2.21
Hospitality and Entertainment Expenses	-	5.57
Meeting Expenses	-	8.47
Misc. Expenses	(0.00)	2.13
Communication Expenses	-	82.76
Rent, Rates and Taxes	-	88.43
Consultancy Fees	-	122.33
Annual Technical Support-SAP	-	303.03
Vehicle Running Charges & Insurance Charges	-	13.48
Training Expenses	-	2.12
Fees & Subscription	-	5.80
Electricity & Water Expenses	-	43.97
Printing & Stationery	-	12.66
Books, Periodicals & Newspapers	-	3.80
Freight & Labour Charges	-	1.54
Raising Day Expenses	-	4.79
Legal & Professional Charges	1.58	4.61
Postage & Telegram Expenses	-	1.02
Publicity & Advertisement Expenditure	-	15.55
Expenditure on Transit Camps/Guest House	-	4.20
Business Promotion Expenses	-	0.84
Insurance-Other Assets	0.06	1.05
Land Acquisition Expenses	-	-
Contribution to IIT Una	-	480.00
Statutory Audit Fees( Including Out of pocket Expenses)	0.17	3.79
Traveling and Conveyance	-	22.92
Hiring of Vehicles	-	85.27
Dismantling & Removal Expenditure	-	2.28
<b>TOTAL</b>	<b>26.80</b>	<b>1,351.06</b>

## Note 2.24 Earning Per Share Basic and Diluted

Net Profit after Tax	-	-
Weighted Average Number of Shares	14,305,908.00	12664927
Face Value of Share	1000	1000
EPS	-	-





### 1.9 Borrowing costs

Borrowing costs attributable to fixed assets during construction of the projects are capitalized.

### 1.10 Provision, Contingent Liabilities & Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation because of past events and it is probable that there will be outflow of resources. Contingent liabilities are not recognized, but are disclosed in the notes. Contingent assets are neither recognized, nor disclosed in the financial statements.

### 1.11 Income

Rental income has been accounted for on receipt basis

### 1.12 Employee Benefits

#### i) Defined Contribution Plan (Provident Fund):

Corporation's Contribution paid/payable during the year to Provident Fund is recognized in the statement of Incidental Expenses during construction Pending Allocation.

#### ii) Defined Benefit Plan (Gratuity):

Liability towards Gratuity for the year has been provided based on Payment of Gratuity Act, 1972 in respect of HPPCL employees.

#### iii) Defined Benefit Plan (Pension Contribution & Leave Encashment):

Liability towards Pension contribution in respect of HPSEBL & other employees, who are on secondment basis with HPPCL has been provided as per provisions contained in FRSR. Leave salary in respect of these employees has been provided at the rate of 11% on basic pay plus grade pay, however amount for leave availed by employees during the year has been deducted from pension contribution and leave salary.

vi) Provision for leave encashment in respect of HPPCL employees has been provided by taking basic pay plus grade pay plus dearness allowance.

### 1.13 Miscellaneous

i) Expenses and Capital losses which are not identifiable for bringing the capital assets to its working condition has been charged to the profit and loss account.

ii) Interest received on the short-term parking of funds, has been settled against the cost of loan, received from the State Govt.

iii) The difference of the cost to the Company of its investment in joint venture over its proportionate share in the equity of the respective investee company as at the date of acquisition of stakes recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

### 1.14 Taxes on Income

i) No provision for Income Tax for the current year has been made as all generating units of corporation are currently under construction.

ii) No Provision of tax on current rental income has been made as the company has brought forward Business losses under Income Tax Act.

### 1.15 Cash Flow Statement

Cash Flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) – 'Cash Flow Statements'.



## Note 2.25 Foreign currency transactions

Payments in foreign currency are made to the contractors against their bills. These are recorded on rates prevailing on date of payment. Foreign Exchange Payments are as follows:

	Currency	FY 2015-16	FY 2014-15
Chinese National Committee	Euro	1,300.00	170,519.00
	INR	96,642.00	13,402,664.00
Voith Hydro	Euro	613,769.81	
	INR	48,563,395.00	
	USD	5,098,654.00	
Andritz Hydro	INR	331,268,650.00	
	Euro	150,106.00	
	INR	10,162,000.00	
	USD	721,964.00	
	INR	4,563,900.00	

## Note 2.26 Contingent Liabilities:

### I. Claims against the company not acknowledged as Debt:

Particulars	Rs. in Lacs	
	As on 31.03.2016	As at 31.03.2015
Capital Works	5228.30	45,034.61
Entry Tax (penalty & interest)	1088.98	1088.98
<b>Total</b>	<b>5833.28</b>	<b>46,123.59</b>

### II. The above contingent liabilities do not include claims against the company in respect of other matters where the amount cannot be quantified.

## Note 2.27 Cases pending with Income Tax Authorities

- I. For the FY 2007-08, Rs.58,88,735/- and 2008-09, Rs.1,00,54,375/- (Tax & interest) has been imposed & deposited. HPPCL has preferred an appeal before the Hon'ble H.P. High court against the orders of the Income Tax Appellate Tribunal, Chandigarh. The Hon'ble court has admitted the appeal on 07.01.2015.
- II. For the FY 2008-09, Assessing Officer has raised a demand of RS. 9, 43, 28,025/- (Penalty) u/s 271 (1) (c) of Income Tax Act, 1961, which was deposited and company had filed an appeal with ITAT, Chandigarh. The appeal has been set aside in the favour of HPPCL & the refund is awaited.
- III. The Appeals filed with Income Tax Appellate Tribunal, Chandigarh for the FY 2009-10 involving amount of Rs.13,24,24,480/- and for FY 2010-11, Rs.8,93,04,970/- (Tax & interest). The case has been partially decided in HPPCL's favour by ITAT order dated 06.05.2015 and 06.08.2015 respectively. Hon'ble ITAT, Chandigarh has directed the A.O. to examine the bifurcation of the funds. The case is pending with Dy. Commissioner of Income Tax, Shimla.
- IV. For the FY 2011-12, against the demand of Rs. 11,99,17,420/- raised by ITO which was deposited, the company and Company has preferred an appeal with CIT (A) Solan and the same is pending with CIT (Appeal) Solan.
- V. The Financial Year for FY 2012-13 against the demand of Rs. 12,44,18,250/- raised by ITO has been deposited and Company has preferred an appeal with CIT (A) Solan and the same is pending with CIT (Appeal) Solan.
- VI. The assessment for the FY 2013-14 has been made with the Tax liability of Rs. 9,18,75,949/- and Company has preferred an appeal with CIT (A) Solan and the same is pending with CIT (Appeal) Solan
- VII. The assessment F.Y 2014-15 is pending with Assessing Authority (DCIT Circle, Shimla).
- VIII. The Company has claimed refund of RS 86900000 /against the Advance tax deposited during the F.Y. 2015-16The assessment for the FY 2013-14 and F.Y 2014-15B are pending with Assessing Authority (ACIT Circle, Shimla).





VIII.

The Company has claimed refund of RS 86900000 /against the Advance tax deposited during the F.Y. 2015-16The assessment for the FY 2013-14 and F.Y 2014-15B are pending with Assessing Authority (ACIT Circle, Shimla ).

**Note 2.28Entry Tax :**

The H.P. Excise and taxation department imposed penalty and interest for default in payment of Entry Tax on material supplied by various contractors. The matter is subjudice under Appellate Authority-cum-Additional Excise and Taxation Commissioner, Shimla. The status of which is as given below:

(Rs. in Lacs)

Power Project	Interest	Penalty	Total (Interest & Penalty)	Latest Status
Kashang HEP	126.34	251.32	377.66	Decision pending with Appellate Authority cum AETC
SawraKuddu HEP	205.00	455.00	660.00	-Do-
Sainj HEP	6.36	44.96	51.32	-Do-
<b>Total</b>	<b>337.70</b>	<b>751.28</b>	<b>1,088.98</b>	

**Note 2.29Payment to Auditors includes:**

(Rs. in Lacs)

Particulars	FY 2015-16	FY 2014-15
Fee to Auditors	3.03	2.64
Certification fee	0.81	0.00
Reimbursement of Expenses	0.55	0.98
<b>Total</b>	<b>4.62</b>	<b>3.62</b>

**Note 2.30**

As per the information available with the company there is no amount due to any party under Micro, Small and Medium Enterprises Development Act, 2006.

**Note 2.31**

The balance confirmation of loan and advances including recoverable, advance to government departments, contractors, LAO, recoverable from government department and liability to suppliers and government departments has not been received.

**Note 2.32 Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account (Net of advances) and not provided for is enumerated below:

Currency	As At 31.03.2016	As At 31.03.2015
Indian Rupees	105642.24	148946.32
Euro	3.01	1543.85
US\$	32469.30	112.08





